2021-22

Annual Report of Subsidiary Companies

THERMAX

Conserving Resources, Preserving the Future.

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SUBSIDIARIES

DOMESTIC

OVERSEAS

THERMAX ENGINEERING CONSTRUCTION COMPANY LIMITED

Board of Directors
Ravinder Advani
Pravin Karve
Rajendran Arunachalam

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

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

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

Bankers
Union Bank of India
ICICI Bank Limited

DIRECTORS' REPORT

Dear Shareholder,

The Directors present the Thirty First Annual Report of the Company for the year ended March 31, 2022

FINANCIAL RESULTS

(Rs. in Lakh)

Particulars	2021-22	2020-21
Total Income	**967.73**	435.01
Profit before tax & depreciation	**842.35**	31.67
Depreciation	**0.00**	0.84
Profit before tax	**842.35**	30.83
Provision for taxation including deferred tax	**53.06**	64.52
Profit after tax	**789.29**	(33.69)

STATE OF COMPANY'S AFFAIRS

For the year under review, the Company's total income is Rs. 967.73 lakh compared to Rs. 435.01 lakh in the previous year. The Company's profit before tax is Rs. 842.35 lakh (previous year, Rs. 30.83 lakh) and profit/ (Loss) after tax of Rs. 789.29 lakh (previous year Rs. (33.69) lakh).

The Company has order balance of Rs.20 lakhs as on March 31, 2022 which is lower than the previous order balance of Rs.747 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.

Dividend

During the year, the Company paid interim dividend of Rs. 22/- (22%) per equity share of face value Rs. 10/- each for distribution of the profits of the Company for the half year ended September 30, 2021 and Rs. 8.89 (i.e. 88.90%) per equity share of face value Rs.10/- each for the quarter and nine months ended December 31, 2021.

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 lakhs. 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, 2022, TEC FZE has recorded operation revenue of Mn USD 1.396 with operating profit of Mn USD 0.477.

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.

Restriction on purchase by Company or giving of Loans by it for purchase of its shares

Pursuant to the provisions of Section 67(3)(c) of the Companies Act, 2013, and rules made thereunder, the Company has not given any loan exceeding the limit mentioned therein, to persons in the employment of the Company, Directors or Key Managerial Personnel, for purchase or subscribe shares of the Company.

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.

Board Evaluation

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out an annual evaluation of its performance and of its individual Directors.

Directors

In accordance with the provisions of the Companies Act, 2013 and the Company's Articles of Association, Mr. Pravin Karve (DIN: 06714708), retires by rotation, and being eligible, offers himself for re-appointment as Director.

Board Meetings

The Board met five times on May 3, 2021, July 28, 2021, October 26, 2021, January 25, 2022 and March 25, 2022 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 has issued the Secretarial Standards on Meetings of the Board of Directors (SS-1) and Secretarial Standards on General Meetings (SS-2). The Company is following the revised secretarial standards.

Details regarding frauds reported by Auditors under section 143(12)

During the year under review, there were no frauds reported by the auditors to the Board under section 143(12) of the Act.

Corporate Social Responsibility Committee

In compliance with Section 135 of the Companies Act, 2013 and as part of its initiatives under CSR, the Company has donated Rs. 6.26 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, 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.

Financial Statements

The financial statements for the year ended March 31, 2022, have been prepared as per Schedule III to the Companies Act, 2013, as amended from time to time.

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

The net foreign exchange earnings during the year is Rs. 738 lakhs (Rs. 661 lakhs Dividend received from TEC FZE, Rs.77 lakhs reimbursement of employee salary).

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 or 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.

The Insolvency and Bankruptcy Code, 2016

Your Board confirms that there is no proceeding pending under the Insolvency and Bankruptcy Code, 2016 and there is no instance of onetime settlement with any Bank or Financial Institution, during the year under review.

Auditors

The Board of Directors at its meeting held on May 17, 2022 has recommended appointment of B. K. Khare & Co. as the Statutory Auditors of the Company for term of one year from the conclusion of Thirty First Annual General Meeting until the conclusion of the Thirty Second 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**
Place: Pune,	Director	Director
Date: May 17, 2022	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.	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/**
3.	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**
4.	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)
NA			

5. Average net profit of the Company as per section 135(5): **Rs. 3.13 Crore**

   (a) Two percent of average net profit of the company as per section 135(5): **Rs. 6.26 Lakh**

   (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 (5a+5b-5c): **Rs. 6.26 Lakh**

6. 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
6.26 Lakh	NIL	-	-	NIL	-

7. 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
NIL												

8. 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.	Confederation of Indian Industry	Covid Relief	No	Maharashtra	Mumbai	5,00,000/-	No	Thermax Foundation	CSR00009825
2.	Ajeevika projects	Worker facilitation center	Yes	Maharashtra	Pune	1,26,000/-			
	TOTAL					6,26,000/-			

a. Amount spent in Administrative Overheads : **Nil**

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

c. Total amount spent for the Financial Year :(8(1)+8(2)): **Rs. 6.26 lakh**

d. Excess amount for setoff, if any

Sl. No.	Particulars	Amount (in Rs.)
(i)	Two percent of average net profit of the company as per section 135(5)	**6.26 Lakh**
(ii)	Total amount spent for the Financial Year	**6.26 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)]	-

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	
NA							

10. 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
NA								

11. 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**

12. 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

Place: Pune,
Date: May 17, 2022

INDEPENDENT AUDITOR'S REPORT

To the Members of Thermax Engineering Construction Company Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying Financial Statements of **Thermax Engineering Construction Company Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2022, 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 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, 2022, its profit 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 Standalone Financial Statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditors' 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 (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 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 32 of the financial statements, which states that the Company has stopped accepting new orders as the management is in discussion with the holding company to evaluate future business opportunities and prospects. These conditions indicate the existence of material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

However, as per the information available and explanations given to us, 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, management is of the view that the going concern basis of accounting is appropriate.

Our opinion is not modified in respect of this matter.

Information other than the Standalone Financial Statements and Auditors' Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Directors Report and the related annexures, but does not include the Financial Statements and our Auditors' Report thereon.

Our opinion on 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.

Responsibility of Management 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 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 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 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 Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the 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.

Other matter

Corresponding figures of the Company for the year ended March 31, 2021 have been audited by another auditor who expressed an unmodified opinion dated May 03, 2021 on the Ind AS financial statements of the Company for the year ended 31 March 2021.

Our opinion is not modified in respect of this matter.

Report on other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020, issued by the Central Government of India in term of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure A, a statement on the matters specified in the paragraphs 3 and 4 of the Order, to the extent applicable.

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 appears from our examination of those books;

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

   d) In our opinion, the aforesaid Standalone 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, 2022, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022, from being appointed as a director in terms of Section 164(2) of the Act;

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure B. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to Standalone Financial Statements.

   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.

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

      (i) The Company has disclosed the impact of pending litigations on its financial position in its Financial Statements – Refer Note 24 to the Financial Statements;

      (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

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

      (iv) (a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

      (b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

      (c) Based on such audit procedures that we considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

      (v) The dividend declared and paid during the year by the Company is in compliance with Section 123 of the Act.

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

Shirish Rahalkar
Partner
Membership No.: 111212
UDIN No: 22111212AJFJCP7675

Mumbai, May 17, 2022

ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

i. a) (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 does not have intangible assets on the reporting date. Thus, reporting under clause 3(i)(a)(B) of the Order is not applicable to the Company.

b) The Company did not physically verify property, plant and equipment during the year but a regular programme for physical verification of its property, plant and equipment is there which in our opinion is reasonable having regard to the size of the Company and nature of its property, plant and equipment.

c) According to the information and explanations given to us, the Company does not have any immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favor of the lessee).

d) According to the information and explanations given to us, the Company has not revalued any of its Property, Plant and Equipment during the year.

e) Based on the audit procedures performed by us and according to the information, explanations and representations given to us, no proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

ii. The business of Company 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, during the year, the Company has not provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the reporting under Clauses 3(iii)(a) to 3(iii)(f) of the Order is not applicable to the Company.

iv. According to the information and explanations given to us, the Company has not granted any loans or provided any guarantees or security to the parties covered under Sections 185 and 186 of the Act. Accordingly, the reporting under Clause 3(iv) of the Order is not applicable to the Company.

v. According to the information and explanations given to us, the Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under apply. Accordingly, the reporting under this clause is not applicable to the Company.

vi. The Central Government has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company. Accordingly, the reporting under Clause 3(vi) of the Order is not applicable to the 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, Provident Fund, Income Tax, 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 outstanding 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 financial year for a period of more than six months from the date they became payable.

(b) 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 (In Rs. 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)
Maharashtra Value Added Tax Act, 2002	Demand for Value Added Tax	4.59	FY 2014-15	Assessing Officer
Chhattisgarh Value Added Tax, 2005	Demand for Value Added Tax	1.20	FY 2012-13	Assessing Officer
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 FY 2016-17	Custom, Excise and Service Tax Appellate Tribunal
Service Tax (Finance Act, 1994)	Dispute regarding adjustment of excess service tax paid against tax liability in subsequent period	45.49	FY 10-11	Custom, Excise and Service Tax Appellate Tribunal
Service Tax (Finance Act, 1994)	Dispute regarding Service Tax on Notice Period Recovery	6.16	FY 2012 to 2017	Custom, Excise and Service Tax Appellate Tribunal
Andhra Pradesh Value Added Tax Act, 2005	Demand for Value Added Tax	4.47	FY 2006-7 to 2008-09	Sales Tax Appellate Tribunal, Hyderabad

viii. According to the information and explanations given to us, there are no transactions not recorded in the books of account which have been surrendered or disclosed as income during the year in the tax assessments under the Income-tax Act, 1961. Accordingly, the reporting under Clause 3(viii) of the Order is not applicable to the Company.

ix. (a) According to the information and explanations given to us and based on the audit procedures performed by us, the Company has not availed any loans or other borrowings during the year. Accordingly, the reporting under Clause 3(ix)(a) of the Order is not applicable to the Company.

(b) According to the information and explanations given to us, the Company has not been declared a willful defaulter by any bank or financial institution or any other lender till the date of our audit report.

(c) According to the information and explanations given to us and on the basis of our examination of records of the Company, the Company has not raised money by way of term loan. Hence reporting under under Clause 3(ix)(c) of the Order is not applicable.

(d) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, there were no funds which were raised for short-term purpose. Accordingly, reporting under the clause 3(ix)(d) is not applicable.

(e) According to the information and explanations given to us and on an overall examination of the Financial Statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.

(f) According to the information and explanations given to us and based on the audit procedures performed by us, we report that the Company has not raised any loans during the year on the pledge of securities held in its subsidiaries. Accordingly, the reporting under Clause 3(ix)(f) of the Order is not applicable to the Company.

x. (a) According to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, the reporting under Clause 3(x)(a) of the Order is not applicable to the Company.

(b) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. Accordingly, the reporting under Clause 3(x)(b) of the Order is not applicable to the Company.

xi. (a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company noticed or reported during the year, nor have we been informed of any such case by the management.

(b) There has been no report filed by us under sub-section (12) of Section 143 of the Act in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government. Accordingly, the reporting under Clause 3(xi)(b) of the Order is not applicable to the Company.

(c) As represented to us by the management, no whistle blower complaints were received by the Company during the year.

xii. According to the information and explanations given to us, the Company is not a Nidhi company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, the reporting under Clause 3(xii) of the Order is not applicable to the Company.

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 Standalone Financial Statements as required by Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.

xiv. In our opinion and based on our examination, the Company does not have an internal audit system and is not required to have an internal audit system as per the provisions of the act. Accordingly, reporting under clause 3(xiv) is not applicable to the company.

xv. In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or directors of its holding company or subsidiary companies' persons connected with them during the year and hence the provisions of Section 192 of the Act are not applicable to the Company. Accordingly, the reporting under Clause 3(xv) of the Order is not applicable to the Company.

xvi. (a) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the reporting under Clause 3(xvi)(a) of the Order is not applicable to the Company.

(b) In our opinion and according to the information and explanations given to us, the Company has not conducted any Non-Banking Financial or Housing Finance activities. Accordingly, the reporting under Clause 3(xvi)(b) of the Order is not applicable to the Company.

(c) In our opinion and according to the information and explanations given to us, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, the reporting under Clause 3(xvi)(c) of the Order is not applicable to the Company.

(d) Based on the information and explanations given to us and the audit procedures performed by us, we report that the Group has One Core Investment Company.

xvii. In our opinion and according to the information and explanations given to us, the Company has not incurred cash losses in the current financial year as well as in the immediately preceding financial year. Accordingly, the reporting under Clause 3(xvii) of the Order is not applicable to the Company.

xviii. There has been no resignation of the statutory auditors during the year. Accordingly, the reporting under Clause 3(xviii) of the Order is not applicable to the Company.

xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of Balance Sheet as and when they fall due within a period of one year from the Balance Sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the Balance Sheet date, will get discharged by the Company as and when they fall due.

xx. According to the information and explanations given to us, in respect of ongoing projects, the Company has no unspent amount that needs to be transferred to a Fund specified in Schedule VII to the Act in compliance with second proviso to sub-section (5) of Section 135 of the Act.

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

Shirish Rahalkar
Partner
Membership No.: 111212
UDIN No: 22111212AJFJCP7675

Mumbai, May 17, 2022

Annexure B to the Independent Auditors' Report

[Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date]

Report on the Internal Financial Controls with reference to Standalone Financial Statements 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 reporting of **Thermax Engineering Construction Company Limited** ("the Company") as of March 31, 2022 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. 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 Standalone 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 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 system with reference to 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 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 Company's internal financial controls system with reference to Standalone Financial Statements.

Meaning of Internal Financial Controls with reference to Financial Statements

A company's internal financial control with reference to Standalone Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control 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 Standalone 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 Standalone 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 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, 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 Standalone Financial Statements and such internal financial controls with reference to Standalone Financial Statements were operating effectively as at March 31, 2022, based on the criteria for internal financial control with reference to Standalone 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
Firm Registration No. 105102W

Shirish Rahalkar
Partner
Membership No.: 111212
UDIN No: 22111212AJFJCP7675

Mumbai, May 17, 2022

BALANCE SHEET as at March 31, 2022

(All amounts in Rupees lakh, unless otherwise stated)

Particulars	Note No	As at March 31, 2022	As at March 31, 2021
Assets			
I. Non-current assets			
Property, plant and equipment	3	-	-
Investment in subsidiary	11	0.76	0.76
Financial assets			
Other financial assets	6 (a)	3.44	3.44
Income-tax assets (net)		43.09	316.98
Other non-current assets	8 (a)	768.68	783.97
Total non-current assets		**815.97**	**1,105.15**
II. Current assets			
Inventories		-	-
Financial assets			
(a) Trade receivables	4	360.65	634.16
(b) Cash and cash equivalents	9 (a)	280.63	500.20
(d) Bank balances other than (b) above	9 (b)	149.77	100.87
(c) Loans	5	1.92	2.08
(d) Other financial assets	6 (b)	10.38	51.78
Other current assets	8 (b)	43.04	37.71
Total current assets		**846.39**	**1,326.80**
Total assets		**1,662.36**	**2,431.95**
Equity and liabilities			
I. Equity			
Equity share capital	10A	450.00	450.00
Other equity	10B	781.83	1,405.33
Total equity		**1,231.83**	**1,855.33**
II. Current liabilities			
Financial liabilities			
(a) Trade payables			
- total outstanding dues of micro enterprises and small enterprises	12	2.33	0.45
- total outstanding dues of creditors other than micro enterprises	12	193.89	227.53
(b) Other financial liabilities	13	27.77	25.48
Other current liabilities	15	77.86	191.94
Provisions	14	75.57	83.60
Income tax liabilities (net)		53.11	47.62
Total current liabilities		**430.53**	**576.62**
Total equity and liabilities		**1,662.36**	**2,431.95**
Summary of significant accounting policies, judgements, estimates and assumptions	2		

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

For B. K. Khare and Company
Chartered Accountants
ICAI Firm Reg No. 105102W

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

per Shirish Suresh Rahalkar
Partner
Membership No: 111212

Pravin Karve
Director
DIN: 06714708

Rajendran Arunachalam
Director
DIN: 08446343

Date: May 17, 2022
Place: Pune

Date: May 17, 2022
Place: Pune

Statement of profit and loss for the year ended March 31, 2022

(All amounts in Rupees lakh, unless otherwise stated)

Particulars	Note No	March 31, 2022	March 31, 2021
Income			
Revenue from operations	16	260.08	216.99
Other income	17	707.65	218.02
Total Income		**967.73**	**435.01**
Expenses			
Employee benefits expense	18	(0.19)	138.18
Finance cost	19	-	-
Depreciation expense	20	-	0.84
Other expenses	21	125.57	265.16
Total expenses		**125.38**	**404.18**
Profit before tax		**842.35**	**30.83**
Tax expense			
Current tax	7 (a)	53.11	-
Tax for earlier years	7 (a)	-	64.52
Deferred tax	7 (b)	-	-
Total tax expense		**53.11**	**64.52**
(Loss)/Profit for the year		**789.24**	**(33.69)**
Other comprehensive income			
A. Items that will not be reclassified to profit or loss			
Re-measurement of defined benefit plans		(22.74)	(77.06)
Less: Income tax effect	7 (a)	-	-
		(22.74)	(77.06)
Net other comprehensive income for the year, net of tax.		**(22.74)**	**(77.06)**
Total comprehensive income for the year		**766.50**	**(110.75)**
Earning per equity share [Nominal value per share Rs. 10/- (March 31, 2021: 10/-)] Basic and Diluted	23	**17.54**	**(0.75)**
Summary of significant accounting policies, judgements, estimates and assumptions	2		

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

For B. K. Khare and Company
Chartered Accountants
ICAI Firm Reg No. 105102W

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

per Shirish Suresh Rahalkar
Partner
Membership No: 111212

Pravin Karve
Director
DIN: 06714708

Rajendran Arunachalam
Director
DIN: 08446343

Date: May 17, 2022
Place: Pune

Date: May 17, 2022
Place: Pune

THERMAX ENGINEERING CONSTRUCTION COMPANY LIMITED

Cash flow statement for the year ended March 31, 2022

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

	Particulars	Note No.	Year ended March 31, 2022	Year ended March 31, 2021
A)	**Cash flows from operating activities**			
	Profit before tax		842.35	30.83
	Adjustments to reconcile profit before tax to net cash flows			
	Depreciation on property, plant and equipment	20	-	0.84
	Provision for impairment allowance of financial assets (net)	21	57.84	3.52
	Bad debts written off	21	-	18.03
	Profit on sale/discard of assets (net)	17	-	(6.09)
	Interest income	17	(15.64)	(173.73)
	Dividend from subsidiary	17	(661.50)	-
	Liabilities no longer required written back	17	(13.00)	(26.23)
	Working capital adjustments			
	(Increase)/ Decrease in Trade receivables		215.67	643.03
	(Increase)/ Decrease in Loans and Other financial assets		41.56	174.81
	(Increase)/ Decrease in Other assets		22.96	(17.45)
	Increase /(Decrease) in Trade payables		(31.76)	(669.73)
	Increase / (Decrease) in Provisions		(30.77)	(1.95)
	Increase /(Decrease) in Other financial liabilities		2.29	(6.84)
	Increase /(Decrease) in Other liabilities		(114.08)	24.04
	Cash generated from / (used in) operations		**315.92**	**(6.92)**
	Direct taxes paid (net of refunds received)		226.27	1,159.07
	Net cash inflow from operating activities		**542.19**	**1,152.15**
B)	**Cash flows from investing activities**			
	Sale of property, plant and equipment		-	6.45
	Investment in Fixed Deposit		(48.90)	-
	Dividend from subsidiary		661.50	-
	Interest received		15.64	173.73
	Investment in subsidiary		-	(0.76)
	Net cash flows from investing activities		**628.24**	**179.42**
C)	**Cash flows from financing activities**			
	Interim dividends paid		(1,390.00)	(2,000.00)
	Net cash flows (used in) financing activities		**(1,390.00)**	**(2,000.00)**
	Net increase / (decrease) in cash and cash equivalents		**(219.57)**	**(668.43)**
	Cash and cash equivalents at the beginning of the year	9 (a)	500.20	1,168.63
	Cash and cash equivalents at the end of the year		**280.63**	**500.20**

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

Particulars	Note No.	March 31, 2022	March 31, 2021
Cash and cash equivalents		280.63	500.20
Balances as per Cash flow statement		**280.63**	**500.20**

For B. K. Khare and Company
Chartered Accountants
ICAI Firm Reg No. 105102W

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

per Shirish Suresh Rahalkar
Partner
Membership No: 111212

Pravin Karve
Director
DIN: 06714708

Rajendran Arunachalam
Director
DIN: 08446343

Date: May 17, 2022
Place: Pune

Date: May 17, 2022
Place: Pune

Statement of Changes in equity for the year ended March 31, 2022

(All amounts in Rupees lakh, unless otherwise stated)

A Equity Share Capital#

Particulars	Note No.	March 31, 2022	March 31, 2021
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	**10A**	**450.00**	**450.00**

B Other Equity#

Particulars	Reserves & Surplus		
	General reserve	Retained Earnings	Total
As at April 1, 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	-	(110.75)	(110.75)
Dividends paid (Inclusive of dividend distribution tax)	-	(2,000.00)	(2,000.00)
As at March 31, 2021	**525.21**	**880.12**	**1,405.33**
Profit for the year	-	789.24	789.24
Other Comprehensive Income	-	(22.74)	(22.74)
Total comprehensive income	-	766.50	766.50
Interim dividends paid	-	(1,390.00)	(1,390.00)
As at March 31, 2022	**525.21**	**256.62**	**781.83**

There are no adjustments on account of prior period errors or due to changes in accounting polices.

For B. K. Khare and Company
Chartered Accountants
ICAI Firm Reg No. 105102W

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

per Shirish Suresh Rahalkar
Partner
Membership No: 111212

Pravin Karve
Director
DIN: 06714708

Rajendran Arunachalam
Director
DIN: 08446343

Date: May 17, 2022
Place: Pune

Date: May 17, 2022
Place: Pune

Notes to the financial statements for the year ended March 31, 2022
(All amounts in Rupees lakh, unless otherwise stated)

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 these separate financial statements on May 17, 2022.

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

2.2.1.a. Amendments to Ind AS 16 : Proceeds before intended use

The Amendment clarifies that excess of net sale proceed of items produced over the cost of testing , if any, shall not be recognised in profit or loss but deducted from the directly attributable cost considered as part of cost of an item of property , plant and equipment. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2022. The company has evaluated the amendment and there is no impact on its financial statements.

2.2.1.b. Amendments to Ind AS 37 : Onerous Contracts - Costs of Fulfilling a Contract

The amendments specify that that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2022, although earlier adoption is permitted. The amendment is essentially a clarification and the Company does not expect the amendment to have any significant impact in its financial statements

2.2.2. Others

Several other amendments and interpretations apply for the first time in the year ended March 31, 2022, 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 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 27)
- Financial instruments (including those carried at amortized cost) (note 27)

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.

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.

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.

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 ifferences 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.

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. 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 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 21.34 was outstanding as at March 31, 2022 (March 31, 2021 INR 20.10) (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.

Notes to financial statements for the year ended March 31, 2022
(All amounts in Rupees lakh, unless otherwise stated)

3 Property, Plant and Equipment

Particulars	Plant and equipment	Office equipment	Computer	Vehicles	Total
Gross carrying amount					
As at April 01, 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**
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
As at March 31, 2022	**183.55**	**7.50**	**24.29**	**45.38**	**260.72**
Accumulated depreciation					
As at April 01, 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**
Charge for the year	-	-	-	-	-
Disposals	-	-	-	-	-
As at March 31, 2022	**183.55**	**7.50**	**24.29**	**45.38**	**260.72**
Net book value					
As at March 31, 2021	**-**	**-**	**-**	**-**	**-**
As at March 31, 2022	**-**	**-**	**-**	**-**	**-**

4 Trade receivables

	As at March 31, 2022	As at March 31, 2021
At amortised cost		
Receivables from related parties (refer note 26)	113.22	127.32
Others	798.18	999.74
Total receivables	**911.40**	**1,127.06**
Break-up of security details		
Secured, considered good	-	-
Unsecured, considered good	729.47	986.61
Trade receivables which have a significant increase in credit risk	166.77	110.54
Trade receivables - credit impaired	15.16	29.91
	911.40	1,127.06
Less: Impairment allowance*	(550.75)	(492.90)
Total	**360.65**	**634.16**

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.166.77 (March 31, 2021 : 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.

The aging of current trade receivables which are due for receipt :

	Not Due	Outstanding for the following period from due date of payments					Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Trade receivables as at March 31, 2022							
(i) Undisputed - considered good	106.98	34.98	48.37	57.02	125.98	356.14	**729.47**
(ii) Undisputed - which have significant increase in credit risk	56.23	-	-	-	-	110.54	**166.77**
(iii) Undisputed - credit impaired	-	-	-	-	-	15.16	**15.16**
(iv) Disputed - considered good	-	-	-	-	-	-	**-**
(v) Disputed - which have significant increase in credit risk	-	-	-	-	-	-	**-**
(vi) Disputed - credit impaired	-	-	-	-	-	-	**-**
Total	**163.21**	**34.98**	**48.37**	**57.02**	**125.98**	**481.84**	**911.40**

	Not Due	Outstanding for the following period from due date of payments					Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Trade receivables as at March 31, 2021							
(i) Undisputed - considered good	248.86	414.23	1.76	107.29	100.84	113.63	**986.61**
(ii) Undisputed - which have significant increase in credit risk	-	-	-	-	-	110.54	**110.54**
(iii) Undisputed - credit impaired	-	-	-	4.61	4.71	20.59	**29.91**
(iv) Disputed - considered good	-	-	-	-	-	-	**-**
(v) Disputed - which have significant increase in credit risk	-	-	-	-	-	-	**-**
(vi) Disputed - credit impaired	-	-	-	-	-	-	**-**
Total	**248.86**	**414.23**	**1.76**	**111.90**	**105.55**	**244.76**	**1,127.06**

The above ageing includes retention receivables which are classified as due or not due on the basis of the contractual terms with respective customers.

4(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	
	As at March 31, 2022	As at March 31, 2021
At the beginning of the year	492.90	489.38
Provision made during the year	57.85	3.52
Utilized/reversed during the year	-	-
At the end of the year	**550.75**	**492.90**

(All amounts in Rupees lakh, unless otherwise stated)

5 Current loans

	As at March 31, 2022	As at March 31, 2021
At amortised cost		
Unsecured, considered good		
Security deposits*	1.92	2.08
Total	**1.92**	**2.08**

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

	As at March 31, 2022	As at March 31, 2021
At amortised cost		
Bank deposits with maturity of more than 12 months^^	3.44	3.44
Total	**3.44**	**3.44**

^^Above bank deposits are pledged as margin money

(b) Other current financial assets

	As at March 31, 2022	As at March 31, 2021
Unbilled revenue (refer note 16)	10.38	51.78
Total	**10.38**	**51.78**

7 (a) Income Taxes

The major components of income tax expense for the year ended March 31, 2022 and March 31, 2021 are:

Statement of profit and loss

	As at March 31, 2022	As at March 31, 2021
Current income tax charge		
Current income tax	53.11	-
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	**53.11**	**64.52**

Other comprehensive income

	As at March 31, 2022	As at March 31, 2021
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, 2022 and March 31, 2021

	As at March 31, 2022	As at March 31, 2021
Accounting profit before tax	842.35	30.83
At India's statutory income tax rate of 25.17% (March 31, 2021 : 25.17%)	212.01	7.76
Effects of non-deductible business expenses	14.56	2.24
Permanent disallowance		
Dividend Income	(166.49)	-
Donation	1.58	-
Adjustments in respect of current income tax of previous year	3.32	-
Utilisation of previously unrecognized tax benefits	-	(13.76)
Tax for earlier years	-	64.52
Other differences - Difference between book base and tax base for various items	(11.87)	3.76
At the effective tax rate of 6.34% (March 31, 2021: 203.71%)	53.11	64.52
Income tax expense reported in the statement of profit or loss	**53.11**	**64.52**

7 (b) Deferred tax

Statement of profit & loss/ other comprehensive income

	As at March 31, 2022	As at March 31, 2021
Deferred tax relates to the following :		
Derecognition of deferred tax assets in absence of future taxable profits	-	-
Deferred tax expense/ (income)	**-**	**-**

Details of deferred tax assets which has not been recognised in book of accounts :

	As at March 31, 2022	As at March 31, 2021
Deferred tax asset on		
Statutory dues deductible on payment under section 43B of Income-tax Act, 1961	(1.83)	6.57
Provision for doubtful debts, liquidated damages and other provisions	138.62	124.06
Difference in written down values of PPE	37.75	43.01
Others (Includes provision of onerous contract and sales tax)	30.54	30.23
Total	**205.08**	**203.87**

As per Ind As 12, the entity recognises deferred tax assets only when it is probabale that the taxable profits will be available against which the deducible temporary difference can be utilised. However in the current scenario, as the company does not expect to have sufficient future taxable profits, deferred tax asset has not been recognised in book of accounts.

Notes to financial statements for the year ended March 31, 2022
(All amounts in Rupees lakh, unless otherwise stated)

8 Other assets

(a) Other non current assets

	As at March 31, 2022	As at March 31, 2021
Unsecured considered good		
Balances with government authorities	768.68	783.97
Total	**768.68**	**783.97**

(b) Other current assets

	As at March 31, 2022	As at March 31, 2021
Unsecured considered good		
Advances to suppliers	2.17	2.22
Advances to staff and workers	30.29	8.63
Prepaid employee benefits (note 25)	10.58	26.86
Total	**43.04**	**37.71**

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 any director is a partner or a member.

9 (a) Cash and cash equivalents

	As at March 31, 2022	As at March 31, 2021
At amortised cost		
Cash and cash equivalents		
Balances with banks		
- on current accounts	121.59	138.94
- in deposits with original maturity of less than three months	159.04	361.26
Total	**280.63**	**500.20**

9 (b) Other bank balances

	As at March 31, 2022	As at March 31, 2021
Deposits with original maturity:		
- more than three months but less than twelve months	149.77	100.87
Total	**149.77**	**100.87**

10A Share capital

	As at March 31, 2022	As at March 31, 2021
Authorized shares (Nos)		
10,000,000 (March 31, 2021: 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, 2021: 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, 2020	4,500,000
Changes during the period	-
As at March 31, 2021	4,500,000
Changes during the period	-
As at March 31, 2022	**4,500,000**

(b) Terms/ rights attached to equity shares

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

(c) Equity shares held by holding company

	As at March 31, 2022	As at March 31, 2021
Thermax Limited		
4,500,000 (March 31, 2021: 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, 2022	
%	100.00
No. of shares	4,500,000
As at March 31, 2021	
%	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.

(e) Details of shares held by promoters

	As at March 31, 2022	As at March 31, 2021
Thermax Limited		
%	100.00	100.00
No. of Shares	4,500,000	4,500,000
% of change during the year	-	-

Notes to financial statements for the year ended March 31, 2022

(All amounts in Rupees lakh, unless otherwise stated)

10B Other equity

	As at March 31, 2022	As at March 31, 2021
Reserves and surplus		
General reserve	525.21	525.21
Retained earnings		
Opening balance	880.12	2,990.87
Add: (Loss)/Profit for the year	789.24	(33.69)
Less: Interim dividends paid (Refer Note No. 34)	(1,390.00)	(2,000.00)
Items of other comprehensive income recognised directly in retained earnings:		
Re-measurement gains/ (losses) on defined benefit plans, net of tax	(22.74)	(77.06)
Net surplus in the statement of profit and loss	**256.62**	**880.12**
Total	781.83	1,405.33

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

	Face value	As at March 31, 2022	As at March 31, 2021
Investments in equity instruments at cost (Fully paid)			
Thermax Engineering Construction Company, FZE			
Number of Shares: 1000 shares	USD 1	0.76	0.76
Total value of Investment		**0.76**	**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

	As at March 31, 2022	As at March 31, 2021
At amortized cost		
Total outstanding dues of micro enterprises and small enterprises	2.33	0.45
Total outstanding dues of creditors other than micro enterprises and small enterprises		
(i) Related Parties (refer note 26)	80.43	60.60
(ii) Others	113.46	166.93
Total	**196.22**	**227.98**

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.

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, 2022	As at March 31, 2021
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
-Principal amount outstanding (whether due or not) to micro and small enterprises	2.33	0.45
-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	-	-

The ageing of current trade payables which are due for payment :

Particulars	Not Due	Unbilled	Outstanding for the following period from due date of payments				Total
			Less than a year	1-2 years	2-3 years	More than 3 years	
Trade payables as at March 31, 2022							
(i) MSME	-	-	-	2.33	-	-	2.33
(ii) Others	-	44.14	49.48	42.80	5.57	51.90	193.89
(iii) Disputed dues- MSME	-	-	-	-	-	-	-
(iv) Disputed dues- Others	-	-	-	-	-	-	-
Total	**-**	**44.14**	**49.48**	**45.13**	**5.57**	**51.90**	**196.22**

Particulars	Not Due	Unbilled	Outstanding for the following period from due date of payments				Total
			Less than a year	1-2 years	2-3 years	More than 3 years	
Trade payables as at March 31, 2021							
(i) MSME	-	-	0.45	-	-	-	0.45
(ii) Others	-	83.63	68.87	17.28	-	57.75	227.53
(iii) Disputed dues- MSME	-	-	-	-	-	-	-
(iv) Disputed dues- Others	-	-	-	-	-	-	-
Total	**-**	**83.63**	**69.32**	**17.28**	**-**	**57.75**	**227.98**

13 Other current financial liabilities

	As at March 31, 2022	As at March 31, 2021
At amortised cost		
Employee related payables	27.77	25.48
Total	**27.77**	**25.48**

Notes to financial statements for the year ended March 31, 2022
(All amounts in Rupees lakh, unless otherwise stated)

14 Provisions

	As at March 31, 2022	As at March 31, 2021
Provision for employee benefits		
Provision for leave encashment	4.23	13.50
	4.23	13.50
Other provisions		
Provision for onerous contracts	21.34	20.10
Provision for customer claim	50.00	50.00
	71.34	**70.10**
Total	**75.57**	**83.60**

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

Movement in provisions

	Provision for customer claims	Provisions for onerous contracts
As at April 1, 2021		
At the beginning of the year	50.00	20.10
Arising during the year	-	1.24
Provision utilized/reversed during the year		
As at March 31, 2022	**50.00**	**21.34**

15 Other current liabilities

	As at March 31, 2022	As at March 31, 2021
Unearned revenue (refer note 16)	2.42	142.87
Customer advance (refer note 16)	25.70	29.17
Statutory dues and other liabilities*	49.74	19.90
Total	**77.86**	**191.94**

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

16 Revenue from operations

(a) Revenue from contracts with customers:

	March 31, 2022	March 31, 2021
Revenue from services	258.57	216.99
Total revenue from contracts with customers	**258.57**	**216.99**

(b) Other operating income

	March 31, 2022	March 31, 2021
Sale of Scrap	1.51	-
	1.51	**-**
Total	**260.08**	**216.99**

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

i)Revenue by category of contracts

	March 31, 2022	March 31, 2021
Over a period of time basis	258.57	216.99
At a point-in-time basis	-	-
Total revenue from contracts with customer	**258.57**	**216.99**

Revenue by geographical market

	March 31, 2022	March 31, 2021
Within India	258.57	216.99
Outside India	-	-
Total revenue from contracts with customer	**258.57**	**216.99**

ii) Contract balances

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

	As at March 31, 2022	As at March 31, 2021
Trade receivables (refer note 4)	360.65	634.16
Unbilled revenue (Contract asset) (refer note 6 b)	10.38	51.78
Unearned revenue (Contract liability) (refer note 15)	2.42	142.87
Customer advances (Contract liability) (refer note 15)	25.70	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.

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

	March 31, 2022	March 31, 2021
Unearned revenue	142.87	65.51
Customer advance	-	-

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, 2022	March 31, 2021
Opening unbilled revenue (refer note 6(b))	**51.78**	**69.75**
Opening unearned revenue (refer note 15)	**142.87**	**116.42**
- Transfer of contract assets to receivable from opening unbilled revenue	51.78	68.66
- Increase in revenue as a result of changes in the measure of progress from		
'the opening unearned revenue	142.87	44.18
- Transfer of contract assets to receivable	108.97	188.37
- Increase in revenue as a result of changes in the measure of progress	115.70	172.81
- Others*	(1.23)	4.41
Closing unbilled revenue (refer note 6(b))	**10.38**	**51.78**
Closing unearned revenue (refer note 15)	**2.42**	**142.87**

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

Notes to financial statements for the year ended March 31, 2022

(All amounts in Rupees lakh, unless otherwise stated)

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, 2022	March 31, 2021
Amount of revenue yet to be recognised for contracts in progress	-	749.81

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

	March 31, 2022	March 31, 2021
Dividend income from equity investments designated at fair value through profit and loss	661.50	-
Profit on sale of asset	-	6.09
Liabilities no longer required written back	13.00	26.23
Exchange fluctuation gain (net)	1.95	
Interest income	15.64	173.73
Miscellaneous income	15.56	11.97
Total	**707.65**	**218.02**

18 Employee benefits expense

	March 31, 2022	March 31, 2021
Salaries, wages and bonus	(2.88)	119.99
Contribution to provident and other funds	6.62	15.62
Gratuity expense (refer note 25)	(4.57)	(4.32)
Staff welfare expenses	0.64	6.89
Total	**(0.19)**	**138.18**

19 Finance cost

	March 31, 2022	March 31, 2021
Interest expense	-	-
Total	**-**	**-**

20 Depreciation expense

	March 31, 2022	March 31, 2021
Depreciation on property, plant & equipment (refer note 3)	-	0.84
Total	**-**	**0.84**

21 Other expenses

	March 31, 2022	March 31, 2021
Rent (refer note 24B)	1.19	12.52
Site expenses and contract labour charges	2.01	35.61
Erection & commissioning expenses	21.35	71.10
Rates and taxes	0.31	20.40
Insurance	0.15	0.98
Repairs and maintenance		
Building	-	0.32
Travelling and conveyance	1.01	1.60
Legal and professional fees	13.13	23.61
Audit fees (refer note 22(b))	4.30	4.64
Corporate cost allocation (refer note 26)	-	25.75
Bad debts/ advances written off	-	18.03
Provision for impairment allowance of financial assets (net)	57.84	3.52
CSR expenditure (refer note 22(a))	6.26	17.79
Bank guarantee charges (including bank charges)	17.92	17.09
Miscellaneous expenses (includes printing, communication, postage, security expense, etc.)	0.10	12.20
Total	**125.57**	**265.16**

22 (a) Corporate social responsibility (CSR)

Particulars	March 31, 2022	March 31, 2021
Gross amount required to be spent by the Company during the year	6.26	17.79
Total	**6.26**	**17.79**

Amount spent during the year

Particulars	In Cash	Yet to be spent in cash	Total
During the year ended March 31, 2022			
a. Construction/ acquisition of any asset	-	-	-
b. On purposes other than (a) above *	6.26	-	6.26
	6.26	**-**	**6.26**
During the year ended March 31, 2021			
a. Construction/ acquisition of any asset	-	-	-
b. On purposes other than (a) above *	17.79	-	17.79
	17.79	**-**	**17.79**

*The amount of Rs. 6.26 (March 31, 2021 :Rs 17.79) is contributed to Thermax Foundation, India (also refer note no 26 Related party transactions), which is engaged in education of economically

Notes to financial statements for the year ended March 31, 2022
(All amounts in Rupees lakh, unless otherwise stated)

underprivileged children by addressing social discrimination through affirmative actions, skill development and employability initiatives.

There is no shortfall in contribution as at March 31, 2022.

22 (b) Payment to auditors

	March 31, 2022	March 31, 2021
As auditor		
Audit	2.00	4.00
In other capacity		
Other services	2.30	0.45
Reimbursement of expenses	-	0.19
Total	**4.30**	**4.64**

23 Earnings per share

	March 31, 2022	March 31, 2021
Net profit attributable to the equity shareholders of the Company	789.24	(33.69)
Weighted average number of equity shares of Rs.10/- each	45.00	45.00
Basic & Diluted Earnings per share (In Rupees)	17.54	-0.75

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, 2021 Rs 742.82); Sales tax Rs.Nil (March 31, 2021 Rs. 24.51).

ii) Income tax demands disputed in appellate proceedings are Rs.Nil (March 31, 2021 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, 2021 USD 748,500) in favour of customers of TEC FZE (Wholly owned subsidiary of TECC India).

B Capital and other commitment

i. Operating lease : 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:

	March 31, 2022	March 31, 2021
Lease payments for the year	1.19	12.52
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, 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 (gain) 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)**
Benefits paid	(12.06)	(12.06)	-
Liability for employees transferred	-	(82.51)	82.51
March 31, 2021	**21.16**	**48.02**	**(26.86)**

Particulars	Present value of obligation	Fair value of plan assets	Net amount
April 1, 2021	**21.16**	**48.02**	**(26.86)**
Current service cost	3.06	-	3.06
Interest expense/(income)	1.25	8.88	(7.63)
Total amount recognised in Statement of Profit and Loss	**4.31**	**8.88**	**(4.57)**
Actuarial loss from change in financial assumptions	(0.85)	-	(0.85)
Return on plan assets expense/(income)	-	(0.16)	0.16
Opening Adjustment	-	(9.63)	9.63
Amount not recognised due to asset ceiling		(14.51)	14.51
Total amount recognised in Other comprehensive income	**(0.85)**	**(24.30)**	**23.45**
Employer contributions	-	-	-
Benefits paid	(6.07)	(3.47)	(2.60)
March 31, 2022	**18.55**	**29.13**	**(10.58)**

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

	March 31, 2022	March 31, 2021
Present value of funded obligation	18.55	21.16
Fair value of plan assets	29.13	48.02
Plan (assets)	**(10.58)**	**(26.86)**

(All amounts in Rupees lakh, unless otherwise stated)

III Significant estimates

The significant actuarial assumptions were as follows :

Particulars	March 31, 2022	March 31, 2021
Discount rate	7.20%	6.90%
Salary growth rate	5.00%	5.00%
Expected return on plan assets	6.90%	6.84%
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, 2022	March 31, 2021
Discount rate		
1.00% increase	Decrease by 0.58	Decrease by 1.66
1.00% decrease	Increase by 0.62	Increase by 1.47
Future salary increase		
1.00% increase	Increase by 0.50	Increase by 1.46
1.00% decrease	Decrease by 0.49	Decrease by 1.32
Attrition Rate		
1.00% increase	Increase by 0.05	Increase by 0.19
1.00% decrease	Decrease by 0.06	Decrease by 0.22

The above sensitivity analysis is based on a change in assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated.

When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with the Projected Unit Credit

Method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet. The method and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

The following are the expected cash flows to the defined benefit plan in future years:

	March 31, 2022	March 31, 2021
Within next 12 months	6.79	1.52
Between 2-5 years	17.08	7.53
Between 5-10 years	2.87	24.57

The average duration of the defined benefit plan obligation at the end of the reporting period is 9 years (March 31, 2021 : 11.89 Years)

V The major categories of plan assets are as follows:

	March 31, 2022	March 31, 2021
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 Individuals having significant influence over the Company by reason of voting power and their relatives :

Mrs. Meher Pudumjee - Chairperson of Holding Company

Mrs. Anu Aga - Relative of Chairperson of Holding Company

Mr. Pheroz Pudumjee - Director of Holding Company

Mr. Zahaan Pudumjee - Relative of Chairperson of Holding Company

E Transactions with related parties:

	Holding Company		Entities Controlled by Holding company		Subsidiary Company		Independent Director		Total	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Transactions during the year										
Sales of products and services	-	-		24.40	-	-	-	-	**13.96**	**24.40**
Sale of fixed assets	-	-	0.63	5.73	-	-	-	-	**0.63**	**5.73**
Recovery of expenses	-	0.45	22.56	46.43	268.35	367.67	-	-	**290.91**	**414.54**
Reimbursement of expenses	-	1.78	13.96	34.51	-	-	-	-	**13.96**	**36.29**
Reimbursement of remuneration for key management personnel	-	-		33.87	-	-	-	-	**-**	**33.87**
Corporate social responsibility	-	-	6.26	17.79	-	-	-	-	**6.26**	**17.79**
Commission paid	5.12	12.88	-	-	-	-	-	-	**5.12**	**12.88**
Corporate cost allocation	-	25.77	-	-	-	-	-	-	**-**	**25.77**
Dividend Received	-	-	-	-	661.50	-	-	-	**661.50**	**-**
Dividend paid	1,390	2,000.00	-	-		-	-	-	**1,390.00**	**2,000.00**

Remuneration paid to Upsen Umale of Rs. Nil (March 31, 2021 Rs. 33.87)

Notes to financial statements for the year ended March 31, 2022
(All amounts in Rupees lakh, unless otherwise stated)

F Balances with related parties:

	Holding Company		Entities Controlled by Holding company		Subsidiary Company		Total	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
b. Balances as at the year end								
Trade receivables	0.45	0.45	72.24	46.18	40.53	80.69	**113.22**	**127.32**
Trade payables and other liabilities	0.76	-	79.67	60.60	-	-	**80.43**	**60.60**

G Commitments

Thermax Limited has issued corporate guarantee to Banks on behalf of the Company of Rs. 1000.00 as on March 31, 2022 (March 31, 2021 : Rs. 6,900.00).

On the basis of credit comfort of the Company, ICICI bank has issued bank guarantees of USD 748,500 (March 31, 2021 USD 748,500) 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, 2022, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2021 : 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

	As at March 31, 2022	As at March 31, 2021
Trade receivables (refer note 4)	360.65	634.16
Loans (refer note 5)	1.92	2.08
Other financial assets (refer note 6)	13.82	55.22
Cash and cash equivalents (refer note 9(a))	280.63	500.20
Total	**657.02**	**1,191.66**
Current assets	653.58	1,188.22
Non-current assets (refer note 6(a))	3.44	3.44
Total	**657.02**	**1,191.66**

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

	As at March 31, 2022	As at March 31, 2021
Trade payable (refer note 12)	196.22	227.98
Employee related payables (refer note 13)	27.77	25.48
Total	**223.99**	**253.46**
Current liabilities	223.99	253.46
Total	**223.99**	**253.46**

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 it derives 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.

Notes to financial statements for the year ended March 31, 2022
(All amounts in Rupees lakh, unless otherwise stated)

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 maintains flexibility in funding by maintaining availability under committed credit lines.

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

(i) Maturities of financial liabilities

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

March 31, 2022	< 1 year	1 to 3 years	> 3 years
Non- derivative			
Trade Payables	196.22	-	-
Other financial liabilities			
Employee related payables	27.77	-	-
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	-	-

29 Key Financial Ratios

The following are analytical ratios for the year ended March 31, 2022 and March 31, 2021:

Particulars	Numerator	Denominator	As at March 31, 2022	As at March 31, 2021	Change	Reasons for variance
Return on equity ratio	Net Profits after taxes	Average Shareholder's Equity	51.13%	-2.18%	2442.90%	The increase is on account of dividend received during the year
Debtors turnover ratio	Net credit sales = Gross credit sales - sales return	Average Trade Receivable	0.52	0.22	132.88%	Improvement in collection resulted in improved ratio
Net working capital turnover ratio	Net sales = Total sales - sales return	Working capital = Current assets – Current liabilities	0.63	0.29	116.22%	Better revenue and improved collection resulted in improved ratio
Net Profit ratio	Net Profit	Net sales = Total sales - sales return	303.46%	-15.52%	2054.73%	Dividend income during the year leads to higher net profit ratio
Return on capital employed	Earnings before interest and taxes	Capital Employed = Net Worth	68.38%	1.66%	4015.19%	Dividend income during the year leads to higher net profit ratio
Return on investment	Interest (Finance Income)	Average Investment	5.29%	7.39%	-28.42%	Redemption of investement resulted in lower return
Current Ratio	Current Assets	Current Liabilities	1.97	2.30	-14.56%	Change in the ratio is on account of reduction in overall business activities during the year.
Trade payables turnover ratio	Net credit purchases = Gross credit purchases - purchase return	Average Trade Payables	0.32	0.40	-19.45%	
Debt-Equity Ratio	Total Debt	Shareholder's Equity	N.A.	N.A.	0.00%	
Debt service coverage ratio	Earnings for debt service = Net profit after taxes + Non-cash operating expenses	Debt service = Interest + short term borrowings	N.A.	N.A.	0.00%	
Inventory turnover ratio	Cost of goods sold	Average Inventory	N.A.	N.A.	0.00%	

30 Struck off companies

Below are details of invesment, receivable, payable and any other transactions outstanding with struck off companies.

For the year ended March 31, 2022

Name of struck off company	Balance outstanding					Nature of other outstanding balances	Relationship with the struck off Company, if any, to be disclosed
	Investments in securities	Receivable	Payable	Shares held by struck off company	Other outstanding balances		
-	-	-	-	-	-	-	-

Notes to financial statements for the year ended March 31, 2022
(All amounts in Rupees lakh, unless otherwise stated)

For the year ended March 31, 2021

Name of struck off company	Balance outstanding					Nature of other outstanding balances	Relationship with the struck off Company, if any, to be disclosed
	Investments in securities	Receivable	Payable	Shares held by struck off company	Other outstanding balances		
-	-	-	-	-	-	-	-

31 Capital Management

The Company's objective for capital management is to maximise shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long- term and other strategic investment plans. The funding requirements are met through equity and operating cash flows generated. No changes were made in the objectives, policies or processes during the years ended March 31, 2022 and March 31, 2021. Capital represents equity attributable to equity holders of the Parent Company.

	As at March 31, 2022	As at March 31, 2021
Trade payables	196.22	227.98
Less: Cash and cash equivalents	(280.63)	(500.20)
Net debt	0.00	0.00
Equity	**1,231.83**	**1,855.33**
Capital and net debt	**1,231.83**	**1,855.33**

32 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.

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.

34 During the year, the Company has paid interim dividend of Rs. 22/- per equity share of face value Rs.10/- each for distribution of the profits of the Company for the and half year ended September 30, 2021 and Rs. 8.89 per equity share of face value Rs.10/- each for the quarter and nine months ended December 31, 2021.

For B. K. Khare and Company
Chartered Accountants
ICAI Firm Reg No. 105102W

per Shirish Suresh Rahalkar
Partner
Membership No: 111212

Date: May 17, 2022
Place: Pune

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

Pravin Karve
Director
DIN: 06714708

Rajendran Arunachalam
Director
DIN: 08446343

Date: May 17, 2022
Place: Pune

Thermax Instrumentation Limited

Board of Directors	**Registered Office**	**Auditors**
Ravinder Advani B.C. Mahesh Rajendran Arunachalam Ajay Joshi – Independent Director Ashok K. Joshi – Independent Director	Thermax House, 14, Mumbai – Pune Road, Wakdewadi, Pune – 411003	SRBC & Co. LLP Chartered Accountants Ground Floor, Panchshil Tech Park, Yerwada, Pune-411006, India
Key Managerial Personnel	**Bankers**	**Corporate Office**
M.L. Bindra (Manager) Sudhir Lale (Company Secretary) Harish Tikotkar (Chief Financial Officer)	HDFC Bank Limited Union Bank of India ICICI Bank Citibank NA HSBC Bank	Sai Chambers 15, Mumbai – Pune Road, Wakdewadi, Pune - 411003

Branch offices

1. Unit 3, Ninth (9th) Floor Galleria Corparate Center
EDSA - II Carner Ortigas Avenue
Quezon City, Manila Philippines
2. C/o PKF Consulting Zambia Limited,
Plot 11, Sable Road, Kabulonga, Lusaka, Zambia.
3. SAIF Executive Office P08-04-31,
P.O. Box- 121291, Sharjah-U.A.E.

DIRECTORS' REPORT

Dear Shareholder,

The Directors present the Twenty Sixth Annual Report for the year ended March 31, 2022.

FINANCIAL RESULTS

(Rs. in Lakh)

Particulars	2021-22	2020-21
Total Income	**15,157.89**	11,960.96
Profit before Depreciation	**1,586.39**	1,404.46
Depreciation	**23.25**	27.56
Profit before Tax	**1,563.14**	1,376.90
Provision for Taxation including Deferred Tax	**667.73**	600.63
Profit after tax	**895.41**	776.27

State of Company's Affairs

During the year, the Company earned a total income of Rs 15,157.89 lakh (previous year Rs 11,960.96 lakh). Profit before tax stood at Rs 1,563.14 lakh (previous year Rs. 1,376.90 lakh) and profit after tax is Rs.895.414 lakh (previous year Rs. 776.27 lakh).

Profit for the year is higher due to increase in revenue. The order booking in the current year was Rs. 15,055 lakh (previous year Rs. 16,902 lakh). The reduction in order booking is due to deferment in order intake in last quarter of year due to uncertainty in commodity prices.

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.

Dividend

The Board at its meeting held on January 27, 2022 declared Interim Dividend of Rs. 6 per equity share for financial year 2021-22.

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, 2022.

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.

Disclosure pursuant to Section 197(14) of the Companies Act, 2013, and Rules made thereunder

Managing Director and Whole Time Director of the Company are not in receipt of any remuneration and / or commission from any Holding / Subsidiary Company, as the case may be

Corporate Social Responsibility Initiatives

As a part of its initiatives under Corporate Social Responsibility (CSR), the company has undertaken projects mainly in the area of education. The projects are in accordance with Schedule VII of the Companies Act, 2013. Since 2007, CSR initiatives have been undertaken through Thermax Foundation. The detailed report on CSR in the new format is annexed.

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. Rajendran Arunachalam 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 4, 2021.

The Company has re-appointed Mr. M L Bindra as a 'Manager' of the Company for a period of one year effective from July 27, 2021. The appointment of Mr. Bindra was approved by the shareholders for a further period of one year in the Annual General Meeting of the Company held on July 27, 2021.

Board Meetings

The Board met four times on May 06, 2021, July 27, 2021, October 29, 2021, and January 27, 2022 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	4
Mr. Ajay Joshi	4
Mr. Ashok K. Joshi	4
Mr. Ravinder Advani	1
Mr. Rajendran Arunachalam	4

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.

The Insolvency and Bankruptcy Code, 2016

Your Board confirms that there is no proceeding pending under the Insolvency and Bankruptcy Code, 2016. During the year there is no instance of onetime settlement with any Bank or Financial Institution, during the year under review.

Committees of the Board

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

Pursuant to the Companies Amendment Act, 2020 and the MCA notification dated January 22, 2021, where the amount to be spent by a company on CSR does not exceed fifty lakh rupees, the requirement for constitution of the Corporate Social Responsibility Committee shall not be applicable. Since, the CSR contribution made by the company for the FY 2020-21 did not exceed Rs. 50 lakh, the Board has dissolved the Corporate Social Responsibility (CSR) Committee in the Board Meeting held on May 6, 2021.

Audit Committee

The Audit Committee met four times during the year on May 6, 2021, July 27, 2021, October 29, 2021, and January 27, 2022. 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 July 27, 2021 and January 27, 2022 where all members were present.

Independent Directors Meeting

During the year under review, the independent directors met once on February 21, 2022, where all independent directors were present inter alia to review the performance of the Board, chairperson and non-independent directors of the company.

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	Rs.4,150.99 (previous year 4,790.85)
Foreign currency outgo	Rs 2,064.04 (previous year 2,994.98)

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 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

	Rajendran Arunachalam	**B. C. Mahesh**
Place: Pune,	Director	Director
Date: May 17, 2022	DIN: 08446343	DIN: 06631816

Annexure 2

Policy on Selection and Appointment of Directors and Remuneration of Directors, KMPs and Employees

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

(1) Criteria for selection and appointment of Directors:

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

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

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

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

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

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

(2) Remuneration:

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

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

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

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

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

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

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

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

ANNEXURE 2

CSR REPORT FOR THE FINANCIAL YEAR 2021-22

1. **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).

2. **Composition of CSR Committee:**

Pursuant to the Companies Amendment Act, 2020 and the MCA notification dated January 22, 2021, where the amount to be spent by a company on CSR does not exceed fifty lakh rupees, the requirement for constitution of the Corporate Social Responsibility Committee shall not be applicable. Since, the CSR contribution made by the company for the FY 2020-21 did not exceed Rs. 50 lakh, the Board has dissolved the Corporate Social Responsibility (CSR) Committee in the Board Meeting held on May 6, 2021.

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. 6. Average net profit of the company as per section 135(5): **Rs. 130110920.89**

7. (a) Two percent of average net profit of the company as per section 135(5): **Rs. 2602218.42**

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

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

(d) (d) Total CSR obligation for the financial year (7a+7b- 7c) : **Rs. 2602218.42**

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
Rs. 2610000	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.).	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	Rs. 2610000	No	Thermax Foundation	CSR00009825
	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. 2610000**

Sl. No.	Particulars	Amount (in Rs.)
(i)	Two percent of average net profit of the company as per section 135(5)	**Rs. 2602218.42**
(ii)	Total amount spent for the Financial Year	**Rs. 2610000.00**
(iii)	Excess amount spent for the financial year [(ii)-(i)]	**Rs. 7781.58**
(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.							
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
Director

Place: Pune
Date: May 17, 2022

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, 2022, 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, 2022, 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.

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 the annexure to the Director's report in 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. 893.33 lakhs as at March 31, 2022 and the total revenues of Rs. 2704.15 lakhs and net cash outflows of Rs. 216.51 for the year ended on that date, as considered in the financial statements 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, 2020 ("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 statements and the other 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) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 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, 2022 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 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;

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

  iv. a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

  b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

  c) Based on such audit procedures that were considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

  v. The dividend declared or paid during the year by the Company is in compliance with section 123 of the act.

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

per Vaibhav Kumar Gupta
Partner
Membership Number: 213935
UDIN No: 22213935AJCTFP1611

Place : Pune
Date : May 17, 2022

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) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(B) The Company has not capitalized any intangible assets in the books of the Company and accordingly, the requirement to report on clause 3(i)(a)(B) of the Order is not applicable to the Company.

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

(c) The title deeds of all the immovable properties are held in the name of the Company.

(d) The Company has not revalued its Property, Plant and Equipment during the year ended March 31, 2022.

(e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(ii) (a) The Company's business does not require maintenance of inventories and, accordingly, the requirement to report on clause 3(ii)(a) of the Order is not applicable to the Company.

(b) As disclosed in note 5 to the financial statements, the Company has been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks and/or financial institutions during the year on the basis of security of current assets of the Company. The quarterly returns/statements filed by the Company with such banks and financial institutions are in agreement with the books of accounts of the Company.

(iii) (a) During the year the Company has not provided loans, advances in the nature of loans, stood guarantee or provided security to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(a) of the Order is not applicable to the Company

(b) During the year the Company has not made investments, provided guarantees, provided security and granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(b) of the Order is not applicable to the Company.

(c) The Company has not granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(c) of the Order is not applicable to the Company.

(d) During the year the Company has not made investments, provided guarantees, provided security and granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(d) of the Order is not applicable to the Company.

(e) The Company has not granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(e) of the Order is not applicable to the Company.

(f) The Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company.

(iv) There are no loans, investments, guarantees, and security in respect of which provisions of sections 185 and 186 of the Companies Act, 2013 are applicable and accordingly, the requirement to report on clause 3(iv) of the Order is not applicable to the Company.

(v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.

(vi) The Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the services of the Company.

(vii) (a) Undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. The provisions relating to excise duty and customs duty are not applicable to the Company.

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 (In Rs. 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
Central Sales Tax Rules, Orissa, 1957	Tax payable under Section 18	1.58 (Net of amount paid under protest amounting to 0.18)	FY 15-16	Additional Commissioner, Orissa

^Excluding interest and penalty, if any thereon.

(viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.

(ix) (a) The Company did not have any outstanding loans or borrowings or interest thereon due to any lender during the year. Accordingly, the requirement to report on clause ix(a) of the Order is not applicable to the Company.

(b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c) The Company did not have any term loans outstanding during the year hence, the requirement to report on clause (ix)(c) of the Order is not applicable to the Company.

(d) The Company did not raise any funds during the year hence, the requirement to report on clause (ix)(d) of the Order is not applicable to the Company.

(e) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on clause 3(ix)(e) of the Order is not applicable to the Company.

(f) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on Clause 3(ix)(f) of the Order is not applicable to the Company.

(x) (a) The Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.

(b) The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.

(xi) (a) No material fraud by the Company or on the Company has been noticed or reported during the year.

(b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by cost auditor/ secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.

(xii) The Company is not a nidhi company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(a), (b) and (c) of the Order is not applicable to the Company.

(xiii) Transactions with the related parties are in compliance with sections 177 and 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

(xiv) (a) The Company has an internal audit system commensurate with the size and nature of its business.

(b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.

(xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.

(xvi) (a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company.

(b) The Company has not conducted any Non-Banking Financial or Housing Finance activities without obtained a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.

(c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.

(d) The Group has one Investment Company as part of the Group.

(xvii) The Company has not incurred cash losses in the current financial year and in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.

(xix) On the basis of the financial ratios disclosed in note 36 to the financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) (a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to sub section 5 of section 135 of the Act. This matter has been disclosed in note 25 to the financial statements.

(b) There are no unspent amounts in respect of ongoing projects, that are required to be transferred to a special account in compliance of provision of sub section (6) of section 135 of Companies Act. This matter has been disclosed in note 25 to the financial statements

(xxi) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on Clause 3(xxi) of the Order is 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 No: 22213935AJCTFP1611

Place : Pune
Date : May 17, 2022

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, 2022 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 ("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 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 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, 2022, 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 No: 22213935AJCTFP1611

Place : Pune
Date : May 17, 2022

BALANCE SHEET as at March 31, 2022

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

Particulars	Note No	As at March 31, 2022	As at March 31, 2021
Assets			
I. Non-current assets			
Property, plant and equipment	4	117.94	132.02
Financial assets:			
(a)Trade receivables	5 (a)	419.57	563.23
Deferred tax assets (net)	6	284.25	293.41
Income tax assets (net)		2,710.95	2,845.11
Other assets	7 (a)	529.22	520.46
Total Non-current assets		**4,061.93**	**4,354.23**
II. Current assets			
Financial assets:			
(a) Investments	8	575.03	-
(b) Trade receivables	5 (b)	4,701.57	3,458.40
(c) Cash and cash equivalents	9 (a)	973.92	1,726.81
(d) Bank balances other than (c) above	9 (b)	-	700.61
(e) Loans	10	4.24	4.94
(f) Other assets	11	1,536.36	1,882.79
Other assets	7 (b)	1,814.35	1,494.24
Total Current assets		**9,605.47**	**9,267.79**
Total Assets		**13,667.40**	**13,622.02**
Equity and liabilities			
I. Equity			
Equity share capital	12	900.00	900.00
Other equity	13	3,444.67	3,067.46
Total equity		**4,344.67**	**3,967.46**
II. Non-current liabilities			
Financial liabilities:			
(a) Trade payables	14 (a)	250.51	633.18
Other liabilities	15(a)	-	189.39
Total non-current liabilities		**250.51**	**822.57**
III. Current liabilities			
Financial liabilities:			
(a) Trade payables	14(b)		
- total outstanding dues of micro and small enterprises		388.12	52.71
- total outstanding dues of creditors other than micro and small enterprises		4,419.82	4,351.82
(b) Other liabilities	16	249.84	188.90
Other liabilities	15(b)	3,804.94	3,913.17
Provisions	17	209.50	325.39
Total current liabilities		**9,072.22**	**8,831.99**
Total equity and liabilities		**13,667.40**	**13,622.02**
Summary of significant accounting policies	2		
Summary of significant accounting judgements, estimates and assumptions	3		

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

Statement of profit and loss for the year ended March 31, 2022

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

Particulars	Note No	As at March 31, 2022	As at March 31, 2021
Income			
Revenue from operations	18	14,743.65	11,714.51
Other income	19	413.94	246.45
Total Income (I)		**15,157.59**	**11,960.96**
Expenses			
Project bought-out and components		503.69	190.53
Employee benefits expense	20	2,823.33	3,096.55
Finance cost	21	6.25	1.79
Depreciation expense	22	23.25	27.56
Other expenses	23	10,237.93	7,267.63
Total Expenses (II)		**13,594.45**	**10,584.06**
Profit before tax (III = I-II)		**1,563.14**	**1,376.90**
Tax expense			
Current tax	26	587.58	656.19
Adjustment of tax relating to earlier periods	26	68.70	-
Deferred tax	26	11.45	(55.56)
Total tax expense (IV)		**667.73**	**600.63**
Profit for the year (V = III-IV)		**895.41**	**776.27**
Other comprehensive income			
A. Items that will be reclassified subsequently to profit or loss	27		
Net gain / (loss) on translation of foreign operations		28.63	(84.52)
Less: Income tax effect		**-**	**-**
		28.63	**(84.52)**
B. Items that will not be reclassified subsequently to profit or loss	27		
Re-measurement (loss)/gain of defined benefit plan		(9.12)	7.87
Less: Income tax effect		**2.29**	**(1.98)**
		(6.83)	5.89
Total other comprehensive income for the year (net of tax) (VI)		**21.80**	**(78.63)**
Total comprehensive income for the year (VII = V+VI)		**917.21**	**697.64**
Earning per equity share [Nominal value Rs. 10 each (March 31, 2021: Rs. 10)] Basic and diluted	28	**9.95**	**8.63**
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 Vaibhav Kumar Gupta
Partner
Membership No. 213935

Date: May 17, 2022
Place: Pune

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

B. C. Mahesh
Director
DIN: 06631816

Rajendran Arunachalam
Director
DIN: 08446343

M.L. Bindra
Chief Executive Officer

Harish Tikotkar
Chief Financial Officer

Sudhir Lale
Company Secretary

Date: May 17, 2022
Place: Pune

Thermax Instrumentation Limited

Cash flow statement for the year ended March 31, 2022

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

	Particulars	Note No.	Year ended March 31, 2022	Year ended March 31, 2021
A)	**Cash flows from operating activities**			
	Profit before tax		**1,563.14**	**1,376.90**
	Adjustments to reconcile profit before tax to net cash flows			
	Depreciation on Property, Plant & Equipment		23.25	27.56
	Provision for impairment allowance of financial assets (net)		114.80	77.76
	Interest expense		6.25	1.79
	Bad debts/advances written off		17.81	112.30
	Loss /(Gain) on sale/discard of assets (net)		(3.02)	0.16
	Interest income from bank		(25.17)	(66.45)
	Interest income - others		(31.32)	(9.35)
	Net foreign exchange (Gain)/Loss		(9.91)	(27.13)
	Fair value gain on financial instruments at fair value through profit and loss (net)		(0.53)	(3.41)
	Liabilities no longer required written back		(288.45)	(94.95)
	Cash flows before working capital changes		**1,366.85**	**1,395.18**
	Working capital adjustments			
	(Increase)/Decrease in trade receivables		(1,170.63)	502.95
	(Increase)/Decrease in other non-current assets		(8.76)	19.43
	Decrease / (Increase) in other financial assets		285.00	(1,061.71)
	(Increase) in other current assets		(320.11)	(276.53)
	Decrease/(Increase) in loans		0.70	0.21
	Increase in trade payables		319.08	395.42
	(Decrease)/Increase in other non-current liabilities		(189.39)	172.76
	(Decrease)/Increase in other current liabilities		(108.23)	449.26
	Increase/(Decrease) in other financial liabilities		60.94	(12.07)
	(Decrease)/Increase in provisions		(115.89)	156.30
			(1,247.29)	**346.02**
	Cash from generated from operations		119.56	1,741.20
	Direct taxes paid (net of refunds)		(499.96)	(772.07)
	Net cash flow (used in) from operating activities		**(380.40)**	**969.13**
B)	**Cash flows from investing activities**			
	Purchase of property, plant and equipment		(10.33)	(7.49)
	(Investment) / Redemption of investments (net)		(574.97)	200.56
	Interest income from bank		25.17	66.45
	Net proceeds from sale of property, plant and equipment		4.18	0.02
	Redemption / (Investment) in fixed deposits (net)		700.61	(539.58)
	Net gain on sale of investments		0.47	3.41
	Net cash flows from / (used in) investing activities		**145.13**	**(276.63)**
C)	**Cash flows from financing activities**			
	Interim Dividend Paid		(540.00)	(1,080.00)
	Interest paid		(6.25)	(1.79)
	Net cash flows (used in) financing activities		**(546.25)**	**(1,081.79)**
	Net (decrease) / increase in cash and cash equivalents		**(781.52)**	**(389.29)**
	Cash and cash equivalents at the beginning of the year		1,726.81	2,200.62
	Effect of exchange differences on translation of foreign operations		28.63	(84.52)
	Cash and cash equivalents at the end of the year		**973.92**	**1,726.81**

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

	Note No.	March 31, 2022	March 31, 2021
Cash and cash equivalents	9(a)	973.92	1,726.81
Balances as per Cash flow statement		**973.92**	**1,726.81**

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

per Vaibhav Kumar Gupta
Partner
Membership No. 213935

Date: May 17, 2022
Place: Pune

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

B. C. Mahesh
Director
DIN: 06631816

Rajendran Arunachalam
Director
DIN: 08446343

M.L. Bindra
Chief Executive Officer

Harish Tikotkar
Chief Financial Officer

Sudhir Lale
Company Secretary

Date: May 17, 2022
Place: Pune

Statement of changes in Equity for the year ended March 31, 2022

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

A Equity Share Capital*

Particulars	Note No.	Year ended March 31, 2022	Year ended March 31, 2021
Balance at the beginning of the year	12	900.00	900.00
Change in equity shares capital during the year	12	-	-
Balance at the end of the year	12	**900.00**	**900.00**

B Other Equity*

Particulars	Reserves & Surplus			Items of OCI	Total Other Equity
	Capital reserve	Retained Earnings	Total	Foreign Currency Translation Reserve	
As at April 01, 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) (note 27)	-	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**
Profit for the year	-	895.41	**895.41**	**-**	895.41
Other Comprehensive Income (net) (note 27)	-	(6.83)	**(6.83)**	**28.63**	21.80
Dividends paid	-	(540.00)	**(540.00)**	**-**	(540.00)
As at March 31, 2022	**2,118.84**	**1,297.24**	**3,416.08**	**28.59**	**3,444.67**

* There are no adjustments on account of prior period errors or due to changes in accounting policies.

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

per Vaibhav Kumar Gupta
Partner
Membership No. 213935

Date: May 17, 2022
Place: Pune

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

B. C. Mahesh
Director
DIN: 06631816

Rajendran Arunachalam
Director
DIN: 08446343

M.L. Bindra
Chief Executive Officer

Harish Tikotkar
Chief Financial Officer

Sudhir Lale
Company Secretary

Date: May 17, 2022
Place: Pune

Notes to financial statements for the year ended March 31, 2022
(All amounts are in Rupees Lakh, except per share data and unless stated otherwise)

1. Corporate information

Thermax Instrumentation Limited (the "Company") is a public company incorporated and domiciled in India. The Company is engaged in rendering erection, commissioning, civil works and operation and maintenance services for turnkey contracts for power plants. The Company has established foreign branches at Philippines, Zambia and Sharjah which are in the business of rendering supervision, operation and maintenance services for power plants. The Company caters to both domestic and international markets. The CIN of the Company is U72200MH1996PTC099050. The financial statements were authorised for issue in accordance with the resolution of Board of Directors on May 17, 2022.

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) and presentation requirement of Division II of Schedule III to the Companies Act, 2013 (Act) as applicable to the financial statements.

The preparation of the financial statements requires the use of certain critical accounting estimates and 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 assets/liabilities are measured at fair value.

2.2. Changes in accounting policies and disclosures

a) Reclassification

Consequent to amendments to the Schedule III of the Companies Act, Security deposits (March 31, 2021: Rs 16.78 lakhs) have been presented as part of other financial assets, which were previously included under "Loans".

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.

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 Rupees, which is the also functional currency of the Company.

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 for branches 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.

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

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

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

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

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

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

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

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

For assets and liabilities that are 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)
Buildings	30	30
Plant and equipment*	15	15 to 20
Office equipment*	5	5
Computers	4 to 6	3 to 6

*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.

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 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 Services (over a period of time)

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

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.

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 services (at a point in time)

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 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 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.

Notes to financial statements for the year ended March 31, 2022
(All amounts are in Rupees Lakh, except per share data and unless stated otherwise)

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

Notes to financial statements for the year ended March 31, 2022
(All amounts are in Rupees Lakh, except per share data and unless stated otherwise)

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 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. 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.

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 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.

vi. 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 Property, plant and equipment*

Particulars	Leasehold land #	Buildings	Plant and equipment	Office equipment	Computer	Total
Gross carrying amount						
As at April 01, 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**
Additions	-	-	-	1.91	8.42	10.33
Disposals	-	-	-	(168.68)	(3.73)	(172.41)
As at March 31, 2022	**12.22**	**304.19**	**71.87**	**178.42**	**57.29**	**623.99**

Notes to financial statements for the year ended March 31, 2022
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Accumulated depreciation						
As at April 01, 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	27.57
Disposals	-	-	-	-	(2.81)	(2.81)
As at March 31, 2021	**4.17**	**208.79**	**50.15**	**343.79**	**47.15**	**654.05**
Charge for the year	0.18	9.98	4.92	3.31	4.86	23.25
Disposals	-	-	-	(168.68)	(2.57)	(171.25)
As at March 31, 2022	**4.35**	**218.77**	**55.07**	**178.42**	**49.44**	**506.05**
Net Block						
As at March 31, 2022	**7.87**	**85.42**	**16.80**	**-**	**7.85**	**117.94**
As at March 31, 2021	8.05	95.40	21.72	1.40	5.45	132.02

The above asset have been taken on operating lease.

* 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, 2022	As at March 31, 2021
At amortized cost		
Trade receivables		
(i) Related Parties (note 33)	419.57	563.23
(ii) Others	-	-
Total receivables	**419.57**	**563.23**
Break-up of security details		
Secured, considered good	-	-
Unsecured, considered good	723.03	898.88
Trade Receivables which have a significant increase in credit risk	-	-
Trade receivables- credit impaired	-	-
	723.03	**898.88**
Less: impairment allowance	(303.46)	(335.65)
Total	**419.57**	**563.23**

The ageing of non-current trade receivables which are due for receipt:

Particulars	Not Due*	Unbilled	Outstanding for the following period from due date of payments					Total
			Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	
As at March 31, 2022								
(i) Undisputed Trade Receivables- considered good	723.03	-	-	-	-	-	-	**723.03**
(ii) Undisputed Trade Receivables- which have significant increase in credit risk	-	-	-	-	-	-	-	**-**
(iii) Undisputed Trade Receivables- credit impaired	-	-	-	-	-	-	-	**-**
(iv) Disputed Trade Receivables- considered good	-	-	-	-	-	-	-	**-**
(v) Disputed Trade Receivables- which have significant increase in credit risk	-	-	-	-	-	-	-	**-**
(vi) Disputed Trade Receivables- credit impaired	-	-	-	-	-	-	-	**-**
	723.03	**-**	**-**	**-**	**-**	**-**	**-**	**723.03**
Less: impairment allowance								(303.46)
Total								**419.57**

The ageing of non-current trade receivables which are due for receipt:

Particulars	Not Due*	Unbilled	Outstanding for the following period from due date of payments					Total
			Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	
As at March 31, 2021								
(i) Undisputed Trade Receivables- considered good	898.88	-	-	-	-	-	-	**898.88**
(ii) Undisputed Trade Receivables- which have significant increase in credit risk	-	-	-	-	-	-	-	**-**
(iii) Undisputed Trade Receivables- credit impaired	-	-	-	-	-	-	-	**-**
(iv) Disputed Trade Receivables- considered good	-	-	-	-	-	-	-	**-**
(v) Disputed Trade Receivables- which have significant increase in credit risk	-	-	-	-	-	-	-	**-**
(vi) Disputed Trade Receivables- credit impaired	-	-	-	-	-	-	-	**-**
	898.88	**-**	**-**	**-**	**-**	**-**	**-**	**898.88**
Less: impairment allowance								(335.65)
Total								**563.23**

* The above ageing includes retention receivables which are to classified as due or not due on the basis of contractual terms with respective customers.

Notes to financial statements for the year ended March 31, 2022
(All amounts are in Rupees Lakh, except per share data and unless stated otherwise)

5 (b) Current trade receivables

	As at March 31, 2022	As at March 31, 2021
At amortized cost		
Trade receivables		
i) Related Parties (note 33)	2,965.03	2,784.78
ii) Others	1,736.54	673.62
Total receivables	**4,701.57**	**3,458.40**
Break-up of security details		
Secured, considered good	178.86	215.26
Unsecured, considered good	5,424.61	4,049.89
Trade Receivables which have a significant increase in credit risk	74.56	74.56
Trade Receivables - credit impaired	20.58	25.28
	5,698.61	**4,364.99**
Less: Impairment allowance	(997.04)	(906.59)
Total	**4,701.57**	**3,458.40**

The ageing of current trade receivables which are due for receipt:

Particulars	Not Due	Unbilled	Outstanding for the following period from due date of payments					Total
			Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	
As at March 31, 2022								
(i) Undisputed Trade Receivables- considered good	1,970.87	34.52	2,530.67	259.32	73.12	57.26	677.71	**5,603.47**
(ii) Undisputed Trade Receivables- which have significant increase in credit risk	-	-	-	-	-	-	74.56	**74.56**
(iii) Undisputed Trade Receivables- credit impaired	-	-	-	-	-	20.58	-	**20.58**
(iv) Disputed Trade Receivables- considered good	-	-	-	-	-	-	-	**-**
(v) Disputed Trade Receivables- which have significant increase in credit risk	-	-	-	-	-	-	-	**-**
(vi) Disputed Trade Receivables- credit impaired	-	-	-	-	-	-	-	**-**
	1,970.87	**34.52**	**2,530.67**	**259.32**	**73.12**	**77.84**	**752.27**	**5,698.61**
Less: impairment allowance*								(997.04)
Total								**4,701.57**

The ageing of non-current trade receivables which are due for receipt:

Particulars	Not Due*	Unbilled	Outstanding for the following period from due date of payments					Total
			Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	
As at March 31, 2021								
(i) Undisputed Trade Receivables- considered good	2,587.75	8.82	545.83	56.57	374.04	48.94	643.20	**4,265.15**
(ii) Undisputed Trade Receivables- which have significant increase in credit risk	-	-	-	-	-	-	74.56	**74.56**
(iii) Undisputed Trade Receivables- credit impaired	-	-	-	-	25.28	-	-	**25.28**
(iv) Disputed Trade Receivables- considered good								**-**
(v) Disputed Trade Receivables- which have significant increase in credit risk	-	-	-	-	-	-	-	**-**
(vi) Disputed Trade Receivables- credit impaired	-	-	-	-	-	-	-	**-**
	2,587.75	**8.82**	**545.83**	**56.57**	**399.32**	**48.94**	**717.76**	**4,364.99**
Less: impairment allowance*								(906.59)
Total								**3,458.40**

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.

*Includes provision of Rs. 74.56 (March 31, 2021 Rs. 74.56) for trade receivables which have significant increase in credit risk and provision of Rs. 20.58 (March 31, 2021 Rs. 25.28) for trade receivables which are credit impaired.

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

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 by examining the final contract completion milestones of the related party with the end customer.

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

At March 31, 2022 the company has Rs.2,000.00 (March 31, 2021: Rs 3,000.00) undrawn borrowing facilities hypothycated against trade receivables.

6 Deferred tax assets (Net)

	As at March 31, 2022	As at March 31, 2021
Deferred tax liabilities		
Retained earnings of foreign branches	(147.80)	(161.79)
Unrealized foreign exchange gain	(0.26)	(0.26)
	(148.06)	**(162.05)**
Deferred tax assets		
Accelerated depreciation for tax purpose	22.15	24.77
Provision for doubtful receivables	301.47	288.03
Items allowed on payment basis	30.51	70.40
Temparory differences in accounting treatment as required by income tax standards	28.55	56.97
Other (includes deferred tax balances pertaining to branches)	49.63	15.29
	432.31	**455.46**
Deferred tax assets (net)	**284.25**	**293.41**

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, 2022	As at March 31, 2021
Balances with government authorities		
Unsecured, considered good	529.22	520.46
Unsecured, considered doubtful	40.04	40.04
	569.26	560.50
Less : Impairment allowance	(40.04)	(40.04)
Total	**529.22**	**520.46**

7 (b) Other current assets

	As at March 31, 2022	As at March 31, 2021
Unsecured considered good		
Advances to suppliers	699.15	639.55
Advances to employees	124.90	64.95
Prepaid expenses	69.20	59.17
Balances with government authorities	877.24	652.94
Prepayments (note 32)	33.22	55.01
Others	10.64	22.62
Total	**1,814.35**	**1,494.24**

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, 2022	As at March 31, 2021
Investments at Fair value through profit or loss			
Investments in Mutual Funds :			
Liquid/ liquid plus and duration funds (unquoted)			
Axis Overnight Fund Direct Growth	Rs. 1,000	400.02	-
Kotak Overnight Fund Direct Growth	Rs. 1,000	175.01	-
		575.03	**-**
Number of units held for above investments			
Axis Overnight Fund Direct Growth		35,593.95	-
Kotak Overnight Fund Direct Growth		15,435.62	
Aggregate amount of unquoted investments		575.03	-
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, 2022	As at March 31, 2021
Cash and cash equivalents		
Balances with banks		
- in current accounts *	973.47	1,276.27
- in deposits with original maturity of less than three months#	-	450.03
Cash on hand	0.45	0.51
Total	**973.92**	**1,726.81**

* this includes bank balances of Rs. 624.22 (March 31, 2021 Rs. 905.03) 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.

#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.

9 (b) Other bank balances

	As at March 31, 2022	As at March 31, 2021
Deposits with original maturity of more than 3 months but less than 12 months	-	700.61
Total	**-**	**700.61**

10 Loans

	As at March 31, 2022	As at March 31, 2021
Unsecured, considered good		
At amortised cost		
Loans to employees	4.24	4.94
Total	**4.24**	**4.94**

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.

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

11 Other financial assets

	As at March 31, 2022	As at March 31, 2021
At amortised cost		
Unbilled revenue (note 18) *	1,460.14	1,802.78
Trade deposits #	59.85	63.23
Security deposits	16.37	16.78
Total	**1,536.36**	**1,882.79**

* Unbilled revenue is net of impairment allowance of Rs. 80.70 (March 31, 2021: Rs. 19.27) 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, 2022	As at March 31, 2021
Authorized shares (Nos)		
9,000,000 (March 31, 2021: 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, 2021: 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 year

Particulars	No. of shares	Amount
Equity share of Rs. 10 each issued, subscribed and fully paid		
At April 01, 2020	9,000,000	900.00
Changes during the year	-	-
At March 31, 2021	9,000,000	900.00
Changes during the year	-	-
At March 31, 2022	**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, 2022	As at March 31, 2021
Thermax Limited	900.00	900.00
9,000,000 (March 31, 2021: 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, 2022	As at March 31, 2021
Thermax Limited		
%	100.00	100.00
No. of shares (including 6 share held by nominee shareholders)*	9,000,000	9,000,000

*As per the records of the company, including it's register of shareholders/ members and other declaration received from shareholders regarding beneficial interest, the above shareholding represents the legal ownership of shares.

13 Other equity

Particulars	As at March 31, 2022	As at March 31, 2021
Reserves and surplus		
Capital reserve	1,118.84	1,118.84
Capital Redemption Reserve		
Opening balance	1,000.00	1,000.00
Add: Transfer during the year	-	-
Balance at the end of the year	**1,000.00**	**1,000.00**
Retained earnings		
Opening balance	788.45	1,086.29
Add: Profit for the year	895.41	776.27
Less: Transfer to Capital Redemption Reserve	-	-
Less: Interim Dividend Paid	(540.00)	(1,080.00)
Movement during the year	355.41	(303.73)
Items of other comprehensive income recognized directly in retained earnings:		
Re-measurement gain/(loss) on post-employment benefit plans, net of tax Rs.2.29 (March 31, 2021 Rs. 1.98)	(6.83)	5.89
Net Surplus in the Statement of profit and loss	1,137.03	788.45
Total Reserves and surplus	3,255.87	2,907.29
Other Reserve		
Foreign Currency Translation Reserve		
Opening balance	(0.04)	84.48
Add/ (Less): movement during the year	28.63	(84.52)
Closing balance	**28.59**	**(0.04)**
Fair value adjustment of redeemable preference shares, net of tax Rs. 65.82 (March 31, 2021 Rs. 65.82)	160.21	160.21
Total	**3,444.67**	**3,067.46**

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

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 redemption of 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 payable

14 (a) Non-current trade payables

	As at March 31, 2022	As at March 31, 2021
Trade payables :		
(i) Others	250.51	633.18
Total	**250.51**	**633.18**

The ageing of non-current trade payables which are due for payment :

Particulars	Not Due	Outstanding for the following period from due date of payments				Total
		less than a year	1-2 years	2-3 years	More than 3 years	
As at March 31, 2022						
(i) Outstanding dues of micro and small enterprises	-	-	-	- -		**-**
(ii) Outstanding dues of creditors other than micro and small enterprises	243.05	-	-	- -		**243.05**
(iii) Disputed dues of micro and small enterprises	-	-	-	- -		**-**
(iv) Disputed dues of creditors other than micro and small enterprises	7.46	-	-	- -		**7.46**
Total	**250.51**	**-**	**-**	**- -**		**250.51**

Particulars	Not Due	Outstanding for the following period from due date of payments				Total
		less than a year	1-2 years	2-3 years	More than 3 years	
As at March 31, 2021						
(i) Outstanding dues of micro and small enterprises	-	-	-	- -		**-**
(ii) Outstanding dues of creditors other than micro and small enterprises	625.72	-	-	- -		**625.72**
(iii) Disputed dues of micro and small enterprises	-	-	-	- -		**-**
(iv) Disputed dues of creditors other than micro and small enterprises	7.46	-	-	- -		**7.46**
Total	**633.18**	**-**	**-**	**- -**		**633.18**

14 (b) Current trade payables

	As at March 31, 2022	As at March 31, 2021
Total outstanding dues of micro and small enterprises (note 14 (c))	388.12	52.71
Total outstanding dues of creditors other than micro and small enterprises		
(i) Related parties (note 33)	107.93	222.82
(ii) Others	4,311.89	4,129.00
Total	**4,807.94**	**4,404.53**

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.

Notes to financial statements for the year ended March 31, 2022
(All amounts are in Rupees Lakh, except per share data and unless stated otherwise)

The ageing of current trade payables which are due for payment :

Particulars	Not Due	Outstanding for the following period from due date of payments				Total
		Less than a year	1-2 years	2-3 years	More than 3 years	
As at March 31, 2022						
(i) Outstanding dues of micro and small enterprises	377.86	-	-	-	-	**377.86**
(ii) Outstanding dues of creditors other than micro and small enterprises	299.06	1,870.75	429.29	268.03	365.54	**3,232.67**
(iii) Disputed dues of micro and small enterprises	10.26	-	-	-	-	**10.26**
(iv) Disputed dues of creditors other than micro and small enterprises	-	-	-	-	-	**-**
Sub Total	**687.18**	**1,870.75**	**429.29**	**268.03**	**365.54**	**3,620.79**
Unbilled trade payables						1,187.15
Total						**4,807.94**

Total Unbilled trade payables

Particulars	Not Due	Outstanding for the following period from due date of payments				Total
		Less than a year	1-2 years	2-3 years	More than 3 years	
As at March 31, 2021						
(i) Outstanding dues of micro and small enterprises	42.95	-	-	-	-	**42.95**
(ii) Outstanding dues of creditors other than micro and small enterprises	883.10	1,121.53	263.56	196.13	438.03	**2,902.35**
(iii) Disputed dues of micro and small enterprises	9.76	-	-	-	-	**9.76**
(iv) Disputed dues of creditors other than micro and small enterprises	-	-	-	-	-	**-**
Total	**935.81**	**1,121.53**	**263.56**	**196.13**	**438.03**	**2,955.06**
Unbilled trade payables						1,449.47
Total						**4,404.53**

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, 2022	March 31, 2021
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	388.12	52.71
- Interest due thereon	0.18	-
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	0.95	0.23
The amount of payment made to the supplier beyond the appointed day during the period	152.11	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	1.13	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	1.31	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006	-	-

Notes to financial statements for the year ended March 31, 2022

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

15 Other Liabilities

15(a) Other non-current liabilities

	As at March 31, 2022	As at March 31, 2021
Customer advances		
(i) Related Parties (note 33)	-	189.39
Total	**-**	**189.39**

15(b) Other current liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Unearned revenue (note 18)	1,072.04	1,268.35
Customer advances		
(i) Related Parties (note 33)	1,849.84	1,341.70
(ii) Others	691.24	1,036.88
Statutory dues and other liabilities*	191.82	266.24
Total	**3,804.94**	**3,913.17**

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

16 Other financial liabilities

	As at March 31, 2022	As at March 31, 2021
At amortized cost		
Employee related payables	193.06	134.11
Customer deposits	56.72	54.71
Payable against tangible assets	0.03	0.03
Other payables	0.03	0.05
Total	**249.84**	**188.90**

17 Current provisions

	As at March 31, 2022	As at March 31, 2021
Provision for employee benefits		
Provision for leave encashment	96.06	99.05
	96.06	**99.05**
Other provisions		
Provision for onerous contracts	113.44	226.34
	113.44	**226.34**
Total	**209.50**	**325.39**

Movement in provisions for onerous contracts	March 31, 2022	March 31, 2021
As at April 1, 2021	226.34	72.31
Additional provision recognized	58.67	161.24
Provision (utilized)/ (reversed) during the year	(171.57)	(7.21)
As at March 31, 2022	**113.44**	**226.34**

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, 2022	March 31, 2021
Revenue from services	14,543.29	11,622.91
Total revenue from contracts with customers	14,543.29	11,622.91

(b) Other operating income

	March 31, 2022	March 31, 2021
Sale of Scrap	141.09	66.62
Exchange fluctuation gain (net)	59.27	24.98
	200.36	**91.60**
Total revenue from operations	**14,743.65**	**11,714.51**

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

i) Revenue by category of contracts

	March 31, 2022	March 31, 2021
Over a period of time basis	10,771.38	7,466.78
At a point-in-time basis	3,771.91	4,156.13
Total revenue from contracts with customer	**14,543.29**	**11,622.91**

Revenue by geographical market

	March 31, 2022	March 31, 2021
Within India	10,392.30	6,832.06
Outside India	4,150.99	4,790.85
Total revenue from contracts with customer	**14,543.29**	**11,622.91**

ii) Contract balances

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

	As at March 31, 2022	As at March 31, 2021
Trade receivables (note 5(a) and 5(b))	5,121.14	4,021.63
Unbilled revenue (Contract asset) (note 11)	1,460.14	1,802.78
Unearned revenue (Contract liability) (note 15(b))	1,072.04	1,268.35
Customer advances (Contract liability) (note 15(a) and 15(b))	2,541.08	2,567.97

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.

Notes to financial statements for the year ended March 31, 2022
(All amounts are in Rupees Lakh, except per share data and unless stated otherwise)

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

Particulars	Provisions on Trade Receivables		Provisions on contract assets	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
At the beginning of the year	1242.24	1154.12	19.27	34.00
Provisions Made During the year	222.42	221.64	61.43	-
Utilized/ reversed during the year	(164.16)	(133.52)	-	(14.73)
At the end of the year	**1300.50**	**1242.24**	**80.70**	**19.27**

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

	March 31, 2022	March 31, 2021
Unearned revenue	1,223.04	930.74
Customer advance	1,213.27	910.53

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, 2022	March 31, 2021
Opening unbilled revenue (note 11)	**1,802.78**	**781.04**
Opening unearned revenue (note 15(b))	**1,268.35**	**1,159.18**
- Transfer of contract assets to receivable from opening unbilled revenue	1,494.00	644.63
- Increase in revenue as a result of changes in the measure of progress from the opening unearned revenue	1,223.04	930.74
- Transfer of contract assets to receivable	9,265.77	6,097.67
- Increase in revenue as a result of changes in the measure of progress	9,548.68	6,535.22
- Others*	(158.28)	188.91
Closing unbilled revenue (note 11)	1,460.14	1,802.78
Closing unearned revenue (note 15(b))	**1,072.04**	**1,268.35**

* 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, 2022	March 31, 2021
Amount of revenue yet to be recognised for contracts in progress	20,520.69	19,144.26

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, 2022	March 31, 2021
Interest income from financial assets at amortized cost		
Bank deposits	25.17	66.45
Other Interest income	31.32	9.35
Profit on sale of property, plant and equipment	3.02	-
Fair value gain on mutual funds at fair value through profit or loss	0.53	3.41
Rent income (note 30)	65.38	65.14
Liabilities no longer required written back	288.45	94.95
Miscellaneous income (includes brokerage income and recovery of liquidated damages)	0.07	7.15
Total	**413.94**	**246.45**

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

20 Employee benefits expense

	March 31, 2022	March 31, 2021
Salaries and wages	2,672.70	2,925.61
Contribution to provident and other funds	104.76	112.74
Gratuity expense (note 32)	20.58	17.52
Staff welfare expenses	25.29	40.68
Total	**2,823.33**	**3,096.55**

21 Finance cost

	March 31, 2022	March 31, 2021
Interest expense	6.25	1.79
Total	**6.25**	**1.79**

22 Depreciation expense

	March 31, 2022	March 31, 2021
Depreciation on property, plant and equipment (note 4)	23.25	27.56
Total	**23.25**	**27.56**

23 Other expenses

	March 31, 2022	March 31, 2021
Consumption of stores and spare parts	42.41	12.88
Power and fuel	11.65	8.57
Freight and Forwarding charges	0.08	0.71
Site expenses and contract labour charges	9,326.54	6,344.84
Advertisement and sales promotion	3.77	14.75
Rent (note 30)	77.87	76.88
Rates and taxes	58.87	73.96
Insurance	34.54	38.69
Repairs and maintenance		
Plant and machinery	0.11	-
- Others	7.80	1.00
Travelling and conveyance	174.86	148.33
Legal and professional fees (includes payment to auditors; note 24)	211.62	193.67
Director's sitting fees (note 33)	8.80	10.60
Bad debts/ advances written off	17.81	112.30
Provision for impairment of financial assets (net of reversals)	114.80	77.76
Loss on sale/ discard of assets (net)	-	0.16
Corporate Social Responsibility expenditure (note 25)	26.10	31.36
Miscellaneous expenses (includes printing, communication, postage, security expense, etc.)	120.30	121.17
Total	**10,237.93**	**7,267.63**

24 Payment to auditors

Particulars	March 31, 2022	March 31, 2021
As auditor		
Audit fee	11.50	8.50
Services relating to branch audit	15.94	16.17
Reimbursement of expenses	-	0.56
Total	**27.44**	**25.23**

25 Corporate Social Responsibility

Particulars	March 31, 2022	March 31, 2021
Gross amount required to be spent by the Company during the year	26.02	30.09
Total	**26.02**	**30.09**

Amount spent during the year

Particulars	In Cash	Yet to be spent in cash	Total
During the year ended March 31, 2022			
a. Construction/ acquisition of any asset	-	-	-
b. On purposes other than (a) above *	26.10	-	26.10
	6.26	**-**	**6.26**
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**

* 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 March 31, 2022.

26 Income Tax

The major components of income tax expense for the year ended March 31, 2022 and March 31, 2021 are:

Statement of profit and loss

Particulars	March 31, 2022	March 31, 2021
Current income tax		
Current income tax charge	587.58	656.19
Adjustments in respect of current income tax of previous years	68.70	-
Deferred tax		
Relating to origination and reversal of temporary differences	11.45	(55.56)
Income tax expense reported in the Statement of profit and loss	**667.73**	**600.63**

Notes to financial statements for the year ended March 31, 2022
(All amounts are in Rupees Lakh, except per share data and unless stated otherwise)

Other Comprehensive Income

Particulars	March 31, 2022	March 31, 2021
Deferred tax related to items recognized in Other Comprehensive Income during the period		
Re-measurement of defined benefit plans	2.29	(1.98)
Income tax charged to Other Comprehensive Income	**2.29**	**(1.98)**

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

Particulars	March 31, 2022	March 31, 2021
Accounting profit before tax	1,563.14	1,376.90
At India's statutory income tax rate of 25.17% (March 31, 2021: 25.17%)	393.44	346.57
Reconciliation items and tax impact of the same		
Effects of non-deductible business expenses	98.47	51.59
Deferred tax on unrealized profits of branches	(13.99)	(21.98)
Taxes paid on repatriation of branch profits	145.79	216.19
Others	44.02	8.27
At the effective tax rate of 42.72% (March 31, 2021: 43.62%)	**667.73**	**600.63**
Income tax expense reported in the Statement of profit or loss	**667.73**	**600.63**

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, 2022

	Foreign currency translation	Retained earnings	Total
Foreign currency translation differences	28.63	-	28.63
Re-measurement (losses)/gains on defined benefit plans	-	(6.83)	(6.83)
Total	**28.63**	**(6.83)**	**21.80**

During the year ended March 31, 2021

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

28 Earnings Per Share (EPS)

Particulars	March 31, 2022	March 31, 2021
Net profit attributable to the equity shareholders of the Company	895.41	776.27
Weighted average number of equity shares of Rs.10/- each (Nos.)	9,000,000	9,000,000
Basic and diluted EPS	9.95	8.63

29 Contingent liabilities

a) Taxes

Particulars	March 31, 2022	March 31, 2021
Disputed VAT balances / liabilities	49.46	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 Ind AS 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, 2021 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.

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

Particulars	March 31, 2022	March 31, 2021
Lease payments for the year	77.87	76.88
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.

Particulars	March 31, 2022	March 31, 2021
Lease rent received for the year	65.38	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, 2022	March 31, 2021
Within India	10,392.30	6,832.06
Outside India	4,150.99	4,790.85
Total	**14,543.29**	**11,622.91**

Revenue of Rs. 1,906.80 (March 31, 2021: Nil) are derived from single customer of the company.

Non current assets by geographical segments*

Particulars	March 31, 2022	March 31, 2021
Within India	3,357.27	3,496.61
Outside India	0.84	0.98
Total	**3,358.11**	**3,497.59**

*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, 2020	**124.95**	**177.86**	**(52.91)**
Current service cost	21.78	-	21.78
Interest expense	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)**

Particulars	Present value of obligation	Fair value of plan assets	Net amount
April 1, 2021	**141.32**	**196.33**	**(55.01)**
Current service cost	24.47	-	24.47
Interest expense / income	9.15	13.04	(3.89)
Total amount recognised in the Statement of profit and loss	**33.62**	**13.04**	**20.58**
Experience adjustments	(3.35)	-	(3.35)
Actuarial (gain)/loss from change in financial assumptions	(1.71)	-	(1.71)
Return on plan assets	-	(14.18)	14.18
Total amount recognised in Other Comprehensive Income	**(5.06)**	**(14.18)**	**9.12**
Employer contributions	(7.91)	7.91	(15.82)
Benefits paid	-	(7.91)	7.91
March 31, 2022	**161.96**	**195.18**	**33.22**

Notes to financial statements for the year ended March 31, 2022
(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 :

	March 31, 2022	March 31, 2021
Present value of funded obligation	161.96	141.32
Fair value of plan assets	195.18	196.33
Surplus of funded plan	**(33.22)**	**(55.01)**

III Significant estimates

The significant actuarial assumptions were as follows :

Particulars	March 31, 2022	March 31, 2021
Discount rate	6.70%	6.66%
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	12%	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, 2022	March 31, 2021
Discount rate		
1.00% increase	decrease by Rs. 8.89	decrease by Rs. 8.87
1.00% decrease	increase by Rs. 9.89	increase by Rs. 10.00
Future salary increase		
1.00% increase	increase by Rs. 8.96	increase by Rs. 9.16
1.00% decrease	decrease by Rs. 8.23	decrease by Rs. 8.30
Attrition Rate		
1.00% increase	decrease by Rs. 0.55	decrease by Rs. 0.38
1.00% decrease	Increase by Rs. 0.59	Increase by Rs. 0.43

The above sensitivity analysis is based on a change in assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with the Projected Unit Credit Method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The method and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

The following are the expected cash flows to the defined benefit plan in future years:

	March 31, 2022	March 31, 2021
Within next 12 months	28.78	22.54
Between 2-5 years	87.71	67.98
> 5 years	53.56	50.44

The average duration of the defined benefit plan obligation at the end of the reporting period is 6 years (March 31, 2021: 7 years)

The company expects to contribute Rs. Nil (March 31, 2021 : Rs. Nil) to the gratuity fund in the next year.

V The major categories of plan assets are as follows:

Particulars	March 31, 2022	March 31, 2021
Investments with Insurer (LIC of India)	100.00%	100.00%

33. Related party disclosures

A Holding Company and Utimate Holding Companies

No.	Name of the entity	Place of business/ Country of incorporation	Ownership interest		Type
			March 31, 2022	March 31, 2021	
1	RDA Holdings Private Limited	India	0%	0%	Ultimate holding company
2	Thermax Limited	India	100%	100%	Holding company

B Fellow Subsidiaries with whom transactions have taken place during the year :

No.	Name of the entity	Place of business/ Country of incorporation
1	Thermax Babcock and Wilcox Energy Solutions Private Limited	India
2	Thermax Onsite Energy Solutions Limited	India

C Entities controlled by Holding company other than 'B' above with whom transactions have taken place during the year :

No.	Name of the entity	Place of business/ Country of incorporation
1	Thermax International Tanzania Limited	Tanzania

D. Key management Personnel:

1 Mr. Madan Lal Bindra - Chief Executive Officer
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
7 Mr. B. C. Mahesh - Director
8 Mr. Ravinder Advani - Director

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

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

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

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

	Name of the entity	Place of business/ Country of incorporation
1	Thermax Foundation	India

Transactions during the year

	Holding Company - Thermax Limited		Entities controlled by Holding company		Key Management Personnel and Individuals mentioned in E		Total	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Sales of services	5,557.45	3,182.16	182.08	-	-	-	**5,739.53**	**3,182.16**
Rent income	62.50	62.50	-	-	-	-	**62.50**	**62.50**
Recovery of expenses	126.51	98.72	-	-	-	-	**126.51**	**98.72**
Sale of Property, Plant & Equipment	4.10	-	-	-	-	-	**4.10**	**-**
Purchase of project bought-out and components	10.05	6.78	31.80	55.79	-	-	**41.85**	**62.56**
Reimbursement of expenses	323.16	385.37	-	-	-	-	**323.16**	**385.37**
Remuneration to key management personnel *	57.58	43.34	-	-	8.80	10.60	**66.38**	**53.94**
Donation	-	-	26.10	31.36	-	-	**26.10**	**31.36**
Commission paid on corporate guarantee received	1.72	2.69	-	-	-	-	**1.72**	**2.69**
Dividend Expenses	540.00	1,080.00	-	-	-	-	**540.00**	**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, 2022	March 31, 2021
(a) Salary/ Retainership fees reimbursed to Thermax Limited #		
Mr. Madan Lal Bindra	8.00	-
Mr. Harish Tikotkar	25.13	22.91
Mr. Sudhir Lale	24.45	20.43
(b) Director sitting fees paid to independent directors		
Mr. Ajay Joshi	4.40	5.30
Mr. Ashok Joshi	4.40	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, 2022, the Company has recorded an impairment of receivables relating to amounts owed by related parties as per the policy.

Balances as at the year end

Particulars	Holding Company - Thermax Limited		Entities controlled by Holding company		Total	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Trade receivables	3,384.60	3,348.02	-	-	**3,384.60**	**3,348.02**
Trade payables	72.41	132.83	35.52	89.99	**107.93**	**222.82**
Customer advances	1,846.48	1,531.09	3.36	-	**1,849.84**	**1,531.09**
Unbilled Revenue	111.73	454.04	29.21	-	**140.94**	**454.04**
Unuearned Revenue	703.55	458.80	1.19		**704.74**	**458.80**
Guarantee/ letter of comfort received	7,074.00	7,681.47	-	-	**7,074.00**	**7,681.47**

There are no outstanding balances in respect of entities controlled by key management personnel and individuals mentioned in E.

Notes to financial statements for the year ended March 31, 2022
(All amounts are in Rupees Lakh, except per share data and unless stated otherwise)

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, 2022	As at March 31, 2021
Trade receivables	5,121.14	4,021.63
Cash and cash equivalents	973.92	1,726.81
Bank balances other than cash and cash equivalents	-	700.61
Loans	4.24	4.94
Other financial assets	1,536.36	1,882.79
Total	**7,635.66**	**8,336.78**
Current assets	7,216.09	7,773.55
Non-current assets	419.57	563.23
Total	**7,635.66**	**8,336.78**

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

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

	As at March 31, 2022	As at March 31, 2021
Investments	575.03	-
Total	**575.03**	**-**
Current assets	575.03	-
Non-current assets	-	-
Total	**575.03**	**-**

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, 2022	As at March 31, 2021
Trade payable	5,058.45	5,037.71
Other liabilities	249.84	188.90
Total	**5,308.29**	**5,226.61**
Current liabilities	5,057.78	4,593.43
Non current liabilities	250.51	633.18
Total	**5,308.29**	**5,226.61**

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

b) Fair value hierarchy

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

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2022

	Date of valuation	Level 1	Level 2	Level 3
Financial assets				
Investments				
Mutual funds	March 31, 2022	-	575.03	-

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	-	-	-

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

35 Financial risk management

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

Risk is inherent in the Company's activities but it is managed through a process of on going 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, 2022 and March 31, 2021.

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. 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 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 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:

	March 31, 2022	March 31, 2021
Decrease in US$ rate by 5%	(61.28)	(69.54)
Increase in US$ rate by 5%	61.28	69.54

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

II Credit risk

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

Trade receivables

Customer credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

Financial instruments and bank 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, 2022			
Trade payables	4,807.94	250.51	5,058.45
Other financial liabilities :			
Employee related payables	193.06	-	193.06
Customer Deposits	56.72	-	56.72
Payable for tangible assets	0.03	-	0.03
	5,057.75	**250.51**	**5,308.26**
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**

36 Key Financial Ratios

The following are analytical ratios for the year ended March 31, 2022 and March 31, 2021:

Particulars	Numerator	Denominator	FY 2021-22	FY 2020-21	Variance	Management response
Current Ratio	Current Assets	Current Liabilities	1.06	1.05	0.90%	
Return on equity ratio	Profit after tax	Average Shareholder's Equity	0.22	0.19	15.42%	
Debtors turnover ratio	Revenue from contracts with customers	Average Trade Receivables	3.18	2.67	19.37%	
Trade payables turnover ratio	Total Supplier Purchases##	Average Trade Payables	2.10	1.48	41.69%	Improvement in trade payable turnover attributable to improved payment cycle as well as increase in operations
Net capital turnover ratio	Revenue from contracts with customers	Working Capital *	27.27	26.67	2.26%	
Net Profit ratio	Profit after tax	Revenue from contracts with customers	0.06	0.07	-7.81%	
Return on capital employed (ROCE)	Profit before tax and Finance Cost	Capital Employed **	0.35	0.33	4.63%	
Return on investment (ROI)	Profit after tax	Net worth	0.21	0.20	5.33%	
Debt-Equity Ratio	Total Debt	Shareholder's Equity	#	#		
Debt service coverage ratio	Earnings available for debt service	Debt Service	#	#		
Inventory turnover ratio	Cost of goods sold	Average Inventories	#	#		

Explanations:

* Total Current Assets - Total Current Liabilities
** Total Equity + Non-current borrowings + Deferred Tax Liability
# The Company does not have any inventories and borrowings. As a result, these ratios are not applicable to the Company.
Total Supplier purchases include project bought-outs, other expenses and staff welfare expenses

Notes to financial statements for the year ended March 31, 2022
(All amounts are in Rupees Lakh, except per share data and unless stated otherwise)

37 Capital Management

The Company's objective for capital management is to maximise shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long- term and other strategic investment plans. The funding requirements are met through equity and operating cash flows generated. No changes were made in the objectives, policies or processes during the years ended March 31, 2022 and March 31, 2021. Capital represents equity attributable to Parent Company and is measured at Rs 4,344.67 (March 31, 2021: Rs. 3,967.46).

	As at March 31, 2022	As at March 31, 2021
Trade payables	5,058.45	5,037.71
Less: Cash and cash equivalents (includes deposites with original maturity of more than 3 months but less than 12 months)	(973.92)	(2,427.42)
Net debt	4,084.53	2,610.29
Equity	4,344.67	3,967.46
Capital and net debt	**8,429.20**	**6,577.75**

38 Struck off companies

Below are details of investment, receivable, payable and any other transactions outstanding with stuck off companies for the period ended March 31, 2022:

Name of stuck off company	Nature of other outstanding balances	Transaction during the year	Balance outstanding at the end of the year	Relationship with the struck off Company, if any, to be disclosed
Parim Infocomm Private Limited	Trade payables	1.17	0.12	None

Below are details of investment, receivable, payable and any other transactions outstanding with stuck off companies for the period ended March 31, 2021:

Name of stuck off company	Nature of other outstanding balances	Transaction during the year	Balance outstanding at the end of the year	Relationship with the struck off Company, if any, to be disclosed
Parim Infocomm Private Limited	Trade payables	-	0.12	None

39 Other Statutory Information

(i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.

(ii) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period

(iii) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

(iv) The Company has not received any fund from any persons or entities, including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,

(v) The Company has not made any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

(vi) The Company has not been declared as a wilful defaulter by any bank or financial institution or any other lender.

40 Standards issued but not yet effective

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, as below.

(i) Ind AS 16 – Property Plant and equipment -

The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2022. The Company is in the process of evaluating the amendment.

(ii) Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets –

The amendment specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2022, although early adoption is permitted. The Company is in the process of evaluating the amendment.

(iii) Others -

Several other ammendments and interpretations apply for the first time in the year ended March 31, 2022, but do not have an impact on the financial statements of the Company.

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

per Vaibhav Kumar Gupta
Partner
Membership No. 213935

Date: May 17, 2022
Place: Pune

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

B. C. Mahesh
Director
DIN: 06631816

Rajendran Arunachalam
Director
DIN: 08446343

M.L. Bindra
Chief Executive Officer

Harish Tikotkar
Chief Financial Officer

Sudhir Lale
Company Secretary

Date: May 17, 2022
Place: Pune

Thermax Onsite Energy Solutions Limited

Board of Directors	Registered Office	Auditors
Ashish Bhandari Hemant Mohgaonkar Rajendran Arunachalam Sanjay Parande (Independent Director) Sundar Parthasarathy (Independent Director)	Thermax House, 14, Mumbai-Pune Road, Wakdewadi, Pune - 411003	SRBC & Co. LLP Chartered Accountants C-401, Panchshil Tech Park, Yerwada, Pune-411006, India
Key Managerial Personnel	**Bankers**	**Corporate Office**
Deepak Joshi (Chief Financial Officer) Gunjan Chandratre (Company Secretary) Khushboo Bhatia (Chief Executive Officer)	HSBC Bank Corporation Bank ICICI Bank	Eco House, Plot No D-13 R.D. Aga Road, MIDC Sec 2 Industrial Area, MIDC Chinchwad, Pune – 411019

DIRECTORS' REPORT

Dear Shareholders,

The Directors present the Thirteenth Annual Report of the Company for the year ended March 31, 2022.

FINANCIAL RESULTS

(Rs. in Lakh)

Particulars	2021-22	2020-21
Total income	**21,800.27**	12,744.16
Profit before depreciation and interest	**2,068.97**	1,746.33
Depreciation	**45.38**	49.41
Interest	**218.78**	179.07
Profit before tax	**1,804.78**	1,517.85
Provision for taxation (incl. deferred tax)	**482.02**	399.51
Profit after tax	**1,322.70**	1,118.34

STATE OF COMPANY'S AFFAIRS

During the year, the Company earned a total income of Rs 21,800.27 lakh (previous year Rs. 12,744.16 lakh). Profit before tax stood at Rs. 1,804.78 lakh (previous year Rs. 1,517.85 lakh) and profit after tax was Rs. 1,322.70 lakh (previous year Rs. 1,118.34 lakh).

During the Financial Year 2021-22, the Company successfully executed its first international site in Indonesia for an Oleo chemical major. In India, the Company commissioned biomass boiler plants for steam supply to world's largest Food and Beverage Company, an Edible Oil major and a Textile major and it also commissioned its first rooftop solar PV project for a Pharma packaging Company.

The Company continued on its growth trajectory and registered a 39% growth in orders by bagging orders such as (a) two steam supply contracts on the 'Operations and Fuel' model for world's leading Vaccine manufacturer in Maharashtra, (b) two steam supply contracts for Pharma industry in Karnataka and Gujarat, (c) steam supply to repeat customer, an Agrochemicals major in Gujarat, (d) steam supply to repeat customer, world's largest Food & Beverage Company in Karnataka, (e) three rooftop solar PV based power supply contracts for an Engineering Company in Andhra Pradesh, and two Chemical majors in Gujarat.

The repeat orders reflects the confidence posed by the customers in the Company. Through the orders won for the fiscal year 2021-22, the Company added new accounts to its customer base.

Growing understanding and momentum towards sustainability goals by all reputed companies is expected to create opportunities for supply of biomass based energy, treated water as well as zero liquid discharge and desalination projects. The Company, in line with its globalization strategy continued concentrated efforts in offering outsourced utilities in the South East Asian market.

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 2021-22 recertified 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 recorded one unfortunate fatality and one Lost Time Injury (LTI) of sub-contractor third-party employees during the year. The Company has implemented new initiatives to improve safety at site including automation of manual activities, new safety audits including already in place tracking of various safety indices like LTIFR, LTI free days and Million Safe man hours worked along with metrics like number of Tool Box Talks, Safety training man-days etc. for achieving desired safety goals.

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.

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. 7,228 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. It has no unpaid / unclaimed deposit(s) as on March 31, 2022.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

During the year under review, the Company did not give any loan. The Company has made an investment of Rs. 23.63 Crores in Enernxt Private Limited 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 others) 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.

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

As a part of its initiatives under Corporate Social Responsibility (CSR), the Company has undertaken projects mainly in the area of education and Covid Relief. The projects are in accordance with Schedule VII of the Companies Act, 2013. The CSR initiatives have been undertaken through Thermax Foundation. The detailed report on CSR in the new format is annexed.

KEY MANAGERIAL PERSONNEL (KMP)

During the year, the following changes took place in the Key Managerial Personnel(s) of the Company. Mr. Ajit Sharma, Chief Financial Officer and KMP resigned with effect from June 30, 2021 and Mr. Deepak Joshi was appointed as Chief Financial Officer and KMP with effect from July 26, 2021.

DIRECTORS

In accordance with the provisions of the Companies Act, 2013 and the Company's Articles of Association, Mr. Hemant Mohgaonkar (DIN: 01308831), Director 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. The Board at its meeting held on May 10, 2022 has reviewed the submissions received from all the Independent Directors and has confirmed that the Independent Directors fulfil 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.

INDEPENDENT DIRECTORS MEETING

During the year under review, the independent directors met once on January 31, 2022, where all independent directors were present inter alia to review the performance of the Board, Chairman and non-independent directors of the Company.

BOARD MEETINGS

The Board met four times on May 4, 2021, July 26, 2021, October 29, 2021 and January 31, 2022 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. Rajendran A.	4
Mr. Hemant Mohgaonkar	4
Mr.Sanjay Parande	4
Mr. Ashish Bhandari	3
Dr.Sundar Parthasarathy	3

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

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

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

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

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

SECRETARIAL STANDARDS

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

COMMITTEES OF THE BOARD

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

AUDIT COMMITTEE

The Committee met five times during the year on May 4, 2021, July 26, 2021, October 8, 2021, October 29, 2021 and January 31, 2022. The Committee comprises of 3 (Three) members, all being non-executive Directors namely Mr. Sanjay Parande (Chairman), Dr. Sundar Parthasarathy and Mr. Rajendran A. Details of meetings attended by the members are as follows:

Committee members	Number of meetings attended
Mr. Sanjay Parande (Chairman)	5
Dr. Sundar Parthasarathy	4
Mr. Rajendran A.	5

NOMINATION AND REMUNERATION COMMITTEE

The Committee met twice during the year on July 26, 2021 and January 31, 2022. The Committee comprises of 3 (Three) members, all being non-executive Directors namely Dr. Sundar Parthasarathy (Chairman), Mr. Sanjay Parande and Mr. Hemant Mohgaonkar. Details of meetings attended by the members are as follows:

Committee members	Number of meetings attended
Dr. Sundar Parthasarathy (Chairman)	1
Mr. Sanjay Parande	2
Mr. Hemant Mohgaonkar	2

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	54.62

PARTICULARS OF EMPLOYEES

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

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

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

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

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

AUDITORS

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

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 Auditor's Report does not contain any qualifications, reservations, adverse remarks or disclaimer.

COST AUDITORS

In terms of Section 148 of the Companies Act, 2013, read with the Companies (Cost Records and Audit) Amendment Rules, 2014, M/s. Dhananjay V. Joshi & Associates, Cost Accountants, Pune, have been appointed as the cost auditors of the Company for FY 2021-22.

COST RECORDS

The maintenance of cost records as specified under Section 148 of the Act, is applicable to the Company and accordingly all the cost records are made and maintained by the Company and audited by the cost auditors.

SECRETARIAL AUDIT

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. Amit Jaste & Associates, Company Secretaries, Mumbai, to undertake the secretarial audit of the Company for FY 2022-23. The Secretarial Audit Report for FY 2021-22 is attached as Annexure.

The Secretarial Audit Report does not contain any qualifications, reservations, adverse remarks or disclaimer.

DETAILS REGARDING FRAUDS REPORTED BY AUDITORS UNDER SECTION 143(12)

During the year under review, there were no frauds reported by the auditors to the Audit Committee or the Board under section 143(12) of the Act.

RESTRICTION ON PURCHASE BY COMPANY OR GIVING OF LOANS BY IT FOR PURCHASE OF ITS SHARES

Pursuant to the provisions of Section 67(3)(c) of the Companies Act, 2013, and rules made thereunder, the Company has not given any loan exceeding the limit mentioned therein, to persons in the employment of the Company or its Directors or Key Managerial Personnel for purchase or subscription of shares of the Company.

THE INSOLVENCY AND BANKRUPTCY CODE, 2016

Your Board confirms that there is no proceeding pending under the Insolvency and Bankruptcy Code, 2016.

VALUATION

During the year under review, there is no instance of onetime settlement with any Bank or Financial Institution.

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 A.	**Hemant Mohgaonkar**
Place: Pune,	Director	Director
Date: May 10, 2022	DIN: 08446343	DIN: 01308831

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 2021-22

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:**

   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.

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. 14.99 Crore**
7. (a) Two percent of average net profit of the Company as per section 135(5): **Rs. 29.98 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. 29.98 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. 29.98 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												
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	29,98,466	No	Thermax Foundation	CSR00009825
	TOTAL					29,98,466			

(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. 29,98,466**

(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)**	**29,98,466**
(ii)	**Total amount spent for the Financial Year**	**29,98,466**
(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.							
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) : **NA**

(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 A.
(Chairman of the Board)

Place: Pune
Date: May 10, 2022

ANNEXURE-3 TO THE DIRECTORS' REPORT

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2022

[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 Onsite Energy Solutions Limited
Thermax House, 14, Mumbai Pune Road,
Wakdewadi, Pune MH 411003

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Thermax Onsite Energy Solutions Limited** (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

We have conducted online verification of records, as facilitated by the Company.

Based on our verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2022 (Audit Period) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2022 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; **(not applicable to the Company during the Audit period)**

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder; **(not applicable to the Company during the Audit period)**

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Overseas Direct Investment; **(not applicable to the Company during the Audit period)**

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):- (Following sub-clauses (a) to (h) are not applicable to the Company during the Audit period as Company continues to be a Unlisted Public Company in its Articles under Section 2(71) of the Act)

   a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

   d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

   e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

   f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

   g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 and

   h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018

(vi) Following important specific laws applicable to the Company, as confirmed by the Company:

   (i) The Boilers Act, 1923 (ii) The Environment (Protection) Act, 1986 (iii) The Explosives Act, 1884 (iv) The Industrial Disputes Act, 1947 (v) The Legal Metrology Act, 2009 (vi) The Payment of Wages Act, 1936 (vii) The Minimum Wages Act, 1948 (viii) The Contract Labour (Regulation and Abolition), Act 1970 (ix) The Maharashtra Fire Prevention and Life Safety Measures Act, 2006 (x) The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

   I have also examined compliance with applicable clauses of the following:

   (i) Secretarial Standards (SS.1 relating to meetings of Board of Directors & SS.2 relating to General Meetings) issued by the Institute of Company Secretaries of India.

   (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; **(Not applicable to the Company during the Audit Period)**

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I 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, except when meetings were called at shorter notice as permitted u/s. 173(3) of the Act 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 decisions at Board Meetings and Committee Meetings were carried out unanimously as recorded in the minutes of the meetings of Board of Directors or Committee of Board as the case maybe.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period the company has no specific events / actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc; except as follows:

- Ordinary Resolution passed by the Shareholders of the Company at their Extra Ordinary General Meeting held on 17th November 2021 for Increase in Authorized Capital from Rs. 70 Crores to Rs. 100 crores.
- Increase in Paid Up Capital from Rs. 42.28 crores to Rs. 72.28 crores
- Special Resolution passed by the Shareholders of the Company at their Extra Ordinary General Meeting held on 17th November 2021, authorizing the Board to borrow monies upto Rs. 200 crores.

For Amit Jaste & Associates
Practising Company Secretaries

Amit Jaste — **FCS No.:7289**
Proprietor — **CP No.:12234**

Date : 09/05/2022
Place: Mumbai
UDIN: F007289D000296776

This report is to be read with our letter of even date which is annexed as Annexure-A and forms an integral part of this report

ANNEXURE A

To,
The Members,
Thermax Onsite Energy Solutions Limited
Thermax House, 14, Mumbai Pune Road,
Wakdewadi, Pune MH 411003

Our report of even date to be read along with this letter.

1) Maintenance of secretarial records is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3) We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.

4) Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events, etc.

5) The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

6) The Secretarial audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For Amit Jaste & Associates
Practising Company Secretaries

Amit Jaste **FCS No.:7289**
Proprietor **CP No.:12234**

Date : 09/05/2022
Place: Mumbai

UDIN: F007289D000296776

INDEPENDENT AUDITOR'S REPORT

To the Members of Thermax Onsite Energy Solutions Limited

Report on the Audit of the 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, 2022, 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, 2022, 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 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.

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 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 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, 2020 ("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) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 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 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;

   (g) In our opinion, the managerial remuneration for the year ended March 31, 2022 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;

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

      i. The Company does not have any pending litigations which would impact its financial position;

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

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

      iv. a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

      b) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the note 5 to the standalone financial statements, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

      c) Based on such audit procedures that were considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

      (v) No dividend has been declared or paid during the year 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: 22213935AITAMR2420
Place of Signature: Pune

Date: May 10, 2022

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

Re: Thermax Onsite Energy Solutions Limited ('the Company')

i. (a) In respect of the Company's Property, Plant and Equipment and Intangible Assets:

(A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(B) The Company has maintained proper records showing full particulars of intangibles 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 identified on such verification.

(c) According to the information and explanations given by the management, there is no immovable property (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee), held by the Company and accordingly, the requirement to report on clause 3(i)(c) of the Order is not applicable to the company.

(d) The Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended March 31, 2022.

(e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

ii. (a) 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 arrangements) and no material discrepancies noted on such physical verification. In our opinion the coverage and the procedure of such verification by the management is appropriate. Discrepancies of 10% or more in aggregate for each class of inventory were not noticed on such physical verification.

(b) The Company has not been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks or financial institutions during any point of time of the year on the basis of security of current assets. Accordingly, the requirement to report on clause 3(ii)(b) of the Order is not applicable to the Company.

iii. (a) During the year the Company has not provided loans, advances in the nature of loans, stood guarantee or provided security to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(a) of the Order is not applicable to the Company.

(b) During the year the investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees to companies are not prejudicial to the Company's interest.

(c) The Company has not granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(c) of the Order is not applicable to the Company.

(d) The Company has not granted loans or advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(d) of the Order is not applicable to the Company.

(e) There were no loans or advance in the nature of loan granted to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(e) of the Order is not applicable to the Company.

(f) The Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company.

(iv) Investments in respect of which provisions of sections 185 and 186 of the Companies Act, 2013 are applicable have been complied with by the Company. There are no loans, guarantees, and security in respect of which provisions of sections 185 and 186 of the Companies Act, 2013 are applicable.

(v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the manufacture or service of 'Inorganic chemicals and organic chemicals', and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including goods and services tax, provident fund, income-tax, cess and other statutory dues applicable to it. The provisions relating to sales tax, service tax, duty of excise and value added tax are not applicable to this Company.

According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(b) According to the information and explanation given to us, there are no dues of goods and services tax, provident fund, income-tax, cess and other statutory dues which have not been deposited on account of any dispute.

(viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.

(ix) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.

(b) The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.

(c) Term loans were applied for the purpose for which the loans were obtained.

(d) On an overall examination of the standalone financial statements of the Company, no funds raised on short term basis have been used for long term purposes by the Company.

(e) On an overall examination of the standalone financial statements of the Company, the Company has not taken any funds from any entity or person on account of or meet the obligations of its subsidiary.

(f) The Company has not raised loans during the year on the pledge of securities held in its subsidiary. Hence, the requirement to report on clause (ix)(f) of the Order is not applicable to the Company.

(x) (a) The Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.

(b) The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the company.

(xi) (a) No material fraud by the Company or on the Company has been noticed or reported during the year.

(b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by cost auditor/ secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) We have taken into consideration the whistle blower complaints received by the Company during the year while determining the nature, timing and extent of audit procedures.

(xii) The Company is not a nidhi company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(a) to (c) of the Order is not applicable to the Company.

(xiii) Transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the standalone financial statements, as required by the applicable accounting standards.

(xiv) (a) The Company has an internal audit system commensurate with the size and nature of its business.

(b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.

(xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.

(xvi) (a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company.

(b) The Company is not engaged in any Non-Banking Financial or Housing Finance activities. Accordingly, the requirement to report on clause (xvi)(b) of the Order is not applicable to the Company.

(c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.

(d) The Group has one Core Investment Company as part of the Group.

(xvii) The Company has not incurred cash losses in the current and immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.

(xix) On the basis of the financial ratios disclosed in note 36 to the standalone financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) (a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Act, in compliance with second proviso to sub section 5 of section 135 of the Act. This matter has been disclosed in note 26(c) to the standalone financial statements.

(b) There are no unspent amounts in respect of ongoing projects, that are required to be transferred to a special account in compliance of provision of sub section (6) of section 135 of Companies Act. This matter has been disclosed in note 26(c) to the standalone financial statements.

(xxi) The Company has elected to apply the exemption available for consolidation under Ind AS 110. This matter has been disclosed in note 38 to the standalone financial statements. Accordingly, the requirement to report on clause 3(xxi) of the Order is 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: 22213935AITAMR2420
Place of Signature: Pune

Date: May 10, 2022

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")

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, 2022 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.

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 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 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 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 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 standalone 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 standalone 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, 2022, 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: 22213935AITAMR2420
Place of Signature: Pune

Date: May 10, 2022

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2022

[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 Onsite Energy Solutions Limited
Thermax House, 14, Mumbai Pune Road,
Wakdewadi, Pune MH 411003

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Thermax Onsite Energy Solutions Limited (**hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

We have conducted online verification of records, as facilitated by the Company.

Based on our verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2022 (Audit Period) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2022 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; **(not applicable to the Company during the Audit period)**

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder; **(not applicable to the Company during the Audit period)**

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Overseas Direct Investment; **(not applicable to the Company during the Audit period)**

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):- **(Following sub-clauses (a) to (h) are not applicable to the Company during the Audit period as Company continues to be a Unlisted Public Company in its Articles under Section 2(71) of the Act)**

a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 and

h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018

(vi) Following important specific laws applicable to the Company, as confirmed by the Company:

(i) The Boilers Act. 1923 The Environment (Protection) Act, 1986 (ii) The Explosives Act, 1884 (iii) The Industrial Disputes Act, 1947 (iv) The Legal Metrology Act, 2009 (v) The Payment of Wages Act, 1936 (vi) The Minimum Wages Act, 1948 (vii) The Contract Labour (Regulation and Abolition), Act 1970 (viii) The Maharashtra Fire Prevention and Life Safety Measures Act, 2006 (ix) The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

I have also examined compliance with applicable clauses of the following:

(i) Secretarial Standards (SS.1 relating to meetings of Board of Directors & SS.2 relating to General Meetings) issued by the Institute of Company Secretaries of India.

(ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; **(Not applicable to the Company during the Audit Period)**

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I 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, except when meetings were called at shorter notice as permitted u/s. 173(3) of the Act 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 decisions at Board Meetings and Committee Meetings were carried out unanimously as recorded in the minutes of the meetings of Board of Directors or Committee of Board as the case maybe.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period the company has no specific events / actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc; except as follows:

- ➢ Ordinary Resolution passed by the Shareholders of the Company at their Extra Ordinary General Meeting held on 17th November 2021 for Increase in Authorized Capital from Rs. 70 Crores to Rs. 100 crores.
- ➢ Increase in Paid Up Capital from Rs. 42.28 crores to Rs. 72.28 crores
- ➢ Special Resolution passed by the Shareholders of the Company at their Extra Ordinary General Meeting held on 17th November 2021, authorizing the Board to borrow monies upto Rs. 200 crores.

For Amit Jaste & Associates
Practising Company Secretaries

Amit Jaste **FCS No.:7289**
Proprietor **CP No.:12234**
Date : 09/05/2022
Place: Mumbai
UDIN: F007289D000296776

This report is to be read with our letter of even date which is annexed as Annexure-A and forms an integral part of this report

Annexure-1

To,
The Members,
Thermax Onsite Energy Solutions Limited
Thermax House, 14, Mumbai Pune Road,
Wakdewadi, Pune MH 411003

Our report of even date to be read along with this letter.

1) Maintenance of secretarial records is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3) We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.

4) Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events, etc.

5) The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

6) The Secretarial audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For Amit Jaste & Associates
Practising Company Secretaries

Amit Jaste	**FCS No.:7289**
Proprietor	**CP No.:12234**

Date : 09/05/2022
Place: Mumbai
UDIN: F007289D000296776

BALANCE SHEET as at 31.03.2022

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

Particulars	Note No	As at March 31, 2022	As at March 31, 2021
Assets			
I. Non-current assets			
Property, plant and equipment	4 (a)	672.23	153.52
Intangible assets	4 (b)	7.83	11.93
Investments in subsidiary	5	2,363.00	-
Financial assets:			
(a) Lease receivable	8 (a)	8,588.88	6,101.53
(b) Other financial assets	8 (b)	3.63	-
Total non-current assets		**11,635.57**	**6,266.98**
II. Current assets			
Inventories	11	7,882.69	3,059.09
Financial assets:			
(a) Trade receivables	6	2,918.83	1,185.10
(b) Cash and bank balances	12	914.15	3,269.49
(c) Loans and advances	7	-	0.21
(d) Lease receivable	8 (a)	1,572.70	1,142.28
(e) Other financial assets	8 (b)	-	195.55
Income tax asset (net)		42.68	42.68
Other current assets	10	2,336.00	1,773.51
Total current assets		**15,667.05**	**10,667.91**
Total assets		**27,302.62**	**16,934.89**
Equity and liabilities			
III. Equity			
Equity share capital	13	7,228.00	4,228.00
Other equity	14	6,631.41	5,311.94
Total equity		**13,859.41**	**9,539.94**
IV. Non-current liabilities			
Financial liabilities			
(a) Borrowings	15 (a)	5,170.69	855.75
(b) Other financial liabilities	17	1,522.56	1,098.89
Deferred tax liabilities (net)	9	106.17	147.06
Other non-current liabilities	19	1,916.04	1,855.94
Total non-current liabilities		**8,715.46**	**3,957.64**
V. Current liabilities			
Financial liabilities			
(a) Borrowings	15 (b)	607.34	310.46
(b) Trade payables	16		
i. total outstanding dues of micro enterprises and small enterprises		194.85	146.69
ii. total outstanding dues of creditors other than micro enterprises and small enterprises		2,774.40	2,187.17
(c) Other financial liabilities	17	199.66	125.81
Other current liabilities	19	719.59	505.30
Provisions	18	126.95	102.15
Liabilities for current tax (net)		104.96	59.73
Total current liabilities		**4,727.75**	**3,437.31**
Total equity and liabilities		**27,302.62**	**16,934.89**
Summary of significant accounting policies	2		
Summary of significant accounting judgements, estimates and assumptions	3		

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

Statement of profit and loss for the year ended March 31, 2022

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

Particulars	Note No	As at March 31, 2022	As at March 31, 2021
Income			
Revenue from operations	20	21,776.36	12,694.22
Other income	21	23.91	49.94
Total Income (I)		**21,800.27**	**12,744.16**
Expenses			
Cost of raw materials and components consumed	22 (a)	21,015.42	10,242.77
Purchase of traded goods	22 (b)	124.54	-
Changes in inventories of work-in-progress /traded goods	22 (c)	(4,588.90)	(1,532.69)
Employee benefits expense	23	918.84	666.79
Finance cost	24	218.78	179.07
Depreciation and amortisation expense	25	45.41	49.41
Other expenses	26 (a)	2,232.90	1,620.96
Total expenses (II)		**19,966.99**	**11,226.31**
Profit before tax (III) = (I-II)		**1,833.28**	**1,517.85**
Tax expense			
Current tax	9	521.89	460.41
Deferred tax (net)	9	(39.81)	(60.90)
Total tax expense (IV)		**482.08**	**399.51**
Profit for the year (V) = (III-IV)		**1,351.20**	**1,118.34**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurement of defined benefit plans	29	(4.31)	(4.81)
Less: Income tax effect	9	1.08	1.21
Net other comprehensive income for the year (net of tax)		**(3.23)**	**(3.60)**
Total comprehensive income for the year		**1,347.97**	**1,114.74**
Earning per equity share (Basic and Diluted) [Nominal value per share Rs. 10/- (March 31, 2021: Rs. 10/-)]	27	**3.08**	**5.41**
Summary of significant accounting policies	2		
Summary of significant accounting judgements, estimates and assumptions	3		

The accompanying notes are an integral part of the standalone 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

Date: May 10, 2022
Place: Pune

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

Gunjan Chandratre
Company Secretary

Deepak Joshi
Chief Financial Officer

Date: May 10, 2022
Place: Pune

Thermax Onsite Energy Solutions Limited

Cash flow statement for the year ended March 31, 2022

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

	Particulars	Note No.	Year ended March 31, 2022	Year ended March 31, 2021
A)	**Cash flows from operating activities**			
	Profit before tax		1,833.28	1,517.85
	Adjustments to reconcile profit before tax to net cash flows			
	Depreciation and amortisation expense	25	45.41	49.41
	Interest expenses	24	96.26	103.17
	Unwinding of discount	24	122.52	75.90
	Bad debts written off	26 (a)	-	0.05
	(Profit) on sale/discard of assets (net)	26 (a)	(5.06)	-
	Amortisation of prepaid lease rental	20 (a)	(154.51)	(126.49)
	Interest income	21	(13.14)	(32.53)
	Fair value gain on financial instrument at fair value through profit & loss (net)	21	-	(0.89)
	Liabilities no longer required written back	21	-	(4.74)
	Working capital adjustments			
	Increase in trade receivables		(1,733.73)	(5.57)
	Increase in inventories		(4,823.60)	(1,492.23)
	Increase in other non-current financial assets		(3.63)	-
	Increase in other assets		(562.49)	(1,098.22)
	Decrease in other financial assets		0.21	19.83
	Increase in trade payables		635.39	1,372.48
	Increase in other liabilities		428.90	760.31
	Increase in provisions		20.49	35.69
	Increase in other financial liabilities		375.00	299.22
	Cash generated (used in)/ from operations		**(3,738.70)**	**1,473.24**
	Direct taxes paid (net of refunds received)		(476.60)	(435.00)
	Net cash flows (used in)/ from operating activities		**(4,215.30)**	**1,038.24**
B)	**Cash flows from/ (used in) investing activities**			
	(Purchase) of Property, plant and equipment (net)		(554.96)	(85.01)
	Net movement in finance lease receivables		(2,917.77)	(425.41)
	Investment in subsidiary		(2,363.00)	-
	Sale of other investments (net)		-	203.30
	Interest received		13.14	33.61
	Proceeds from fixed deposits/(investment) in fixed deposits		195.55	(94.55)
	Net cash flows (used in) investing activities		**(5,627.04)**	**(368.06)**
C)	**Cash flows from/ (used in) financing activities**			
	Proceeds from issue of share capital		3,000.00	2,363.00
	Proceeds from borrowings		4,893.00	-
	Repayment of borrowings		(303.00)	(52.53)
	Interest paid		(74.50)	(104.97)
	Net cash flows from financing activities		**7,487.00**	**2,205.50**
	Net (decrease)/ increase in cash and bank balances		**(2,355.34)**	**2,875.68**
	Cash and bank balances at the beginning of the year		3,269.49	393.81
	Cash and bank balances at the end of the year		**914.15**	**3,269.49**

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

	Note No.	March 31, 2022	March 31, 2021
Cash and bank balances	12 (a)	914.15	3,269.49
Balances as per statement of cash flows		**914.15**	**3,269.49**

Statement of profit and loss for the year ended March 31, 2022

(All amounts in Rupees lakh, unless otherwise stated)

A Equity Share Capital^

Particulars	Note No.	Year ended March 31, 2022	Year ended March 31, 2021
Balance at the beginning of the reporting year	13	4,228.00	1,865.00
Changes in equity shares capital during the year	13	3,000.00	2,363.00
Balance at the end of the reporting year	13	**7,228.00**	**4,228.00**

B Other Equity^

Particulars	Reserves & Surplus	
	Retained Earnings	Total
As at April 01, 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
Profit for the year	**1,351.20**	**1,351.20**
Other Comprehensive Income	(3.23)	(3.23)
Total comprehensive income	1,347.97	1,347.97
Transaction cost for issued share capital	(28.50)	(28.50)
As at March 31, 2022	**6,631.41**	**6,631.41**

^There are no adjustments on account of prior period errors or due to changes in accounting policies.

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

per Vaibhav Kumar Gupta
Partner
Membership No: 213935

Date: May 10, 2022
Place: Pune

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

Gunjan Chandratre
Company Secretary

Deepak Joshi
Chief Financial Officer

Date: May 10, 2022
Place: Pune

Notes to financial statements for the year ended March 31, 2022
(All amounts in Rupees lakh, unless otherwise stated)

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 standalone financial statements were authorized for issue in accordance with the resolution by the Board of Directors on May 10, 2022.

2. Significant accounting policies

2.1. Basis of preparation and measurement

(a) Basis of preparation

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

The preparation of the standalone 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 standalone financial statements are disclosed in Note 3.

(b) Basis of measurement

The standalone 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

2.2.1. Consequent to amendments to the Schedule III to the Companies Act, 2013 current maturities of long-term borrowings (March 2021: Rs. 310.46 Lacs) have been presented as part of the short-term borrowings, which were previously included under 'Other financial liabilities'.

2.2.2 Others -

Several amendments and interpretations apply for the first time in the year ended March 31, 2022, but do not have a material impact on 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 standalone 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 standalone 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 standalone 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. Revenue recognition

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. Financial instruments

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 Group 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 goods 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 Group's refund liabilities arise from customers' right of return and volume rebates. The Group 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 measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable.

h. Financial instruments

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

Financial Assets

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through Profit and Loss, transactions costs that are attributable to the acquisition of the financial asset. For all subsequent measurements financial assets are classified in following categories by the Company:

Debt instruments at amortized cost

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

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

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

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

Debt instrument at FVTPL

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

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of profit and loss.

Derecognition

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

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

Impairment of financial assets

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss and credit risk exposure on the financial assets that are debt instruments measured at amortized costs e.g. loans, deposits, trade receivables, lease receivables, contractual receivables and bank balances. The Company follows 'simplified approach' for recognition of impairment allowance.

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

Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings or payables as appropriate. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings, employee payables and trade deposits. Subsequent measurement of financial liabilities depends on their classification as fair value through profit and loss or at amortized cost.

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

Derecognition

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

Offsetting of financial instruments

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

i. Cash and cash equivalents

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

j. Share capital

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

k. Income tax

Current income-tax

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

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

Deferred tax

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

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

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

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

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

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

l. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

m. Leases

Company as a lessee

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

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

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease. The Company allocates the transaction price to each performance obligation on a relative stand-alone selling price basis by determining the stand-alone selling price at contract inception of the distinct good or service underlying each performance obligation in the contract and allocates the transaction price in proportion to those stand-alone selling prices.

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

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

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

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

n. Impairment of non-financial assets

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

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

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

o. Provisions

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

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

p. Retirement and other employee benefits

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

The Company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

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

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

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

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

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. The Company presents the leave as a current liability in the balance sheet as it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

q. Segment Reporting

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

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

r. Contingent liability

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

s. Earnings Per Share (EPS)

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

t. Dividends

Dividend to equity shareholders is recognized as a liability in the period in which the dividends are approved by the equity shareholders. Interim dividends that are declared by the Board of Directors without the need for equity shareholders' approvals are recognized as a liability and deducted from shareholders' equity in the year in which the dividends are declared by the Board of directors.

3. Significant accounting judgements, estimates and assumptions

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

3.1 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 standalone 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 standalone 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 standalone financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

i. 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.

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.

Notes to financial statements for the year ended March 31, 2022
(All amounts in Rupees lakh, unless otherwise stated)

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 standalone 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 standalone financial statements may differ from that estimated as at the date of approval of these standalone financial statements.

4 (a) Property, plant and equipment

Particulars	Plant and equipment*^	Office equipment	Computer^	Vehicles^	Total
Gross carrying amount as at April 01, 2020	**196.70**	**12.52**	**40.34**	**21.31**	**70.87**
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**
Additions	577.37	0.51	0.49	-	578.37
Disposals	(34.14)	-	(8.73)	(13.05)	(55.92)
Gross carrying amount as at March 31, 2022	**804.47**	**17.35**	**38.25**	**8.26**	**868.33**
Accumulated depreciation as at April 01, 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
Charge for the year	37.42	1.00	1.73	1.16	41.31
Disposals	(23.79)	-	(8.29)	(5.49)	(37.57)
Closing accumulated depreciation as at March 31, 2022	**162.09**	**2.73**	**27.20**	**4.08**	**196.10**
Net Block as at March 31, 2022	**642.38**	**14.62**	**11.05**	**4.18**	**672.23**
Net Block as at March 31, 2021	**112.78**	**15.11**	**12.73**	**12.90**	**153.52**

*A portion of plant and equipment relates to assets categorised as assets leased on operating lease arrangements. Refer note 34 (b)
^Plant and equipments amounting to Rs. 550.44 (March 31, 2021: Nil) have been hypothecated against borrowings. Refer note 15.

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

	Computer Software	Total
Gross carrying amount as on April 01, 2020	**4.70**	**4.70**
Additions	10.00	10.00
Disposals	-	-
Gross carrying amount as on March 31, 2021	**14.70**	**14.70**
Additions	-	-
Disposals	-	-
Gross carrying amount as on March 31, 2022	**14.70**	**14.70**
Accumulated amortisation as at April 01, 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**
Charge for the year	4.10	4.10
Disposals	-	-
Closing accumulated amortisation as at March 31, 2022	**6.87**	**6.87**
Net Block as at March 31, 2022	**7.83**	**7.83**
Net Block as at March 31, 2021	**11.93**	**11.93**

5 Investments in subsidiary

	Face value	Number of units		Amount	
		March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Investments in Equity Instruments:					
Investments valued at Cost (fully paid)					
Equity Shares in Subsidiaries (Unquoted)					
Enernxt Private Limited*	Rs. 10	23,629,999	-	2,363.00	-
Total current investments				2,363.00	-
Aggregate amount of unquoted investments				**2,363.00**	**-**

*During the year, the Company has formed a wholly owned subsidiary i.e. Enernxt Private Limited. The Company has received Rs. 2,363 from Holding Company on February 19, 2021 for the purpose of investment in Enernxt Private Limited.

(All amounts in Rupees lakh, unless otherwise stated)

6 Trade receivables

	As at March 31, 2022	As at March 31, 2021
Trade receivables from:		
i) Related parties (note 30)	78.72	-
ii) Others	2,840.11	1,185.10
Total	**2,918.83**	**1,185.10**
Sub-classification of trade receivables		
Secured, considered good	-	-
Unsecured, considered good	2,918.83	1,185.10
Trade receivables which have a significant increase in credit risk	-	-
Trade receivables - credit impaired	-	-
	2,918.83	**1,185.10**
Less: Impairment allowance	-	-
Total	**2,918.83**	**1,185.10**

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.

The ageing of current trade receivables which are due for receipt:

Particulars	Note Due	Outstanding for the following period from due date of payments					Total
		Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	
As at March 31, 2022							
(i) Undisputed trade receivables- considered good	1,655.04	1,258.22	5.57	-	-	-	2,918.83
(ii) Undisputed Trade Receivables- which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed trade receivables- credit impaired	-	-	-	-	-	-	-
(iv) Disputed trade receivables- considered good	-	-	-	-	-	-	-
(v) Disputed trade receivables- which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed trade receivables- credit impaired	-	-	-	-	-	-	-
Total	**1,655.04**	**1,258.22**	**5.57**	**-**	**-**	**-**	**2,918.83**
Less: impairment allowance	-	-	-	-	-	-	-
Total	**1,655.04**	**1,258.22**	**5.57**	**-**	**-**	**-**	**2,918.83**

Particulars	Note Due	Outstanding for the following period from due date of payments					Total
		Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	
As at March 31, 2021							
(i) Undisputed trade receivables- considered good	975.91	208.28	0.91	-	-	-	1,185.10
(ii) Undisputed trade receivables- which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed trade receivables- credit impaired	-	-	-	-	-	-	-
(iv) Disputed trade receivables- considered good	-	-	-	-	-	-	-
(v) Disputed trade receivables- which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed trade receivables- credit impaired	-	-	-	-	-	-	-
Total	**975.91**	**208.28**	**0.91**	**-**	**-**	**-**	**1,185.10**
Less: impairment allowance	-	-	-	-	-	-	-
Total	**975.91**	**208.28**	**0.91**	**-**	**-**	**-**	**1,185.10**

There are no unbilled receivables, hence the same is not disclosed in the ageing schedule.

7 Loans and advances

	As at March 31, 2022	As at March 31, 2021
Unsecured, considered good		
At amortized cost		
Loans to employees	-	0.21
Total	**-**	**0.21**

No loans are due from directors or other officers of the company either severally or jointly with any other person. Nor any loans are due from firms or private companies respectively in which any director is a partner, a director or a member.

8 (a) Lease receivable

	Non Current		Current	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Unsecured, considered good				
At amortized cost				
Finance lease receivables*	8,588.88	6,101.53	1,572.70	1,142.28
Total	**8,588.88**	**6,101.53**	**1,572.70**	**1,142.28**

*Lease receivables amounting to Rs. 2,282.52 (March 31, 2021 Rs.1,525.31) have been hypothecated against borrowings. Refer note 15.

Notes to financial statements for the year ended March 31, 2022
(All amounts in Rupees lakh, unless otherwise stated)

(b) Other financial assets

	Non Current		Current	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Unsecured, considered good				
At amortized cost				
Bank deposits with maturity of less than 12 months	-	-	-	195.55
Security deposits	3.63	-	-	-
Total	**3.63**	**-**	**-**	**195.55**

9 Income Taxes

The major components of income tax expense for the year ended March 31, 2022 and March 31, 2021 are:

Statement of profit and loss

	As at March 31, 2022	As at March 31, 2021
Current tax	**521.89**	**460.41**
Deferred tax (income)/ expense (Relating to obligations and reversal of temporary differences)	(39.81)	(60.90)
Income tax expense reported in the statement of profit and loss	**482.08**	**399.51**

Other comprehensive income

	As at March 31, 2022	As at March 31, 2021
Deferred tax related to items recognised in other comprehensive income during the year		
Net loss on remeasurements of defined benefit plans	(1.08)	(1.21)
Deferred tax credited in other comprehensive income	**(1.08)**	**(1.21)**

Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate for March 31, 2022 and March 31, 2021

	As at March 31, 2022	As at March 31, 2021
Accounting profit before tax	1,833.28	1,517.85
At India's statutory income tax rate of 25.17% (March 31, 2021: 25.17%)	461.44	382.04
Other differences (includes differences on account of CSR disallowances etc.)	27.82	17.47
Effective tax	**489.25**	**399.51**
Income tax expense reported in the statement of profit or loss	**482.08**	**399.51**

Deferred tax

Balance sheet

	As at March 31, 2022	As at March 31, 2021
Deferred tax relates to the following :		
Consequence of differences in tax base of assets and finance lease receivables	(14.34)	34.21
On unearned revenue*	55.17	47.54
Others (impact on account of temporary differences)	(1.02)	(20.85)
Deferred tax income	**39.81**	**60.90**

Deferred tax

Statement of profit and loss

	As at March 31, 2022	As at March 31, 2021
Deferred tax relates to the following :		
Consequence of differences in tax base of assets and finance lease receivables	(448.97)	(434.63)
On unearned revenue*	360.54	305.37
Others (impact on account of temporary differences)	(17.74)	(17.80)
Net deferred tax liabilities	**(106.17)**	**(147.06)**

*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

	As at March 31, 2022	As at March 31, 2021
Opening balance	147.06	209.17
Tax expense / (income) during the period recognised in profit or loss	(39.81)	(60.90)
Tax expense / (income) during the period recognised in OCI	(1.08)	(1.21)
Closing balance	**106.17**	**147.06**

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

10 Other assets

	As at March 31, 2022	As at March 31, 2021
Unsecured considered good		
Balances with government authorities	1,579.07	594.98
Advances to suppliers	160.93	463.04
Advances to staff and workers	1.17	3.03
Advance to group companies (note 30)	573.87	659.33
Prepaid expenses	13.71	5.92
Other amount recoverable	3.63	39.38
Others*	3.62	7.83
Total	**2,336.00**	**1,773.51**

* 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, 2022	As at March 31, 2021
Raw materials	367.86	133.16
Traded goods	20.10	-
Work in progress*^	7,494.73	2,925.93
Total	**7,882.69**	**3,059.09**

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

^Inventory amounting to Rs. 7,030.09 (March 31, 2021 Rs. Nil) has been hypothecated against borrowings. Refer note 15.

(All amounts in Rupees lakh, unless otherwise stated)

12 (a) Cash and bank balances

Particulars	As at March 31, 2022	As at March 31, 2021
Balances with banks		
- on current accounts	914.15	2,869.04
- in deposits with original maturity of less than three months	-	400.45
Total	**914.15**	**3,269.49**

Short-term deposits are made for varying periods of 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.

12 (b) Changes in liabilities arising from financing activities

	Borrowings
As on April 01, 2020	1,220.54
Cash flow	(157.50)
Others (Including interest paid)	103.17
As on March 31, 2021	**1,166.21**
Cash flow	4,590.00
Others (Including interest paid)	21.82
As on March 31, 2022	**5,778.03**

13 Share capital

Particulars	As at March 31, 2022	As at March 31, 2021
Authorized shares (Nos)		
100,000,000 (March 31, 2021: 70,000,000) equity shares of Rs. 10/- each.	10,000.00	7,000.00
	10,000.00	**7,000.00**
Issued, subscribed and fully paid share capital (Nos)		
72,280,000 (March 31, 2021: 42,280,000) equity shares of Rs. 10/- each fully paid up	7,228.00	4,228.00
Total issued, subscribed and fully paid-up share capital	**7,228.00**	**4,228.00**

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

Particulars	As at March 31, 2022	As at March 31, 2021
Equity share of Rs. 10 each issued, subscribed and fully paid		
As at April 1, 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
Changes during the year	30,000,000.00	3,000.00
As at March 31, 2022	**72,280,000.00**	**7,228.00**

During the year ended March 31, 2022, the Company allotted 30,000,000 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. 3,000 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, 2022	As at March 31, 2021
Thermax Limited*		
72,280,000 (March 31, 2021: 42,280,000) equity shares of Rs. 10/- each fully paid up	**7,228.00**	**4,228.00**

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

Particulars	As at March 31, 2022	As at March 31, 2021
Thermax Limited*		
%	**100.00**	**100.00**
No. of shares	**72,280,000.00**	**42,280,000.00**

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.

*Includes 6 shares (March 31, 2021: 6 shares) held by nominee shareholders.

14 Other Equity

Particulars	As at March 31, 2022	As at March 31, 2021
Reserves and Surplus		
Retained earnings		
Opening balance	5,311.94	4,197.20
Add: Profit for the year	1,351.20	1,118.34
Less: Transaction cost for issued share capital	(28.50)	-
Movement during the year	1,322.70	1,118.34
Items of other comprehensive income recognised directly in retained earnings:		
Re-measurements of post-employment benefit obligations, net of tax Rs. 1.08 (March 31, 2021 : Rs. 1.21)	(3.23)	(3.60)
Net surplus in the statement of profit and loss	**6,631.41**	**5,311.94**
Total	**6,631.41**	**5,311.94**

15(a) Borrowings

Particulars	As at March 31, 2022	As at March 31, 2021
At amortized cost		
Secured		
Loan from banks*	**5,170.69**	**855.75**
Total	**5,170.69**	**855.75**

Notes to financial statements for the year ended March 31, 2022
(All amounts in Rupees lakh, unless otherwise stated)

15(b) Borrowings

Short term borrowings

Particulars	As at March 31, 2022	As at March 31, 2021
Current maturities of non-current borrowings	607.34	310.46
Total	**607.34**	**310.46**

*Loan from bank carries an effective interest rate ranging between 6.09% -7.25% (March 31, 2021 : 8.30% - 8.70%). The loan has been availed for 60 to 84 months and it is repayable in 48 to 72 monthly instalments along with interest, from the date the moratorium period ends. The loan has a moratorium period of 12 months for repayment of principal. The loan is secured by first charge on plant and machinery (property, plant & equipment, finance lease receivable, and inventory work in progress), an escrow of cashflow for the specific project for which such facility was availed.

16 Trade Payables

Particulars	As at March 31, 2022	As at March 31, 2021
Trade payables		
Total outstanding dues of micro enterprises and small enterprises	194.85	146.69
Total outstanding dues of creditors other than micro enterprises and small enterprises		
(i) Related Parties (refer note 30)	1,670.57	1,089.06
(ii) Others	1,103.83	1,098.11
Total	**2,969.25**	**2,333.86**

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, 2022	March 31, 2021
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	179.21	139.65
-Interest due thereon	0.48	1.20
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	178.27	533.00
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	8.12	3.42
The amount of interest accrued and remaining unpaid at the end of each accounting year	8.60	4.62
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	15.64	7.04

The ageing of current trade payables which are due for payment :

Particulars	Not Due	Outstanding for the following period from due date of payments				Total
		Less than 6 months	1-2 years	2-3 years	More than 3 years	
As at March 31, 2022						
(i) MSME	115.69	67.80	-	-	-	**183.49**
(ii) Others	589.11	2,045.96	11.26	1.39	-	**2,647.72**
(iii) Disputed dues- MSME	-	-	-	-	-	-
(iii) Disputed dues- Others	-	-	-	-	-	-
Subtotal	**704.80**	**2,113.76**	**11.26**	**1.39**	**-**	**2,831.21**
Unbilled trade payable*						**138.04**
Total						**2,969.25**

Particulars	Not Due	Outstanding for the following period from due date of payments				Total
		Less than 6 months	1-2 years	2-3 years	More than 3 years	
As at March 31, 2021						
(i) MSME	87.01	46.76	0.23	-	5.77	**139.75**
(ii) Others	281.38	1,772.67	11.31	3.30	0.37	**2,069.03**
(iii) Disputed dues- MSME	-	-	-	-	-	-
(iii) Disputed dues- Others	-	-	-	-	-	
Subtotal	**368.39**	**1,819.43**	**11.54**	**3.30**	**6.14**	**2,208.78**
Unbilled trade payable*						**125.08**
Total						**2,333.86**

*Includes year-end accruals.

17 Other financial liabilities

	Non Current		Current	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Trade deposits *	1,522.56	1,098.89	-	-
Employee related payables	-	-	199.66	125.81
Total	**1,522.56**	**1,098.89**	**199.66**	**125.81**

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

18 Provisions

Particulars	As at March 31, 2022	As at March 31, 2021
Provision for employee benefits		
Provision for leave encashment	43.88	39.83
	43.88	**39.83**
Other provisions		
Refund liabilities	83.07	62.32
	83.07	**62.32**
Total	**126.95**	**102.15**

19 Other liabilities

	Non Current		Current	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Advance lease rentals	990.01	933.88	156.76	132.84
Unearned revenue*	926.03	922.06	456.50	291.17
Statutory dues and other liabilities**	-	-	106.33	81.29
Total	**1,916.04**	**1,855.94**	**719.59**	**505.30**

(All amounts in Rupees lakh, unless otherwise stated)

*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	As at March 31, 2022	As at March 31, 2021
Revenue from operations		
Sale of products	16,178.34	10,331.77
Sale of leased assets *	4,189.26	1,347.68
Sale of traded goods	124.94	-
Finance income on leased assets	1,122.58	885.21
	21,615.12	**12,564.66**
Other operating revenue		
Sale of scrap	6.73	3.07
Amortisation of prepaid lease rental	154.51	126.49
	161.24	**129.56**
Revenue from operations (net)	**21,776.36**	**12,694.22**

* 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	As at March 31, 2022	As at March 31, 2021
Over a period of time basis	226.46	116.51
At a point-in-time basis	20,266.08	11,562.94
Total revenue from contracts with customers	**20,492.54**	**11,679.45**

Revenue by geographical market:

Particulars	As at March 31, 2022	As at March 31, 2021
Within India	21,776.36	12,694.22
Outside India	-	-
Revenue from operations (net)	**21,776.36**	**12,694.22**

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, 2022	As at March 31, 2021
Trade receivables (note 6)	2,918.83	1,185.10
Non current unearned revenue (Contract liability) (note 19)	926.03	922.06
Current unearned revenue (Contract liability) (note 19)	456.50	291.17
Refund liability (note 18)	83.07	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	As at March 31, 2022	As at March 31, 2021
Unearned revenue (Contract liability) (note 26(a))	226.46	116.51

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, 2022	March 31, 2021
Opening unearned revenue (refer note 19)	1,213.23	1,024.37
-Increase in revenue remaining unearned for the portion attributable to maintenance of leased assets constructed at customer premises under finance lease arrangements.	395.77	305.37
-Decrease in revenue remaining unearned for the portion attributable to maintenance of leased assets constructed at customer premises under finance lease arrangements.	(226.46)	(116.51)
Closing unearned revenue (refer note 19)	**1,382.53**	**1,213.23**

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, 2022	March 31, 2021
Amount of revenue yet to be recognised for performance obligations remaining to be completed*	29,786.30	17,412.72

*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

	March 31, 2022	March 31, 2021
Interest income from financial assets at amortised cost		
Bank deposits	13.10	29.02
Others	0.04	3.51
Liabilities no longer required written back	-	4.74
Fair value gain on financial instrument at fair value through profit and loss (net)	-	0.89
Miscellaneous income*	10.77	11.78
Total	**23.91**	**49.94**

Notes to financial statements for the year ended March 31, 2022
(All amounts in Rupees lakh, unless otherwise stated)

* 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	As at March 31, 2022	As at March 31, 2021
Inventories at the beginning of the year	133.16	173.62
Add: Purchases *	21,250.12	10,202.31
	21,383.28	10,375.93
Inventories at the end of the year	367.86	133.16
Total	**21,015.42**	**10,242.77**

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

22(b) Purchase of traded goods

	As at March 31, 2022	As at March 31, 2021
Purchases	124.54	-
Purchase of traded goods	**124.54**	**-**

22(c) Changes in inventories of work-in-progress and traded goods

Particulars	As at March 31, 2022	As at March 31, 2021
Inventories at the beginning of the year		
Work in progress	2,925.93	1,393.24
Traded goods	-	-
Total	**2,925.93**	**1,393.24**
Inventories at the end of the year		
Work in progress	7,494.73	2,925.93
Traded goods	20.10	-
Total	**7,514.83**	**2,925.93**
Changes in inventories of work-in-progress and finished goods	**(4,588.90)**	**(1,532.69)**

23 Employee benefits expense

	March 31, 2022	March 31, 2021
Salaries,wages and bonus	852.57	616.31
Contribution to provident and other funds	35.83	33.37
Gratuity expense (refer note 29)	18.32	9.49
Staff welfare expenses	12.12	7.62
Total	**918.84**	**666.79**

24 Finance cost

	March 31, 2022	March 31, 2021
Interest expense	96.26	103.17
Unwinding of discount	122.52	75.90
Total	**218.78**	**179.07**

25 Depreciation and amortization expense

	March 31, 2022	March 31, 2021
Depreciation of property, plant and equipment (note 4a)	41.31	47.78
Amortization of intangible assets (note 4b)	4.10	1.63
Total	**45.41**	**49.41**

26 (a) Other expenses

	March 31, 2022	March 31, 2021
Consumption of stores and spares	140.42	125.24
Site expenses and contract labour charges	1,511.34	1,071.59
Rent	0.95	-
Rates and taxes	5.80	0.08
Insurance	30.46	28.82
Repairs and maintenance		
Plant and machinery	0.10	-
Leased assets	226.46	116.51
Others	2.40	7.81
Travelling and conveyance	54.99	13.32
Legal and professional fees (includes payment to Auditor (refer note (b))	132.73	118.10
Bad debts/ advances written off	-	0.05
(Profit) on sale / discard of assets (net)	(5.06)	-
CSR expenditure (refer note (c))	29.98	29.12
Corporate cost allocation (refer note 30)	64.79	53.81
Miscellaneous expenses (includes directors sitting fees, courier charges, bank charges, etc.)	37.54	56.51
Total	**2,232.90**	**1,620.96**

(b) Payment to auditors

	March 31, 2022	March 31, 2021
As auditor:		
Audit fees	17.00	12.00
Reimbursement of expenses	0.16	0.23
Total	**17.16**	**12.23**

(c) Corporate Social Responsibility (CSR)

	March 31, 2022	March 31, 2021
Gross amount required to be spent by the Company during the year	29.98	29.12
Total	**29.98**	**29.12**

Amount spent during the year

	In cash	To be spent	Total
During the year ended March 31, 2022			
a. Construction/ acquisition of any asset	-	-	-
b. On purposes other than (a) above *	29.98	-	29.98
Total	**29.98**	**-**	**29.98**
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**

	March 31, 2022	March 31, 2021
Details related to spent/ unspent obligations		
i) Contribution to public trust	-	-
ii) Contribution to charitable trust	29.98	29.12
iii) Unspent amount in relation to:		
-Ongoing project	-	-
-Other than ongoing project	-	-
Total	**29.98**	**29.12**

Notes to financial statements for the year ended March 31, 2022
(All amounts in Rupees lakh, unless otherwise stated)

* The amount actual spent is Rs. 29.98 (March 31, 2021: Rs. 29.12) which has been contributed to Thermax Foundation, India (formerly known as Thermax Social Initiative Foundation, India).

27 Earnings per share

	March 31, 2022	March 31, 2021
Net profit after tax attributable to the equity shareholders	1,351.20	1,118.34
Weighted average number of equity shares of Rs.10/- each	43,808,767	20,656,932
Basic and diluted EPS	**3.08**	**5.41**

28 Contingent liabilities and commitments:

Capital and other commitments

a) Estimated amount of contracts remaining to be executed for assets which are to be leased to Customers and are currently under commissioning (net of advances) and not provided for is Rs. 2,400.58 (March 31, 2021 Rs. 6,509.29)

b) Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for is Rs. Nil (March 31, 2021 Rs. 8.30).

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, 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**
Particulars	**Present value of obligation**	**Fair value of plan assets**	**Net amount**
Employer contributions	-	(39.26)	(39.26)
Benefits paid	-	-	-
March 31, 2021	82.40	(90.22)	(7.83)
Current service cost	18.91	-	18.91
Interest expense/(income)	2.87	(3.47)	(0.59)
Total amount recognised in the statement of profit or loss	**21.78**	**(3.47)**	**18.32**

Particulars	Present value of obligation	Fair value of plan assets	Net amount
Experience (gain) / loss	-	-	-
(Gain)/loss from change in demographic assumptions	(1.13)	-	(1.13)
(Gain)/loss from change in financial assumptions	5.54	-	5.54
Return on plan assets expense/ (income)	-	(0.10)	(0.10)
Total amount recognised in Other Comprehensive Income	**4.41**	**(0.10)**	**4.31**
Employer contributions	-	(18.54)	(18.54)
Benefits paid	-	-	-
Mortality charges	-	(0.12)	(0.12)
March 31, 2022	**108.59**	**(112.21)**	**(3.62)**

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

	March 31, 2022	March 31, 2021
Present value of funded obligation	108.59	82.40
Fair value of plan assets	(112.21)	(90.22)
Net (asset)/liability	**(3.62)**	**(7.83)**

III Significant assumptions

	March 31, 2022	March 31, 2021
Discount rate	7.00%	6.80%
Salary growth rate	9.00%	7.00%
Expected return on plan assets	6.8% P.A.	6.8% 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	10%	5%

IV Sensitivity analysis

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

	March 31, 2022	March 31, 2021
Discount rate		
1.00% increase	Decrease by 3.74	Decrease by 3.85
1.00% decrease	Increase by 4.31	Increase by 4.52
Future salary increase		
1.00% increase	Increase by 3.68	Increase by 4.02
1.00% decrease	Decrease by 3.27	Decrease by 3.50
Attrition Rate		
1.00% increase	Decrease by 0.49	Decrease by 0.06
1.00% decrease	Increase by 0.55	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 cash flows to the defined benefit plan in

Notes to financial statements for the year ended March 31, 2022
(All amounts in Rupees lakh, unless otherwise stated)

future years:

	March 31, 2022	March 31, 2021
Within next 12 months	3.32	1.80
Between 2-5 years	26.91	12.32
Between 5-10 years	57.54	55.15

The average duration of the defined benefit plan obligation at the end of the reporting period is 13.19 years (March 31, 2021: 16.30 years).

V The major categories of plan assets are as follows:

	March 31, 2022	March 31, 2021
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 Limited	India

III Subsidiary Company

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

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
2	Thermax Babcock & Wilcox Energy Solutions	India
3	Thermax Instrumentation Limited	India

Entities controlled by holding company or its KMP

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

C. Key management Personnel:

1 Mr. Hemant Mohgaonkar - Director
2 Mr. Rajendran Arunachalam - Director
3 Mr. Sanjay Parande - Independent Director
4 Mr. Sundar Parthasarathy - Independent Director
5 Mr. Ajit Sharma - Chief Financial Officer (Upto 30th June 2021)
6 Mr. Deepak Joshi-Chief Financial Officer (w.e.f 26th July 2021)
7 Ms. Gunjan Chandratre - Company Secretary
8 Mr. Ashish Bhandari - Director
9 Ms. Khushboo Bhatia - Chief Executive Officer

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 - Relative of Chairperson 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

(All amounts in Rupees lakh, unless otherwise stated)

G Transactions with related parties:

	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 and relatives mentioned in 'D'		Total	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
a. Transactions during the year												
Recovery of expenses	10.38	3.72	89.69^	25.08^	-	-	-	-	-	-	100.07	28.80
Repairs and maintenance of leased assets	5.06	28.49	-	-	-	-	-	-	-	-	5.06	28.49
Purchase of raw material and plant and machinery given on finance lease	7,602.90	2,834.82	-	-	128.20	-	-	-	-	-	7,731.10	2,834.82
Corporate cost allocation	64.79	53.81	-	-	-	-	-	-	-	-	64.79	53.81
Reimbursement of expenses	9.91	33.89	-	-	-	-	-	-	-	-	9.91	33.89
Salaries,wages and bonus	52.38	25.49	-	-	-	-	-	-	193.09*	133.96*	245.47	159.45
Donation	-	-	-	-	-	-	29.98	29.12	-	-	29.98	29.12
Purchase of property, plant and equipment and Intangible assets	510.37	10.00	-	-	50.00	34.14	-	-	-	-	560.37	44.14
Subscription to shares issued	3,000.00	2,363.00	-	-	-	-	-	-	-	-	3,000.00	2,363.00
Sale of product	-	-	-	-	17.20	-	556.81	-	-	-	574.01	-

*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.

	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 and relatives mentioned in 'D'		Total	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
b. Balances as at reporting date												
Other amounts recoverable	3.63	-	-	25.08	-	-	-	-	-	-	3.63	25.08
Trade receivables	-	-	-	-	18.82	-	59.90	-	-	-	78.72	-
Advances given	528.00	659.33	-	-	45.87	-	-	-	-	-	573.87	659.33
Trade deposits	-	-	-	-	-	-	75.00	75.00	-	-	75.00	75.00
Trade payables	1,546.22	1,089.06	-	-	124.35	-	-	-	-	-	1,670.57	1,089.06
Bank Guarantees issued by holding company on behalf of the Company	-	142.35	-	-	-	-	-	-	-	-	-	142.35

Notes to financial statements for the year ended March 31, 2022
(All amounts in Rupees lakh, unless otherwise stated)

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):

	March 31, 2022	March 31, 2021
Transactions during the year		
Recovery of expenses		
Thermax Limited, India	10.38	3.72
Enernxt Private Limited	89.69	25.08
Repairs and maintenance of leased assets		
Thermax Limited, India	5.06	28.49
Purchase of raw material and plant and machinery given on finance lease		
Thermax Limited, India	7,602.90	2,834.82
First Energy Private Limited	128.20	-
Corporate cost allocation		
Thermax Limited, India	64.79	53.81
Reimbursement of expenses		
Thermax Limited, India	9.91	33.89
Revenue from Operations		
Marico Limited	556.81	-
Salaries, wages and bonus*		
Mr. Sriram Vishwanathan	-	30.97
Mr. Sanjay Parande	4.80	4.80
Mr. Sundar Parthasarathy	3.50	3.50
Ms. Khushboo Bhatia	100.25	53.14
Mr. Zahaan Pudumjee	31.76	20.36
Mr. Ajit Sharma**	7.59	16.92
Mr. Deepak Joshi**	39.96	-
Ms. Gunjan Chandratre**	5.23	4.27
Thermax Limited***	52.38	25.49
Donation		
Thermax Foundation, India (formerly known as Thermax Social Initiative Foundation)	29.98	29.12
Purchase of property, plant and equipment and Intangible assets		
Thermax Limited, India	510.37	10.00
Thermax Instrumentation Limited	50.00	-
First Energy Private Limited	-	34.14
Subscription to shares issued		
Thermax Limited, India	3,000.00	2,363.00

* Components of remuneration to key management personnel includes sitting fees to independent directors & reimbursement of expenses.

** These amounts have been reimbursed to the Holding company.

*** These amounts have been reimbursed to the Holding company for other employees.

	March 31, 2022	March 31, 2021
Balances as at the year end		
Other amounts recoverable		
Thermax Limited India	3.63	-
Enernxt Private Limited	-	25.08
Trade receivables		
Marico Limited, India	59.90	-
Thermax Babcock & Wilcox Energy Solutions	18.82	-
Advances given		
Thermax Limited, India	528.00	659.33
Trade deposits		
Marico Limited, India	75.00	75.00
Trade payables		
Thermax Limited, India	1,546.22	1,089.06
Bank Guarantees issued by holding company on behalf of the entity		
Thermax Limited, India	-	142.35

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, 2022, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2021 : Rs. 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, 2022	As at March 31, 2021
Trade receivables	6	2,918.83	1,185.10
Loans and advances	7	-	0.21
Finance lease receivable	8 (a)	10,161.58	7,243.81
Other financial assets	8 (b)	3.63	195.55
Cash and bank balances	12	914.15	3,269.49
Total financial assets		**13,998.19**	**11,894.16**
Current assets		5,405.68	5,792.63
Non-current assets		8,592.51	6,101.53
Total financial assets		**13,998.19**	**11,894.16**

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.

(All amounts in Rupees lakh, unless otherwise stated)

Details of financial liabilities carried at amortised cost

Particulars	Note No.	As at March 31, 2022	As at March 31, 2021
Borrowings	15	5,778.03	1,166.21
Trade payables	16	2,969.25	2,333.86
Trade deposits	17	1,522.56	1,098.89
Other financial liabilities	17	199.66	125.81
Total financial liabilities		**10,469.50**	**4,724.77**
Current liabilities		3,776.25	2,770.13
Non-current liabilities		6,693.25	1,954.64
Total financial liabilities		**10,469.50**	**4,724.77**

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

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, 2022 and March 31, 2021.

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, 2022

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:

	Impact on profit before tax	
	March 31, 2022	March 31, 2021
Interest rate		
- Increase by 100 basis points	(14.67)	(12.04)
- Decrease by 100 basis points	14.67	12.04

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, 2022	Note No.	< 1 year	1 to 3 years	3 to 5 years	> 5 years
Non- derivative					
Borrowings	15	578.13	2,830.73	2,277.98	61.98
Trade payables	16	2,969.25	-	-	-
Trade deposits*	17	3.00	400.50	115.00	2,295.33
Other financial liabilities	17	199.66	-	-	-

March 31, 2021	Note No.	< 1 year	1 to 3 years	3 to 5 years	> 5 years
Non- derivative					
Borrowings	15	303.00	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	-	-	-

*Represents contractual undiscounted cash flows. Such undiscounted cash flows differ from the amount included in the balance sheet because the balance sheet amount is based on discounted cash flows.

33 Capital Management

The Company's objective for capital management is to maximise shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long- term and other strategic investment plans. The funding requirements are met through equity and operating cash flows generated. No changes were made in the objectives, policies or processes during the years ended March 31, 2022 and March 31, 2021. Capital represents equity attributable to equity holders of the Parent Company.

Particulars	As at March 31, 2022	As at March 31, 2021
Borrowings	5,778.03	1,166.21
Trade payables	2,969.25	2,333.86
Less: Cash and bank balances	914.15	3,465.04
Net debt	**7,833.13**	**35.03**
Equity	13,859.41	9,539.94
Capital and net debt	21,692.54	9,574.97
Gearing ratio	36.11%	0.37%
Total financial liabilities	**10,469.50**	**4,724.77**

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current year.

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2022 and March 31, 2021.

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, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Within one year	2,745.74	2,014.56	1,572.11	1,107.99
After one year but not more than five years	8,414.38	6,319.22	5,096.73	4,085.13
More than five years	4,818.87	2,668.21	3,492.74	2,050.71
	15,978.99	**11,001.99**	**10,161.58**	**7,243.84**
Less: Unearned finance income	5,817.41	3,758.16	-	-
Present value of minimum lease payments receivable	10,161.58	7,243.83	10,161.58	7,243.84
Allowance for uncollectible lease payments	-	-	-	-
	10,161.58	**7,243.83**	**10,161.58**	**7,243.84**

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.

	March 31, 2022	March 31, 2021
Lease rent received for the year	2.61	9.89

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.

	March 31, 2022	March 31, 2021
Lease payments for the year	0.95	-

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, 2022	March 31, 2021
Revenue from external customer (gross)		
India*	21,776.36	12,694.22
Outside India	-	-
Total	**21,776.36**	**12,694.22**

*Revenue of Rs. 5,729.35 was derived from two customers that individually contributed more than 10% of total revenue in the current year and Rs. 4,176.32 was derived from two customers that individually contributed more than 10% of total revenue in the previous year.

Carrying amount of non current assets

Particulars	March 31, 2022	March 31, 2021
Carrying amount of non current assets		
Assets within India	680.06	165.45
Assets outside India	-	-
Total	**680.06**	**165.45**

Addition to non current assets

Particulars	March 31, 2022	March 31, 2021
Assets within India	578.37	85.01
Assets outside India	-	-
Total	**578.37**	**85.01**

36 **Key financial ratios**

The following are analytical ratios for the year ended March 31, 2022 and March 31, 2021:

Particulars	Numerator	Denominator	FY 2021-22	FY 2020-21	Variance	Reason for variance
Current Ratio	Current assets	Current liabilities	3.31	3.10	6.77%	
Debt-Equity Ratio	Total debt i.e. Borrowings (Current+Non current)	Shareholder's equity	0.42	0.12	250.00%	Increase in borrowings for initial investment in new projects for supply of utilities.
Debt service coverage ratio	Earnings available for debt service ^	Debt service *	4.27	8.55	-50.06%	Increase in borrowings for initial investment in new projects for supply of utilities.
Return on equity ratio	Profit after tax	Average shareholder's equity	0.12	0.14	-14.29%	
Inventory turnover ratio	Cost of goods sold#	Average inventories	3.03	3.77	-19.63%	
Debtors turnover ratio	Revenue from contracts with customers	Average trade receivables	9.99	9.88	1.11%	
Trade payables turnover ratio	Total supplier purchases##	Average trade payables	8.88	7.17	23.85%	
Net capital turnover ratio	Revenue from contracts with customers	Working capital **	1.87	1.62	15.43%	
Net profit ratio	Profit after tax	Revenue from contracts with customers	0.07	0.10	-30.00%	During the year, company witnessed fuel quality issue due to extended monsoon. This has led to material cost increase and decrease in overall profit.
Return on capital employed (ROCE)	Profit before tax + finance cost	Capital employed ***	0.11	0.16	-31.25%	During the year, company witnessed fuel quality issue due to extended monsoon. This has led to material cost increase and decrease in overall profit.
Return on investment (ROI)	Profit after tax	Shareholder's equity	0.10	0.12	-16.67%	

Explanations:

^ Profit after tax + Finance cost + Depreciation and amortization for the year

* Repayment of borrowings + Interest paid

** Total current assets - Total current liabilities

*** Total equity + Non-current borrowings + Deferred tax liability

#Cost of raw materials and components consumed + Purchase of traded goods + Changes in inventories of work-in-progress and traded goods

##Purchase of raw materials and components (refer note 22(a)) + Purchase of traded goods + Operating expenses (staff welfare and other expenses) incurred during the year.

37 Standards issued but not yet effective

"Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, as below.

(i) Ind AS 16 – Property Plant and equipment - The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2022. The Company is in the process of evaluating the amendment.

(**ii) Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets** – The amendment specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2022, although early adoption is permitted. The Company is in the process of evaluating the amendment.

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 standalone financial statements.

39 Other Statutory Information:

(i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.

(ii) The Company do not have any transactions with companies struck off.

(iii) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

(iv) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

(v) The Company have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries,

(vi) The Company has not made any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

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

per Vaibhav Kumar Gupta
Partner
Membership No: 213935

Date: May 10, 2022
Place: Pune

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

Gunjan Chandratre
Company Secretary

Deepak Joshi
Chief Financial Officer

Date: May 10, 2022
Place: Pune

THERMAX COOLING SOLUTIONS LIMITED

Board of Directors	***Registered Office***	***Auditors***
Rajendran Arunachalam B. C. Mahesh Sunil Raina	Thermax House, 14, Mumbai – Pune Road, Wakdewadi, Pune – 411003	SRBC & Co. LLP Chartered Accountants C-401, Panchshil Tech Park, Yerwada, Pune-411006, India
Key Managerial Personnel	***Bankers***	***Corporate Office***
Ravi Shewade (Manager w.e.f. May 3, 2021) Mr. Ajit Sharma (CFO w.e.f. July 27, 2021) Kajal Kabra (Company Secretary)	Corporation Bank ICICI Bank	Sai Chambers 15, Mumbai – Pune Road, Wakdewadi, Pune - 411003

DIRECTORS' REPORT

Dear Shareholders,

The Directors present their Thirteenth Annual Report of the company for the year ended March 31, 2022.

FINANCIAL RESULTS

(Rs. in Lakh)

Particulars	2021-22	2020-21
Total income	**1931.72**	6328.82
Profit/(Loss) before depreciation	**174.78**	16.50
Depreciation and Amortisation	**13.34**	11.78
Profit/(Loss) before tax	**161.44**	4.72
Provision for taxation (incl. deferred tax)	**11.43**	0.00
Profit/(Loss) after tax	**150.01**	4.72

STATE OF COMPANY'S AFFAIRS

The company is a wholly owned subsidiary of Thermax Limited.

The company continues in the ACC (Air Cooled Condenser) segment for less than 150 MW requirements and started offering SRC ACC with support from the dedicated vendor from China. However, in Q4 the said vendor declared their bankruptcy and hence the company's ability to take more orders suffered heavily. Now to de risk our ACC business the company has started offering their own ACC designed internally. The company has also developed bundles supplier in India and other two vendors in China are under evaluation.

During the year, the company earned a total income of Rs. 1931.72 Lakhs as against Rs. 6328.82 Lakhs in the previous year. Current year profit after tax is Rs. 150.01 Lakhs as against previous year's profit after tax of Rs. 4.72 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, 2022.

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 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

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. Sunil Raina 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 resigned as Chief Financial Officer (CFO) and Key Managerial Personnel (KMP) of the Company with effect from July 27, 2021 and Mr. Ajit Sharma has been appointed as CFO and KMP of the Company with effect from July 27, 2021.

BOARD MEETINGS

During the year, the Board met four times on May 3, 2021, July 27, 2021, October 26, 2021 and January 25, 2022. All Directors were present in the meetings. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

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

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

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

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

SECRETARIAL STANDARDS

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

RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the financial year were on 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-22	31-Mar-21
Earnings		
Revenue	**21.20**	0.00
Expenditure		
Royalty	**0.00**	0.00
Purchase of Material	**678.36**	706.69
Capital Expenditure	**0.00**	0.00
Net	**(657.16)**	**(706.69)**

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.

The Auditor's Report does not contain any qualifications, reservations, adverse remarks or disclaimer.

DETAILS REGARDING FRAUDS REPORTED BY AUDITORS UNDER SECTION 143(12)

During the year under review, there were no frauds reported by the auditors to the Board under section 143(12) of the Act.

THE INSOLVENCY AND BANKRUPTCY CODE, 2016

During the year there is no proceeding pending under the Insolvency and Bankruptcy Code, 2016 and there is no instance of onetime settlement with any Bank or Financial Institution.

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

	B. C. Mahesh	**Rajendran Arunachalam**
Place: Pune,	Director	Director
Date: May 12, 2022	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, 2022, 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, 2022, 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.

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 Directors' 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.

Responsibilities 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, 2020 ("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) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 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 with reference to financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(g) In our opinion, the managerial remuneration for the year ended March 31, 2022 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;

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

i. The Company 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 14 and 15 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.

iv. a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c) Based on such audit procedures that were considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

v. No dividend has been declared or paid during the year 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: 22213935AIVKLB4142

Place of Signature: Pune
Date: May 12, 2022

"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) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

(B) The Company has maintained proper records showing full particulars of intangibles assets.

(b) All Property, Plant and Equipment 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 is no immovable property (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee), held by the Company and accordingly, the requirement to report on clause 3(i)(c) of the Order is not applicable to the company.

(d) The Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended March 31, 2022.

(e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year. In our opinion the coverage and the procedure of such verification by the management is appropriate. No discrepancies of 10% or more in aggregate for each class of inventory were noticed on such physical verification.

(b) The Company has not been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks or financial institutions during any point of time of the year on the basis of security of current assets. Accordingly, the requirement to report on clause 3(ii)(b) of the Order is not applicable to the Company.

(iii) (a) During the year the Company has not provided loans, advances in the nature of loans, stood guarantee or provided security to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(a) of the Order is not applicable to the Company.

(b) During the year the Company has not made investments, provided guarantees, provided security and granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(b) of the Order is not applicable to the Company.

(c) The Company has not granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(c) of the Order is not applicable to the Company.

(d) The Company has not granted loans or advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(d) of the Order is not applicable to the Company.

(e) There were no loans or advance in the nature of loan granted to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(e) of the Order is not applicable to the Company.

(f) The Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company.

(iv) According to the information and explanation given by management, there are no loans, investments, guarantees, and security in respect of which provisions of sections 185 and 186 of the Companies Act, 2013 are applicable and accordingly, the requirement to report on clause 3(iv) of the Order is not applicable to the Company.

(v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the manufacture or service of 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) The Company is regular in depositing with appropriate authorities undisputed statutory dues including goods and services tax, provident fund, income-tax, duty of customs, cess and other statutory dues applicable to it. The provisions relating to employees' state insurance and excise duty are not applicable to the Company. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(b) According to the information and explanation given to us, there are no dues of goods and services tax, provident fund, income-tax, cess and other statutory dues which have not been deposited on account of any dispute.

(viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.

(ix) (a) The Company did not have any outstanding loans or borrowings or interest thereon due to any lender during the year. Accordingly, the requirement to report on clause ix(a) of the Order is not applicable to the Company.

(b) The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.

(c) The Company did not have any term loans outstanding during the year hence, the requirement to report on clause (ix)(c) of the Order is not applicable to the Company.

(d) The Company did not raise any funds during the year hence, the requirement to report on clause (ix)(d) of the Order is not applicable to the Company.

(e) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on clause 3(ix)(e) of the Order is not applicable to the Company.

(f) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on Clause 3(ix)(f) of the Order is not applicable to the Company.

(x) (a) The Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.

(b) The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.

(xi) (a) No material fraud by the Company or on the Company has been noticed or reported during the year.

(b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.

(xii) The Company is not a nidhi company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(a) to (c) of the Order is not applicable to the Company.

(xiii) 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 accompanying financial statements, as required by the applicable Accounting Standards. The provisions of Section 177 of the act are not applicable to the Company, reporting under clause 3(xiii) of the Order insofar as it relates to Section 177 of the Act is not applicable to the Company.

(xiv) The Company does not have an internal audit system as it is not required to have an internal audit system under the provisions of Section 138 of the Companies Act, 2013. Therefore, the requirement to report under clause 3(xiv)(a) & (b) of the Order is not applicable to the Company.

(xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.

(xvi) (a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company.

(b) The Company is not engaged in any Non-Banking Financial or Housing Finance activities. Accordingly, the requirement to report on clause (xvi)(b) of the Order is not applicable to the Company.

(c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.

(d) The Group has one Core Investment Company as part of the Group.

(xvii) The Company has not incurred cash losses in the current and immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.

(xix) On the basis of the financial ratios disclosed in note 33 to the financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) The provisions of Section 135 of Companies Act, 2013 in relation to Corporate Social Responsibility is not applicable to the Company and accordingly, requirement to report on Clause 3(xx) of the Order is not applicable to the Company.

(xxi) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on clause 3(xxi) of the Order is 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: 22213935AIVKLB4142

Place of Signature: Pune
Date: May 12, 2022

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, 2022 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 ("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 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 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, 2022, 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: 22213935AIVKLB4142

Place of Signature: Pune
Date: May 12, 2022

THERMAX COOLING SOLUTIONS LIMITED

BALANCE SHEET as at 31.03.2022

(All amounts in Rupees lakh, unless otherwise stated)

Particulars	Note No	As at March 31, 2022	As at March 31, 2021
Assets			
I. Non-current assets			
Property, plant and equipment	4(a)	1.71	1.74
Intangible assets	4(b)	12.76	26.03
Financial assets:			
(a) Other assets	5 (a)	1.56	126.63
Income tax assets (net)		18.09	18.87
Other assets	6 (a)	1.73	1.96
Total non-current assets		**35.85**	**175.23**
II. Current assets			
Inventories	7	244.71	211.11
Financial assets:			
(a) Trade receivables	**8**	772.98	1,422.95
(b) Cash and cash equivalents	**9 (a)**	79.28	3.82
(c) Bank balances other than (b) above	**9 (b)**	1,058.81	963.52
(d) Other assets	5 (b)	-	0.07
Other assets	6 (b)	88.13	106.28
Total current assets		**2,243.91**	**2,707.75**
Total assets		**2,279.76**	**2,882.98**
III. Equity and liabilities			
Equity share capital	10	2,000.00	2,000.00
Other equity	11	(1347.07)	(1511.98)
Total equity		**652.93**	**488.02**
IV. Current liabilities			
Financial liabilities:			
(a) Borrowings	12	-	8.79
(b) Trade payables	13		
Total outstanding dues of micro and small enterprises		248.90	304.92
Total outstanding dues of creditors other than micro and small enterprises		356.96	796.13
(c) Other liabilities	14	65.71	162.67
Provisions	15	133.04	151.58
Other liabilities	16	822.22	970.87
Total current liabilities		**1,626.83**	**2,394.96**
Total equity and liabilities		**2,279.76**	**2,882.98**
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, 2022

(All amounts in Rupees lakh, unless otherwise stated)

Particulars	Note No	As at March 31, 2022	As at March 31, 2021
Income			
Revenue from operations	17	1,875.82	6,260.62
Other income	18	55.90	68.20
Total Income (I)		**1,931.72**	**6,328.82**
Expenses			
Projects bought outs and components consumed	19	1,501.80	5,162.54
(Increase) in inventories of finished goods and work in progress	20	(203.04)	(41.67)
Employee benefits expense	21	282.17	676.28
Finance cost	22	2.75	4.18
Depreciation and amortisation expense	23	13.34	11.78
Other Expenses	24 (a)	173.26	510.99
Total expenses (II)		**1,770.28**	**6,324.10**
Profit before tax (III) = (I-II)		**161.44**	**4.72**
Tax expense	25		
Current tax		11.43	-
Deferred tax		-	-
Total tax expense (IV)		**11.43**	**-**
Profit for the year (V) = (III - IV)		**150.01**	**4.72**
Other comprehensive income (OCI)			
Items that will not be reclassified subsequently to profit or loss			
Re-measurement of defined benefit plans	26	14.90	(7.20)
Total other comprehensive income for the year (VI)		**14.90**	**(7.20)**
Total comprehensive income for the year (VII) = (V) + (VI)		164.91	(2.48)
Earning per equity share (Basic and Diluted) [Nominal value per share Rs.10/- (March 31, 2021: Rs 10/-)]	27	**0.75**	**0.02**
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 12, 2022

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

Ravi Shewade
Manager

Ajit Sharma
Chief Financial Officer

Kajal Kabra
Company Secretary

Place: Pune
Date: May 12, 2022

Statement of profit and loss for the year ended March 31, 2022

(All amounts in Rupees lakh, unless otherwise stated)

A Equity Share Capital^

Particulars	Note No.	Year ended March 31, 2022	Year ended March 31, 2021
Balance at the beginning of the year	10	2,000.00	2,000.00
Changes in equity shares capital during the year	10	-	-
Balance at the end of the year	**10**	**2,000.00**	**2,000.00**

B Other Equity^

Particulars	Reserves & Surplus
	Retained Earnings
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)**
Profit for the year	150.01
Other Comprehensive Income	14.90
Total comprehensive income	**164.91**
As at March 31, 2022	**(1,347.07)**

^There are no adjustments on account of prior period errors or due to changes in accounting policies.

Cash flow statement for the year ended March 31, 2022

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

	Particulars	Note No.	Year ended March 31, 2022	Year ended March 31, 2021
A)	**Cash flows from operating activities**			
	Profit before tax		161.44	4.72
	Adjustments to reconcile profit before tax to net cash flows			
	Depreciation and amortisation expense	23	13.34	11.78
	Liabilities no longer required written back	18	(5.93)	(8.84)
	Fair value gain on financial instrument at fair value through profit & loss	18	-	(0.14)
	Interest Expense	22	2.75	4.18
	Interest income	18	(45.43)	(58.26)
	Profit on sale of Property, plant and equipment		-	(0.62)
	Working capital adjustments			
	(Increase)/ Decrease in trade receivables		649.97	(171.68)
	(Increase) in Inventories		(33.60)	(211.11)
	Decrease in other financial assets		0.07	6.88
	Decrease in other assets		18.38	1,388.27
	(Decrease) in trade payables		(495.19)	(620.06)
	(Decrease) / Increase in other financial liabilities		(96.96)	120.47
	(Decrease) / Increase in provisions		(3.64)	1.90
	(Decrease) in other liabilities		(142.72)	(457.36)
	Net Cash generated from operations (A)		**22.48**	**10.13**
	Direct taxes (paid) (net)		(10.65)	(7.80)
	Net cash flow from operating activities		**11.83**	**2.33**
B)	**Cash flows from investing activities**			
	(Purchase) of Property, plant and equipment and Intangible assets		(0.04)	**(6.20)**
	Proceeds from sale of Investments		-	4.49
	Interest/dividend received		45.43	58.26
	Proceeds from bank deposits		29.78	13.91
	Net cash flow from investing activities (B)		**75.17**	**70.46**
C)	**Cash flows from financing activities**			
	(Repayment) of short term borrowings		(8.79)	(182.36)
	Interest paid		(2.75)	(4.18)
	Net cash flow (used in) financing activities (C)		**(11.54)**	**(186.54)**
	Net increase in cash and cash equivalents		**75.46**	**(113.75)**
	Cash and cash equivalents at the beginning of the year		3.82	117.57
	Cash and cash equivalents at the end of the year		**79.28**	**3.82**

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

	Note No.	March 31, 2022	March 31, 2021
Cash and cash equivalents	9 (a)	79.28	**3.82**
Balances as per cash flow statement		79.28	3.82

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

per Vaibhav Kumar Gupta
Partner
Membership No. 213935

Place: Pune
Date: May 12, 2022

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

Ravi Shewade
Manager

Ajit Sharma
Chief Financial Officer

Kajal Kabra
Company Secretary

Place: Pune
Date: May 12, 2022

1. Corporate information

Thermax Cooling Solutions Limited ('the Company') supplies Air Cooled Condensers [ACC] which are widely used on turbine exhaust application with a view to reduce water consumption in power generation.

The Company's portfolio also includes electrostatic precipitators (ESP), Bag Houses, Rotary Air Pre-Heaters (RAPHs) and related services.

The Company is a public limited company incorporated and domiciled in India. The address of its registered office is Thermax House, 14, Mumbai – Pune Road, Wakdewadi, Pune - 411003, India. The Board of Directors have authorized to issue these financial statements on May 12, 2022. 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

2.2.1 Consequent to amendments to the Schedule III to the Companies Act, 2013 Security deposits (March 2021; Rs. 1.56 Lacs) have been presented as part of other non- current financial asset, which were previously included under 'loans' in non- current financial assets.

2.2.2 Others

Several amendments and interpretations apply for the first time in the year ended March 31, 2022, but do not have a material impact on financial statements 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 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 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

(All amounts in Rupees lakh, unless otherwise stated)

- 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. 31 (a)

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 good***

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.

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.

Notes to financial statements for the year ended March 31, 2022
(All amounts in Rupees lakh, unless otherwise stated)

4 (a) Property, Plant and Equipment

Particulars	Computer	Office Equipment	Furniture & Fixtures	Plant & Machinery	Vehicles	Total
Gross carrying amount as at April 1, 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**
Additions	0.04	-	-	-	-	0.04
Disposals	-	-	-	-	-	-
Gross carrying amount as at March 31, 2022	**11.36**	**0.21**	**0.02**	**1.31**	**-**	**12.90**
Accumulated depreciation as at April 1, 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**
Charge for the year	0.02	0.05	-	-	-	0.07
Disposals	-	-	-	-	-	-
Closing accumulated depreciation as at March 31, 2022	**9.83**	**0.14**	**-**	**1.22**	**-**	**11.19**
Net block March 31, 2022	**1.53**	**0.07**	**0.02**	**0.09**	**-**	**1.71**
Net block March 31, 2021	**1.51**	**0.12**	**0.02**	**0.09**	**-**	**1.74**

4 (b) Intangible assets

Particulars	Computer Software	Total
Gross carrying amount as at April 1, 2020	**35.86**	**35.86**
Additions	7.05	7.05
Disposals	-	-
Gross carrying amount as at March 31, 2021	**42.91**	**42.91**
Additions	-	-
Disposals	-	-
Gross carrying amount as at March 31, 2022	**42.91**	**42.91**
Accumulated amortisation as at April 1, 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**
Charge for the year	13.27	13.27
Disposals	-	-
Closing accumulated amortisation as at March 31, 2022	**30.15**	**30.15**
Net block March 31, 2022	**12.76**	**12.76**
Net block March 31, 2021	**26.03**	**26.03**

5 Financial assets
(a) Other non current assets

	As at March 31, 2022	As at March 31, 2021
Security deposits	1.56	1.56
Bank deposits with maturity of more than 12 months	-	125.07
Total	**1.56**	**126.63**

(b) Other current assets

	As at March 31, 2022	As at March 31, 2021
At amortized cost		
Security deposits	-	0.07
Total	**-**	**0.07**

6 Other assets
(a) Other non-current assets

	As at March 31, 2022	As at March 31, 2021
Unsecured, considered good		
Balances with government authorities	1.73	1.96
Total	**1.73**	**1.96**

(b) Other current assets

	As at March 31, 2022	As at March 31, 2021
Unsecured considered good		
Advance to supplier	79.83	91.65
Advances to employee	2.40	2.23
Prepaid expenses	5.90	12.40
Total	**88.13**	**106.28**

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

7 Inventories

	As at March 31, 2022	As at March 31, 2021
Raw Materials, components and bought-outs	-	169.44
Work-in-progress	-	26.25
Finished goods*	244.71	15.42
Total	**244.71**	**211.11**

* includes goods in transit of Rs. 244.71 (March 31, 2021 : Rs. 15.42)

8 Trade receivables

	As at March 31, 2022	As at March 31, 2021
Trade Receivables from:		
i) Related parties (refer note 30(e))	140.53	587.67
ii) Others	632.45	835.28
Total	**772.98**	**1,422.95**
Break-up for security details:		
Secured, considered good	-	-
Less: Impairment allowance	-	-
Total (A)	**-**	**-**
Unsecured, considered good	855.37	1,549.63
Less: Impairment allowance	(82.39)	(126.68)
Total (B)	**772.98**	**1,422.95**

Notes to financial statements for the year ended March 31, 2022
(All amounts in Rupees lakh, unless otherwise stated)

	As at March 31, 2022	As at March 31, 2021
Trade Receivables which have a significant increase in credit risk	-	-
Less: Impairment allowance	-	-
Total (C)	**-**	**-**
Trade Receivables - credit impaired	-	-
Less: Impairment allowance	-	-
Total (D)	**-**	**-**
Total (A) + (B) + (C) + (D)	**772.98**	**1,422.95**

Particulars	Not Due	Outstanding for the following period from due date of payments					Total
		Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	
As at March 31, 2022							
(i) Undisputed Trade Receivables- considered good	721.77	16.56	43.12	3.91	-	0.68	**786.04**
(ii) Undisputed Trade Receivables- which have significant increase in credit risk	-	-	-	-	-	-	**-**
(iii) Undisputed Trade Receivables- credit impaired	-	-	-	-	-	69.33	**69.33**
(iv) Disputed Trade Receivables- considered good	-	-	-	-	-	-	**-**
(v) Disputed Trade Receivables- which have significant increase in credit risk	-	-	-	-	-	-	**-**
(vi) Disputed Trade Receivables- credit impaired	-	-	-	-	-	-	**-**
Subtotal	721.77	16.56	43.12	3.91	-	70.01	**855.37**
Less: impairment allowance							**(82.39)**
Total	**721.77**	**16.56**	**43.12**	**3.91**	**-**	**70.01**	**772.98**

Particulars	Not Due	Outstanding for the following period from due date of payments					Total
		Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	
As at March 31, 2021							
(i) Undisputed Trade Receivables- considered good	615.73	788.11	13.13	62.65	-	0.68	**1,480.30**
(ii) Undisputed Trade Receivables- which have significant increase in credit risk	-	-	-	-	-	-	**-**
(iii) Undisputed Trade Receivables- credit impaired	-	-	-	-	-	69.33	**69.33**
(iv) Disputed Trade Receivables- considered good	-	-	-	-	-	-	**-**
(v) Disputed Trade Receivables- which have significant increase in credit risk	-	-	-	-	-	-	**-**
Subtotal	615.73	788.11	13.13	62.65	-	70.01	**1,549.63**
Less: impairment allowance							**(126.68)**
Total	**615.73**	**788.11**	**13.13**	**62.65**	**-**	**70.01**	**1,422.95**

There are no unbilled receivables, hence the same is not disclosed in the ageing schedule.

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

	As at March 31, 2022	As at March 31, 2021
At the beginning of the year	126.68	154.92
Provisions made during the year	5.11	24.97
Utilized/reversed during the year	(49.40)	(53.21)
At the end of the year	**82.39**	**126.68**

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 30.

Trade receivables are non-interest bearing and are generally on terms of 30 to 60 days.

9 (a) Cash and cash equivalents

	As at March 31, 2022	As at March 31, 2021
At amortized cost		
Balances with banks		
- in current accounts	79.28	3.82
Total	**79.28**	**3.82**

9 (b) Other bank balances

	As at March 31, 2022	As at March 31, 2021
At amortized cost		
Deposits with original maturity of more than 3 months but less than 12 months	1,058.81	963.52
Total	**1,058.81**	**963.52**

9 (c) Changes in liabilities arising from financing activities

Particulars	Borrowings
As on April 1, 2020	
Cash flow	(8.79)
Others	-
As on March 31, 2021	**(8.79)**
Cash flow	8.79
Others	-
As on March 31, 2022	**0.00**

Notes to financial statements for the year ended March 31, 2022
(All amounts in Rupees lakh, unless otherwise stated)

10 Share capital

	As at March 31, 2022	As at March 31, 2021
Authorized shares (Nos)		
50,000,000 (March 31, 2021 : 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, 2021 : 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	Borrowings
Equity share of Rs. 10 each issued, subscribed and fully paid	
At April 1, 2020	20,000,000
Changes during the year	-
At March 31, 2021	20,000,000
Changes during the year	-
At March 31, 2022	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, 2022	As at March 31, 2021
Holding company		
Thermax Limited	2,000.00	2,000.00
20,000,000 (March 31, 2021: 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, 2022	As at March 31, 2021
Thermax Limited		
%	100.00	100.00
No. of shares	20,000,000	20,000,000

11 Other equity

	As at March 31, 2022	As at March 31, 2021
Reserves and surplus		
Retained earnings		
Opening balance	(1,511.98)	(1,509.50)
Add: Profit for the year	150.01	4.72
Items of other comprehensive income recognised directly in retained earnings:		
Re-measurements (loss) of post-employment benefit obligations,	14.90	(7.20)
Net (deficit) in the statement of profit and loss	**(1,347.07)**	**(1,511.98)**
Total	**(1,347.07)**	**(1,511.98)**

12 Borrowings

	As at March 31, 2022	As at March 31, 2021
Bank overdraft	-	8.79
Total	-	8.79

The bank overdraft carries interest rate of MCLR (Marginal Cost of Fund Based Lending Rate) 6 months and spread per annum (March 31, 2021: 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 30.

13 Trade payables

	As at March 31, 2022	As at March 31, 2021
Total outstanding dues of micro and small enterprises	248.90	304.92
Total outstanding dues of creditors other than micro and small enterprises		
(i) Related parties (refer note 30(e))	60.34	168.86
(ii) Others	296.62	627.27
Total	**605.86**	**1,101.05**

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

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

	As at March 31, 2022	As at March 31, 2021
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	248.63	302.99
- Interest due thereon	0.27	1.93
3. The amount of payment made to the supplier beyond the appointed day during the year	366.16	1,216.40

Notes to financial statements for the year ended March 31, 2022
(All amounts in Rupees lakh, unless otherwise stated)

	As at March 31, 2022	As at March 31, 2021
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	1.82	9.12
5. The amount of interest accrued and remaining unpaid at the end of each accounting year	2.09	11.05
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	11.05	5.53

The ageing of current trade payables which are due for payment :

Particulars	Not Due	Outstanding for the following period from due date of payments				Total
		Less than a year	1-2 years	2-3 years	More than 3 years	
As at March 31, 2022						
(i) MSME	171.67	19.80	1.18	3.44	1.27	**197.36**
(ii) Others	246.16	24.40	2.05	8.44	2.84	**283.89**
(iii) Disputed dues- MSME	-	-	-	-	-	**-**
(iii) Disputed dues- Others	-	-	-	-	-	**-**
Subtotal	**417.83**	**44.20**	**3.23**	**11.88**	**4.11**	**481.25**
Unbilled trade payable*						**124.61**
Total						**605.86**

Particulars	Not Due	Outstanding for the following period from due date of payments				Total
		Less than a year	1-2 years	2-3 years	More than 3 years	
As at March 31, 2021						
(i) MSME	274.21	23.59	3.44	3.68	-	**304.92**
(ii) Others	33.19	611.68	41.80	1.80	-	**688.47**
(iii) Disputed dues- MSME	-	-	-	-	-	**-**
(iii) Disputed dues- Others	-	-	-	-	-	**-**
Subtotal	**307.40**	**635.27**	**45.24**	**5.48**	**-**	**993.39**
Unbilled trade payable*						**107.66**
Total						**1,101.05**

*Includes year-end accruals.

14 Other financial liabilities

	As at March 31, 2022	As at March 31, 2021
Derivative instruments at fair value through profit or loss		
Derivative not designated as hedges		
Foreign exchange forward contracts	7.50	0.96
At amortised cost		
Employee related payables	26.16	12.71
Other Payables to group company	32.05	149.00
Total	**65.71**	**162.67**

15 Current provisions

	As at March 31, 2022	As at March 31, 2021
Provision for employee benefits		
Provision for gratuity (refer note 29 (a))	24.43	15.10
Provision for leave encashment	18.98	54.61
	43.41	**69.71**
Other provisions		
Provision for onerous contracts	34.09	6.71
Provision for warranties	55.54	75.16
	89.63	**81.87**
Total	**133.04**	**151.58**

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. 5.55 higher or lower (March 31, 2021 Rs. 7.52).

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.

	Provision for onerous contracts	Provision for warranties
As at April 1, 2021		
Balance at the beginning	6.71	75.16
Additional provision recognised	35.50	22.39
Utilised/ Reversed	(8.12)	(42.01)
As at March 31, 2022	**34.09**	**55.54**
Current	34.09	55.54
Non-Current	-	-
Total	**34.09**	**55.54**

Notes to financial statements for the year ended March 31, 2022
(All amounts in Rupees lakh, unless otherwise stated)

16 Other liabilities

	As at March 31, 2022	As at March 31, 2021
Unearned revenue (Contract liabilities)	449.59	773.68
Customer advance (Contract liabilities)		
(i) Related parties (refer note 30(e))	168.84	128.89
(ii) Others	190.13	34.02
Statutory dues and other liabilities*	13.66	34.28
Total	**822.22**	**970.87**

*includes GST, tax deducted at source, professional tax, provident fund etc.

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

17 Revenue from operations

(a) Revenue from contracts with customers:

	March 31, 2022	March 31, 2021
Revenue from projects and products	1,889.05	6,288.46
	1,889.05	**6,288.46**

(b) Other operating income

	March 31, 2022	March 31, 2021
Export Incentive	0.33	-
Exchange fluctuation (loss) / gain (net)	(13.56)	(27.84)
Total	**(13.23)**	**(27.84)**
Total revenue from operations	**1,875.82**	**6,260.62**

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

i) Revenue by category of contracts:

	March 31, 2022	March 31, 2021
Over a period of time basis	1,570.85	5,631.75
At a point-in-time basis	318.20	656.71
Total revenue from contracts with customers	**1,889.05**	**6,288.46**

Revenue by geographical market:

	March 31, 2022	March 31, 2021
Within India	1,867.85	6,275.32
Outside India	21.20	13.14
Total revenue from contracts with customers	**1,889.05**	**6,288.46**
Other operating income	(13.23)	(27.84)
Total revenue from operations	**1,875.82**	**6,260.62**

ii) Contract balances

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

	As at March 31, 2022	As at March 31, 2021
Trade receivables (refer note 8)	772.98	1,422.95
Unearned revenue (Contract liabilities) (refer note 16)	449.59	773.68
Customer advances (Contract liabilities) (refer note 16)	358.97	162.91

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

	March 31, 2022	March 31, 2021
Unearned revenue	473.36	550.97
Customer advance	74.12	647.83

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, 2022	March 31, 2021
Opening unbilled revenue (refer note 6)	-	5.90
Opening unearned revenue (refer note 16)	773.68	581.62
	(773.68)	**(575.72)**
- Transfer of contract assets to receivable from opening unbilled revenue	-	(2.14)
- Increase in revenue as a result of changes in the measure of progress from the opening unearned revenue	473.36	550.97
- Transfer of contract assets to receivable	(1,274.14)	(5,818.43)
- Increase in revenue as a result of changes in the measure of progress	1,097.49	5,080.78
- Others*	27.38	(9.14)
	324.09	**(197.96)**
Closing unbilled revenue (refer note 6)	-	-
Closing unearned revenue (refer note 16)	449.59	773.68
	(449.59)	(773.68)

* 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.

	March 31, 2022	March 31, 2021
Amount of revenue yet to be recognised for contracts in progress as on March 31	6.89	139.00

The Company expects that a significant portion of the remaining performance obligation will be completed within next 2 years.

(All amounts in Rupees lakh, unless otherwise stated)

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.

18 Other income

	March 31, 2022	March 31, 2021
Interest income from financial assets at amortised cost		
Bank deposits	45.28	57.23
Others	0.15	1.03
Liabilities no longer required written back	5.93	8.84
Fair value gain on financial instrument at fair value through profit and loss	-	0.14
Miscellaneous income	4.54	0.96
Total	**55.90**	**68.20**

19 Projects bought outs and components consumed

	March 31, 2022	March 31, 2021
Inventories at the beginning of the year	169.44	-
Projects bought outs and Components	1,332.36	5,331.98
	1,501.80	**5,331.98**
Inventories at the end of the year	-	(169.44)
	1,501.80	**5,162.54**
Less: Capitalised during the year	-	-
Total	**1,501.80**	**5,162.54**

20 (Increase) in inventories of finished goods and work in progress

	March 31, 2022	March 31, 2021
Inventories at the beginning of the year		
Work-in-progress	26.25	-
Finished goods	15.42	-
	41.67	**-**
Less: inventories at the end of the year		
Work-in-progress	-	(26.25)
Finished goods	(244.71)	(15.42)
	(244.71)	(41.67)
Total	**(203.04)**	**(41.67)**

21 Employee benefits expense

	March 31, 2022	March 31, 2021
Salaries,wages and bonus	231.08	602.94
Contribution to provident and other funds	22.17	58.56
Gratuity expense (refer note 29 (a))	26.63	9.69
Staff welfare expenses	2.29	5.09
Total	**282.17**	**676.28**

22 Finance cost

	March 31, 2022	March 31, 2021
Interest expense:		
- Bank	0.66	2.18
- Others	2.09	2.00
Total	**2.75**	**4.18**

23 Depreciation and amortisation expense

	March 31, 2022	March 31, 2021
Depreciation of property, plant and equipment (refer note 4(a))	0.07	0.80
Amortisation of intangible assets (refer note 4(b))	13.27	10.98
Total	**13.34**	**11.78**

24 (a) Other expenses

	March 31, 2022	March 31, 2021
Consumption of stores and spare parts	2.23	13.71
Power and fuel	-	0.11
Freight and forwarding charges (net)	94.83	238.17
Site expenses and Contract labour charges	77.73	163.09
Drawing, design and technical service charges	-	5.67
Advertisement and sales promotion	0.01	0.36
Rent	3.74	1.13
Rates and taxes	0.54	0.12
Insurance	2.44	7.09
Repairs and maintenance : Others	12.19	18.89
Travelling and conveyance	15.01	16.30
Legal and professional fees (includes payment to auditor, refer note 24(b))	16.88	51.50
Commission on Sales	0.29	0.49
Provision for impairment allowance of financial asset (net)	(44.29)	(28.24)
Warranty expenses (net)	(18.91)	(10.80)
Miscellaneous expenses (includes printing, communication, postage, security expense, etc.)	10.57	33.40
Total	**173.26**	**510.99**

(b) Payment to auditors

	March 31, 2022	March 31, 2021
As auditor		
Audit Fee	7.50	6.00
Tax audit fee	-	-
In other capacity		
Other services	-	-
Reimbursement of expenses	-	0.15
Total	**7.50**	**6.15**

25 Income Taxes

	March 31, 2022	March 31, 2021
Current Tax	11.43	-
Deferred Tax	-	-
Total	**11.43**	**-**

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

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, 2022 and March 31, 2021 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

Notes to financial statements for the year ended March 31, 2022
(All amounts in Rupees lakh, unless otherwise stated)

has tax losses which arose in India of Rs. 963.73 (March 2021: Rs. 1006.35) that are available for offsetting for eight years against future taxable profits. The unabsorbed depreciation in India is Rs. 13.03 (March 2021: Rs. 13.03) that are available for offsetting without any limit subject to certains terms. Deferred tax assets has not been recognised in books because of uncertainity of future taxable profits.

26 Components of Other Comprehensive Income (OCI)

The disaggregation of changes to OCI by each type of reserve in equity is shown below:

	Retained Earnings
During the year ended March 31, 2022	
Re-measurement gains on defined benefit plans	14.90
Total	**14.90**
During the year ended March 31,2021	
Re-measurement (losses) on defined benefit plans	(7.20)
Total	**(7.20)**

27 Earning per share

	March 31, 2022	March 31, 2021
Net profit attributable to the Equity shareholders of the Company	150.01	4.72
Weighted average number of Equity shares of Rs.10/- each	20,000,000	20,000,000
Basic and Diluted Earning per share	0.75	0.02

28 Lease commitments

Operating lease: Company as lessee

The Company had taken office buildings on a short term cancellable operating lease from the Holding company. During the previous year, the management service agreement was terminated and during current year the Company has entered into Rent agreement which includes office space from the Holding Company. The Company has also taken guest house and other equipments on a short term cancellable operating lease. There were no sub-leases.

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

	March 31, 2022	March 31, 2021
Lease payments for the year	3.74	1.13

29 (a) Gratuity

The Company operates a defined benefit plan viz. gratuity for its employees. Under the gratuity plan, every employee who has completed five years of service gets a gratuity on departure at 15 days (minimum) of the last drawn salary for each completed year of service. The scheme is funded with an insurance Company in the form of qualifying insurance policy.

The fund has formed a trust and it is governed by the Board of Trustees. The fund is subject to risks like changes in assets yields. In managing the plan assets, Board of Trustees reviews and manages these risks associated with the funded plan. Each year, the Board of Trustees reviews the level of funding in the gratuity plan. The Board of Trustees aim to keep annual contributions relatively stable at a level such that no plan deficits (based on valuation performed) will arise.

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

Particulars	Present value of obligation	Fair value of plan assets	Net amount
April 1, 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**
Current service cost	12.20	-	12.20
Interest expense/(income)	2.95	(5.04)	(2.09)
Transfer in / (out)	(66.85)	83.37	16.52
Total amount recognised in Profit or Loss	**(51.70)**	**78.33**	**26.63**
Experience adjustments	-	-	-
Actuarial (gain)/loss from change in financial assumptions	(13.94)	(0.96)	(14.90)
Total amount recognised in Other Comprehensive Income	**(13.94)**	**(0.96)**	**(14.90)**
Employer contributions	-	(3.00)	(3.00)
Moratlity charges	-	(0.60)	(0.60)
Benefits paid/ transfer out	(18.37)	18.37	-
March 31, 2022	**38.14**	**(13.71)**	**24.43**

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

	March 31, 2022	March 31, 2021
Present value of funded obligation	38.14	122.15
Fair value of plan assets	(13.71)	(107.05)
Net Liability	**24.43**	**15.10**

III Significant assumptions

The significant actuarial assumptions were as follows :

Particulars	March 31, 2022	March 31, 2021
Discount rate	6.90%	6.40%
Salary growth rate		
-for first year	7.00%	8.00%
-thereafter	7.00%	8.00%
Expected return on plan assets	6.40%	6.30%
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	12%	10%

(All amounts in Rupees lakh, unless otherwise stated)

IV Sensitivity assets

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

Assumption	Impact on defined benefit obligation	
	March 31, 2022	March 31, 2021
Discount rate		
1.00% increase	Decrease by 1.91	Decrease by 7.81
1.00% decrease	Increase by 2.09	Increase by 8.76
Future salary increase		
1.00% increase	Increase by 1.70	Increase by 7.38
1.00% decrease	Decrease by 1.59	Decrease by 6.74
Attrition Rate		
1.00% increase	Decrease by 0.01	Decrease by 0.66
1.00% decrease	Increase by 0.01	Increase by 0.73

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 :

	March 31, 2022	March 31, 2021
Within next 12 months	5.24	15.03
Between 2-5 years	26.79	50.52
Between 6-10 years	30.75	131.55

V The major categories of plan assets are as follows:

	March 31, 2022	March 31, 2021
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. 7.66 (March 31, 2021 Rs. 30.14)

The Company has also made contibution to super annuation funds and National Pension Scheme (NPS) amounting to Rs. 13.84 (March 31, 2021: Rs. 28.42)

30 Related party disclosures

(a) Parent entities

Sr No.	Particulars	Place of business/ Country of incorporation	Ownership interest		Type
			March 31, 2022	March 31, 2021	
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	Hemant Mohgaonkar	Director (upto June 25, 2020)
2	Ravinder Advani	Director (upto January 27, 2021)
3	Rajendran Arunachalam	Director
4	Venkatesh Balasubramanian	Director (upto May 3, 2021)
5	Dinesh Badgandi	Chief Executive Officer (upto May 3, 2021) and Director (upto May 3, 2021)
6	B. C. Mahesh	Director (w.e.f. May 3, 2021)
7	Sunil Raina	Director (w.e.f. May 3, 2021)
8	Ravi Shewade	Manager (w.e.f. May 3, 2021)
9	Dinesh Sheth	Chief Financial Officer (upto July 27, 2021)
10	Ajit Sharma	Chief Financial Officer (w.e.f. July 27, 2021)
11	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, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
a.Transactions during the year						
Revenue from contracts with customer	859.00	1,963.27	-	-	859.00	1,963.27
Expenses Recovered	25.89	18.10	-	-	25.89	18.10
Purchase of Intangible Asset	-	7.05	-	-	-	7.05
Projects bought outs and Components	-	114.62	-	-	-	114.62
Rent paid	2.84	-	-	-	2.84	-
Management service fees	-	28.69	-	-	-	28.69
Remuneration to Key management personnel	25.45	21.57	-	-	25.45	21.57
Corporate Overheads	8.40	12.00	-	-	8.40	12.00
Repairs and maintenance : others	7.09	18.50	-	-	7.09	18.50
Reimbursement of expenses	31.41	7.68	-	0.07	31.41	7.75

(e) Balances with Related parties:

	Thermax Limited		Thermax Engineering Construction Co. Ltd		Total	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
b.Balances as at the year end						
Trade receivables	140.53	587.67	-	-	140.53	587.67
Customer advances	168.84	128.89	-	-	168.84	128.89
Trade payables	60.34	168.86	-	0.08	60.34	168.94
Other financial liability	32.05	149.00	-	-	32.05	149.00
Corporate guarantee received	3,500	3,500	-	-	3,500.00	3,500.00

(f) KMP Remuneration

	March 31, 2022	March 31, 2021
Ravi Shewade	25.25	-
Dinesh Badgandi	-	48.78
Dinesh Sheth	5.18	17.73
Ajit Sharma	15.46	-
Kajal Kabra	4.81	3.84

Notes to financial statements for the year ended March 31, 2022
(All amounts in Rupees lakh, unless otherwise stated)

(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.

31 Fair value measurements

(a) Category of financial instruments and valuation techniques

Details of financial assets carried at amortised cost

	As at March 31, 2022	As at March 31, 2021
Trade receivables	772.98	1,422.95
Other financial assets	1.56	126.70
Cash and cash equivalents	79.28	3.82
Bank balances other than cash and cash equivalents	1,058.81	963.52
Total	**1,912.63**	**2,516.99**
Current assets	1,911.07	2,390.36
Non-current assets	1.56	126.63
Total	**1,912.63**	**2,516.99**

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 liabilities carried at amortised cost

	As at March 31, 2022	As at March 31, 2021
Borrowings	-	8.79
Trade payable	605.86	1,101.05
Employee related payables	26.16	12.71
Other payables	32.05	149.00
Total	**664.07**	**1,271.55**
Current liabilities	664.07	1,271.55
Non-current liabilities	-	-
Total	**664.07**	**1,271.55**

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

Details of derivative liabilities

	As at March 31, 2022	As at March 31, 2021
Derivative instruments		
Derivative not designated as hedges		
Foreign exchange forward contracts	7.50	0.96
Total	**7.50**	**0.96**
Current liabilities	7.50	0.96
Non-current liabilities	-	-
Total	**7.50**	**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.

32 Financial risk management

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

Risk is inherent in the Company's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing profitability and each individual within the Company is accountable for the risk exposures relating to his or her responsibilities. The Company is exposed to market risk, credit risk and liquidity risk.

The Company's Board of Directors is ultimately responsible for the overall risk management approach and for approving the risk strategies and principles.

I Market risk is the risk that the value of an asset will fluctuate as a result of changes in market variables such as interest rates, foreign exchange rates and equity prices, whether those changes are caused by factors specific to the individual investment or its issuer or factors affecting all investments traded in the market.

Market risk is managed on the basis of pre-determined asset allocations across various asset categories, diversification of assets in terms of geographical distribution and industry concentration, a continuous appraisal of market conditions and trends and management's estimate of long and short term changes in fair value.

a **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not currently exposed significantly to such risk.

b **Foreign currency risk**

Foreign exchange risk arises when future commercial transactions and relevant assets and liabilities are denominated in a currency that is not the Company's functional currency. Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

c **Price risk**

The Company is not exposed to such kind of risk.

II **Credit risk**

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

Trade receivables

Customer credit risk is managed as per the Company's established policy, procedures and control relating to customer credit risk management. An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous group and assessed for impairment collectively. The calculation is based on losses as per historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in notes 8 above. The charge of impairment to Statement of profit and loss is diclosed in note 24(a) above. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

(All amounts in Rupees lakh, unless otherwise stated)

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, 2022 and March 31, 2021 is the carrying amounts as disclosed in Note 5(a), 9(a) and 9(b).

III Liquidity risk

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

The management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. In addition, the Company's liquidity management policy involves projecting future cash flows and considering the level of liquid assets necessary to meet these and monitoring balance sheet liquidity ratios against internal requirements.

(i) Maturities of financial liabilities

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

March 31, 2022	< 1 year	1 to 3 years	> 3 years
Non- derivative			
Borrowings	-	-	-
Trade Payables	605.86	-	-
Other financial liabilities			
Employee related payable	26.16	-	-
Other Payables	32.05		
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	-	-

33 Key Financial Ratios

The following are analytical ratios for the year ended March 31, 2022 and March 31, 2021:

Particulars	Numerator	Denominator	As at March 31, 2022	As at March 31, 2021	Variance	Reasons for variance
Current ratio	Current assets	Current liabilities	1.38	1.13	22%	
Debt-equity ratio	Total debt i.e. borrowings (current+Non current)	Shareholder's equity	-	0.02	-100%	Bank overdraft outstanding at the end of previous year has been fully paid during the year.
Debt service coverage ratio	Earnings available for debt service^	Debt service *	-	1.59	-100%	
Return on equity ratio	Profit after tax	Average shareholder's equity	0.26	0.01	2626%	Improvement in profit is on account of reduction in overall costs such as employee benefit expenses and other expenses.
Inventory turnover ratio	Cost of goods sold#	Average inventories	5.70	48.51	-88%	Change in inventory turnover ratio is on account of decrease in product business and corresponding inventory.
Debtors turnover ratio	Revenue from contracts with customers	Average trade receivables	1.71	4.68	-64%	Reduction in debtors turnover ratio is on account of recovery of aged receivables on account of project closure during the year.
Trade payables turnover ratio	Total supplier purchases	Average trade payables	2.04	4.05	-50%	Change in the ratio is on account of reduction in overall business activities during the year.
Net capital turnover ratio	Revenue from contracts with customers	Working capital **	3.04	20.02	-85%	
Net profit ratio	Profit after tax	Revenue from contracts with customers	0.08	0.00	10507%	Improvement in profit is on account of reduction in overall costs such as employee benefit expenses and other expenses (including reversal of project related provisions due to completion of milestones)
Return on capital employed (ROCE)	Profit before tax + finance cost	Capital employed ***	0.25	0.02	1279%	
Return on investment (ROI)	Profit after tax	Shareholder's equity	0.23	0.01	2275%	

Explanations:
^ Profit after tax + finance cost + depreciation and amortization for the year
* Current borrowings + Interest paid
** Total current assets - Total current liabilities
*** Total equity
#Projects bought outs and components consumed + Increase in inventories of finished goods and work in progress

Notes to financial statements for the year ended March 31, 2022
(All amounts in Rupees lakh, unless otherwise stated)

34 Capital 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.

35 Other Statutory Information

(i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.

(ii) The Company do not have any transactions with companies struck off.

(iii) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period,

(iv) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

(v) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

(vi) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,

(vii) The Company has not made any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

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 12, 2022

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

Ravi Shewade
Manager

Ajit Sharma
Chief Financial Officer

Kajal Kabra
Company Secretary

Place: Pune
Date: May 12, 2022

Thermax Babcock & Wilcox Energy Solutions Limited

(formerly Thermax Babcock & 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, Ground Floor
Panchshil Tech park,
Yerawada, Pune - 411006.

Key Managerial Personnel
Pravin Karve, Chief Executive Officer
Bhavesh Chheda, 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,
Union Bank of India

Manufacturing Facility
Plot No. A-2 & A-3, Khandala Industrial Area, Phase-I, MIDC, Village Kesurdi, Tal-Khandala, Dist. Satara-412802, Maharashtra.
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 Twelfth Annual Report, together with the audited financial statements of your company for the year ended March 31, 2022. The Company has got converted from a private limited company to a public limited company and consequently the name of the company has changed from "Thermax Babcock & Wilcox Energy Solutions Private Limited" to "Thermax Babcock & Wilcox Energy Solutions Limited".

FINANCIAL RESULTS

(Rs.in crore)

Particulars	2021-22	2020-21
Total income	**1647.48**	1267.09
Profit/(Loss) before exceptional items and tax	**89.28**	21.26
Exceptional items	**--**	3.30
Profit /(Loss) before tax	**89.28**	17.96
Current Tax	**--**	--
Deferred tax	**22.83**	8.93
Profit/ (Loss) for the year	**66.45**	9.03

PERFORMANCE

The company is a wholly owned subsidiary of Thermax Limited.

Building upon the expanded product line, your Company has generated sizable additional revenue & order book. Your company has achieved growth of more than 25% in Revenue & more than 50% in order booking.

During the year, the company continued its efforts in offering Green Renewable Energy Solutions to its clients by building new products & expanding the existing product lines. The company has continued its efforts in utilizing process waste such as Non-Recyclable Solid Waste from Paper Plants, Spent Wash from Distilleries, Lignin Residue from 2G Ethanol plants along with traditional biomass like Bagasse, Rice Straw, Rice Husk, etc. With this experience, your company is poised to deliver more and more Green solutions in years to come.

AMOUNTS TRANSFERRED TO RESERVES

There was no transfer to reserves during the reporting period.

DIVIDEND

The directors do not recommend any dividend for the year.

MATERIAL CHANGES AND COMMITMENTS

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this financial statement relates and the date of this report.

CHANGES IN SHARE CAPITAL, IF ANY

There was no change in the share capital of the company.

DETAILS OF SUBSIDIARY, JOINT VENTURE OR ASSOCIATE COMPANIES

The Company does not have any Subsidiary, Joint Venture or Associate Company.

DEPOSITS

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

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details of Loans, Guarantees and Investments covered under the provisions of section 186 of the Companies Act, 2013 are given in the Financial Statements.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

The company has constituted the Audit & Risk Management Committee in accordance with the provisions of the Companies Act, 2013 and thus direct access to the Chairman of the Audit & Risk Management Committee in exceptional or appropriate cases would be provided in the said mechanism.

EMPLOYEE STRENGTH

The total number of permanent staff and workmen as on March 31, 2022, was 1255.

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.

INTERNAL AUDIT

The Internal audit at Thermax Group is largely carried out by the in-house Internal Audit Department with co-sourcing support. For scope determination, planning the audit and conducting reviews, the Internal audit department has been consistently following an audit cycle of July to June every year, which ensures review of transactions included in financial year April to March. The internal audit is risk based with a focus on controls for management of enterprise risks. The Directors consider this approach to meet the desired purpose of Internal Audit.

BOARD EVALUATION

Annual evaluation of the Board was conducted during the year.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Directors

Mrs. Rajani Kesari was appointed as an additional Director w.e.f. May 13, 2021 and her appointment was regularized on May 14, 2021.

As per the provisions of the Companies Act, 2013 and the company's Articles of Association, Mr. Pravin Karve retires by rotation and being eligible offers himself for re-appointment as director.

Key Managerial Personnel (KMP)

Mrs. Lata Kumar, CFO of the company has tendered resignation on July 29, 2021 and Mr. Bhavesh Chheda was appointed as the CFO w.e.f. July 29, 2021.

Board Meetings

During the year, the Board met five times on May 7, 2021, May 21, 2021, July 29, 2021, November 8, 2021 and January 27, 2022.

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, 2022, 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, 2022 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.

DETAILS REGARDING FRAUDS REPORTED BY AUDITORS UNDER SECTION 143(12)

During the year under review, there were no frauds reported by the auditors to the Audit & Risk Management Committee or the Board under section 143(12) of the Act.

THE INSOLVENCY AND BANKRUPTCY CODE, 2016

During the year there is no proceeding pending under the Insolvency and Bankruptcy Code, 2016 and there is no instance of onetime settlement with any Bank or Financial Institution.

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 Ltd.

Place: Pune,
Date: May 18, 2022

Ashish Bhandari
Chairman

Annexure- 1

Energy Conservation, Technology Absorption and Foreign Exchange Earnings & Outgo

[Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014]

A. Conservation of Energy

(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.

b. Fuel:

During this year, there is no new project implemented.

c. Water:

The company continued its efforts to conserve water resources by recycling a major portion of its wastewater and reducing its water consumption as well as controlling water losses in manufacturing and office locations of the company. These efforts at factory locations of Pune, Savli, Mundra, Shirwal have resulted in saving 43,297 m3 water during the year.

(ii) Steps taken by the company for utilising alternate sources of energy:

The company continues its efforts to utilise alternate sources of energy at plant locations. The total installed capacity of 772 kWp of rooftop captive solar power generation projects at Savli, and Energy house office at Pune. The energy house has generated 51,557 units during year.

The company has planned to procure renewable power at Shirwal plant through open access mechanism and initiated the necessary arrangements at plants this year. This project will be commissioned in next year.

Expenditure on R&D- Nil

Foreign exchange Earnings and Outgo

During the year the company had net foreign exchange inflow and outflow of Rs. 122 crore.

Annexure 2

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
For the Financial Year Ended March 31, 2022

[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 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 Limited (CIN: U29253MH2010PLC204890)** (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, 2022 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, 2022 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: A04182424D000548891
Date: May 18, 2022
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"
(01/04/2021 TO 31/03/2022)

To,
The Members,
THERMAX BABCOCK & WILCOX ENERGY SOLUTIONS LIMITED

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have verified the original physical records kept with the office of the company. We also have received the copies of the required documents 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: A04182424D000548891
Date: May 18, 2022
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 lives and efficiency of existing plants. The company serves its own as well as competitors' 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 Southeast Asia, Middle East, Africa and Europe.

ECONOMIC REVIEW

Global Economy

During the financial year 2021-22, the global economy had shown signs of recovery with growth in consumption. However, continued inflationary trend in key raw materials & oil and the political turmoil caused in Europe has dampened the recovery and the probability of a recession is now very real. We expect this pressure on economic recovery to continue for some time & expect everyone to trade cautiously in conducting business.

Indian Economy

On the domestic front, the Indian GDP is likely to recover & show growth in excess of 7.5%. This positive trend has resulted in buoyancy in certain market segments like Crude Oil Refinery, Steel, Cement, Distillery, Paper etc. Most of the investments are now moving towards greener & carbon neutral energy. Your company is well poised to take advantage of this trend with environmentally friendly products & applications.

Operational Performance

Building upon the expanded product line, your Company has generated sizable additional revenues (>25%) & a bigger order book (>50%).

During the year, the company focused on offering Green Renewable Energy Solutions to its clients by building new products & expanding the existing product lines. The company has also continued to win contracts for plants that utilise process waste, such as Non-Recyclable Solid Waste from Paper Plants, Spent Wash from Distilleries, Lignin Residue from 2G Ethanol plants along with traditional biomass like Bagasse, Rice Straw, Rice Husk, etc. With this experience, your company is poised to deliver more green solutions in years to come to help our clients achieve their Sustainability Goals.

The order for a large pre-assembled Plug & Play Waste Heat Boiler to be used in a large Crude Oil Refinery in Latin America, that was booked last year, is nearing completion. This firmly establishes your company as a leading supplier of Plug & Play modules from India.

Building on the success of specially designed boilers to burn bio residues coming from a 2G Bio Refinery, the company has received two more orders for this application. These orders will pave the way for it becoming a leading player in the emerging market of 2G Ethanol. Development of these products would help India achieve its goal of Net Zero carbon emissions by 2070.

The company's focus on collection of outstanding amounts and on reduction of inventories to optimal levels has helped the company to continue with the trend of negative working capital.

FINANCIAL PERFORMANCE

In FY 2021-22, the company's revenue was Rs. 1,647 crores as compared to the previous year's Rs. 1,267 crores. The profit before tax and exceptional items was Rs. 89 crores (last year Rs. 21 crores). The profit of this year is higher due to increased revenue & efficient management of costs.

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.

2. Your Company's work with modularization which maximizes Indian value added to an international project whilst minimising the site work, thus being well aligned to the Government's vision of "Make in India" & the customer's imperative of lower costs, higher quality & faster installation.

3. Your company has indigenized the technology obtained for Municipal Solid Waste (MSW) incineration systems. The company expects this market to open up in the near future.

Threats

1. Continued inflationary trends in the prices of steel & other commodities is creating huge cost pressures on the company. This not only negatively affects profitability but also causes delays due to erratic availability of raw materials. The company is trying to mitigate these effects with closer working with vendors & supply chain partners.

2. The political tussle in Europe is creating uncertainty in business growth & costs. Your company is monitoring the situation closely to ensure that we are able to take swift actions in line with the challenges posed by the developing situation.

RISK MANAGEMENT

The company is integrated within the Parent company's Enterprise Risk Management (ERM) framework for identification, assessment, mitigation and reporting of risks. The Risk Management Council of the parent company carries out a detailed review of key risks facing the Group, its impact on strategic decisions and mitigation measures. The review of these risks is done based on the important changes in the external environment, which have a significant bearing on the risks. The company actively keeps track of changes in the domestic economic environment, geopolitical developments, key commodity prices such as 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. 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 and are in line with the ESG goals set by the Parent Company.

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 sites.

There was one incidence of Fatal Accident in the company's Savli factory in FY 21-22.

HUMAN RESOURCE

Your company's focuses on taking care of all the Human Resources & training them to continuously upgrade the skills. Several training programs including Management Development Program (MDP) for middle management are continued for all the employees.

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.

CSR REPORT FOR THE FINANCIAL YEAR 2021-22

1.	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
2.	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		

3. Average net profit of the company as per section 135(5): Rs. 12.84 Crore

4. (a) Two percent of average net profit of the company as per section 135(5): **Rs. 25.68 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. 25.68 Lakhs**

5. (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. 25.68 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.
	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	25,68,000	No	Thermax Foundation	CSR00009825
	TOTAL					25,68,000			

(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. 25,68,000**

Sl. No.	Particulars	Amount (in Rs.)
(i)	Two percent of average net profit of the company as per section 135(5)	**25,68,000**
(ii)	Total amount spent for the Financial Year	**25,68,000**
(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)]	-

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

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

7.

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

8. 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**

Pravin Karve
(CEO)

Ashish Bhandari
(Chairman of the Board)

Independent Auditor's Report

To the Members of Thermax Babcock & Wilcox Energy Solutions Limited (formerly known as 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 Limited ("the Company"), which comprise the Balance sheet as at March 31 2022, 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, 2022, 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

We draw attention to note 29(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 earlier years. The Parent Company has filed an appeal against the said orders.

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 the annexure to the Director's Report in 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 and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these 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, 2020 ("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 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, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 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, 2022 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 29 to the financial statements;

      ii) The Company has made provision, as required under the applicable law or accounting standards, or 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.

      iv. a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

      b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

      c) Based on such audit procedures that were considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

      v. No dividend has been declared or paid during the year 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: 22501160AJFETO5281

Place of Signature: Pune

Date: May 18, 2022

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

Re: Thermax Babcock & Wilcox Energy Solutions Limited ("the Company")

i. (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(B) The Company has maintained proper records showing full particulars of intangibles assets.

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

(c) The title deeds of all the immovable properties (other than properties where the Company is the lessee, and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.

(d) The Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended March 31, 2022.

(e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

ii. (a) The inventory has been physically verified by the management during the year except for inventories lying with third parties. In our opinion, the frequency of verification by the management is reasonable and the coverage and procedure for such verification is appropriate. Inventories lying with third parties have been confirmed by them as at March 31, 2022 and discrepancies were not noticed in respect of such confirmations. Discrepancies of 10% or more in aggregate for each class of inventory were not noticed in respect of such physical verification and confirmations.

(b) The Company has not been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks or financial institutions during any point of time of the year on the basis of security of current assets. Accordingly, the requirement to report on clause 3(ii)(b) of the Order is not applicable to the Company.

iii. (a) During the year the Company has provided loans, advances in the nature of loans, stood guarantee and provided security to companies, firms, Limited Liability Partnerships or any other parties as follows:

(Amount Rs. Crores)

	Guarantees	Security	Loans	Advances in nature of loans
Aggregate amount granted/ provided during the year	Nil	Nil	0.57	Nil
a) Subsidiaries b) Joint Ventures c) Associates d) Others	Nil	Nil	a), b) and c) – Nil d) - 0.57	Nil
Balance outstanding as at balance sheet date in respect of above cases a) Subsidiaries b) Joint Ventures c) Associates d) Others	Nil	Nil	a), b) and c) – Nil d) – 0.57	Nil

(b) During the year the investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans, investments and guarantees to companies, firms, Limited Liability Partnerships or any other parties are not prejudicial to the Company's interest.

(c) The Company has granted loans during the year to companies, firms, Limited Liability Partnerships or any other parties where the schedule of repayment of principal and payment of interest has been stipulated and the repayment or receipts are regular

(d) There are no amounts of loans and advances in the nature of loans granted to companies, firms, limited liability partnerships or any other parties which are overdue for more than ninety days.

(e) There were no loans or advance in the nature of loan granted to companies, firms, Limited Liability Partnerships or any other parties which was fallen due during the year, that have been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same parties.

(f) The Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company.

(iv) There are no loans, investments, guarantees, and security in respect of which provisions of sections 185 and 186 of the Act, are applicable and accordingly, the requirement to report on clause 3(iv) of the Order is not applicable to the Company.

(v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.

(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 goods and services tax, provident fund, employees' state insurance, income-tax, duty of custom, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases. The provisions relating to sales tax, service tax, duty of excise and value added tax are not applicable to this Company.

According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(b) The dues of goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess, and other statutory dues have not been deposited on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Amount (Rs. Crores)^	Period to which the amount relates	Forum where the dispute is pending
The Central Excise Act, 1944	Excise duty	1,238.85	FY 2000-01 to FY 2016-17	CESTAT
Income Tax Act, 1961	Income tax	68.72	AY 2011-12, AY 2012-13 and AY 2017-18	Appellate Tribunal, Mumbai
		48.92	AY 2013-14 to AY 2016-17	Commission of Income Tax (Appeals), Mumbai

Name of the statute	Nature of the dues	Amount (Rs. Crores)^	Period to which the amount relates	Forum where the dispute is pending
Central Sales Tax and Local Sales tax (Maharashtra, Tamil Nadu, Kerala and Gujarat)	Sales tax and Value Added Tax	2.32	FY 2003-04, 2006-07, 2007-08, 2009-10 to 2013-14	Appellate Tribunal
		3.89	FY 2006-07, 2008-09, 2010-11, 2013-14 and 2014-15, 2016-2017 and 2017-2018	Appellate Authority upto Commissioner Level

^ excluding interest and penalty thereon

The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.

(ix) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.

(b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c) The Company did not have any term loans outstanding during the year hence, the requirement to report on clause (ix)(c) of the Order is not applicable to the Company.

(d) On an overall examination of the financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on clause 3(ix)(e) of the Order is not applicable to the Company.

(f) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on Clause 3(ix)(f) of the Order is not applicable to the Company.

(x) (a) The Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.

(b) The Company has not made any preferential allotment or private placement of shares fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.

(xi) (a) No fraud by the Company or on by the Company has been noticed or reported during the year.

(b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by cost auditor/ secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) We have taken into consideration the whistle blower complaints received by the Company during the year while determining the nature, timing and extent of audit procedures.

(xii) The Company is not a nidhi Company as per the provisions of the Act. Therefore, the requirement to report on clause 3(xii)(a) to (c) of the Order is not applicable to the Company.

(xiii) Transactions with the related parties are in compliance with sections 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) (a) The Company has an internal audit system commensurate with the size and nature of its business.

(b) The internal audit reports of the Company issued till the date of our audit report, for the period under audit have been considered by us. However, the planned Internal audit scope for the year was not fully completed and as informed to us, the pending Internal audit scope is expected to be completed in the subsequent period.

(xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.

(xvi) (a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company.

(b) The Company has not conducted any Non-Banking Financial or Housing Finance activities without obtained a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.

(c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.

(d) The Group has one Core Investment Company as part of the Group.

(xvii) The Company has not incurred cash losses in the current and preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.

(xix) On the basis of the financial ratios disclosed in note 35 to the financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) (a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Act, in compliance with second proviso to sub section 5 of section 135 of the Act. This matter has been disclosed in note 27 (c) to the financial statements

(b) There are no unspent amounts in respect of ongoing projects, that are required to be transferred to a special account in compliance of provision of sub section (6) of section 135 of the Act. This matter has been disclosed in note 27 (c) to the financial statements.

(xxi) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on Clause 3(xxi) of the Order is 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: 22501160AJFETO5281

Place of Signature: Pune

Date: May 18, 2022

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 Limited ("the Company") as of March 31, 2022 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, 2022, 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: 22501160AJFETO5281

Place of Signature: Pune

Date: May 18, 2022

Thermax Babcock & Wilcox Energy Solutions Limited

(formerly Thermax Babcock & Wilcox Energy Solutions Private Limited)

BALANCE SHEET as at 31.03.2022

(All amounts in Rupees Crore, unless otherwise stated)

Particulars	Note No	As at March 31, 2022	As at March 31, 2021
Assets			
I. Non-current assets			
Property, plant and equipment	4 (a)	319.54	362.51
Capital work-in-progress	4 (a)	0.53	0.68
Right to use assets	4 (b)	43.91	44.75
Intangible assets	4 (c)	8.11	8.55
Financial assets:			
(a) Trade receivables	6 (a)	5.62	-
(b) Loans	7 (a)	0.88	0.49
(c) Other assets	8 (a)	13.24	13.21
Deferred tax assets (net)	9	73.83	97.01
Income tax assets (net)		9.15	5.76
Other assets	10 (a)	0.66	1.07
Total non-current assets		**475.47**	**534.03**
II. Current assets			
Inventories	11	185.02	76.62
Financial assets:			
(a) Investments	5	226.21	-
(b) Trade receivables	6 (b)	455.05	396.20
(c) Cash and cash equivalents	12 (a)	20.25	89.58
(d) Bank balances other than (c) above	12 (b)	232.70	186.60
(e) Loans	7 (b)	0.45	0.84
(f) Other assets	8 (b)	208.36	152.19
Other assets	10 (b)	142.97	107.87
Total current assets		**1,471.01**	**1,009.90**
Total assets		**1,946.48**	**1,543.93**
Equity and liabilities			
III. Equity			
Equity share capital	13	628.22	628.22
Other equity	14	(18.74)	(86.24)
Total equity		**609.48**	**541.98**
IV. Non-current liabilities			
Financial liabilities:			
(a) Borrowings	15 (a)	68.41	64.19
(b) Other liabilities	17 (a)	0.98	3.12
Provisions	18 (a)	14.27	13.25
Total non-current liabilities		**83.66**	**80.56**
V. Current liabilities			
Financial liabilities:			
(a) Borrowings	15 (b)	82.44	162.62
(b) Trade payables	16 (a)		
Total outstanding dues of micro and small enterprises		119.99	78.72
Total outstanding dues of creditors other than micro and small enterprises		308.90	203.43
(c) Other liabilities	17 (b)	22.48	20.23
Other liabilities	19 (a)	653.75	383.71
Provisions	18 (b)	65.78	72.68
Total current liabilities		**1,253.34**	**921.39**
Total equity and liabilities		**1,946.48**	**1,543.93**
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 Tridevlal Khandelwal
Partner
Membership No. 501160

Place: Pune
Date: May 18, 2022

For and on behalf of the Board of Directors of
Thermax Babcock & Wilcox Energy Solutions Limited

Rajendran Arunachalam
Director
DIN: 08446343

Pravin Karve
Director & CEO
DIN: 06714708

Bhavesh Chheda
Chief Financial Officer

Apurva Gupte
Company Secretary

Place: Pune
Date: May 18, 2022

Statement of profit and loss for the year ended March 31, 2022
(All amounts in Rupees Crore, unless otherwise stated)

Particulars	Note No.	Year ended March 31, 2022	Year ended March 31, 2021
Income			
Revenue from operations	20	1,624.58	1,255.03
Other income	21	22.90	12.06
Total Income (I)		**1,647.48**	**1,267.09**
Expenses			
Cost of raw materials and components consumed	22	996.86	776.95
(Increase) / Decrease in inventories of finished goods and work-in-progress	23	(14.42)	(4.40)
Employee benefits expense	24	149.41	135.69
Finance costs	25	14.23	29.89
Depreciation and amortisation expense	26	48.06	51.06
Other expenses	27 (a)	364.06	256.64
Total expenses (II)		**1,558.20**	**1,245.83**
Profit before exceptional items and tax (I - II)		**89.28**	**21.26**
Less: Exceptional item	38	**-**	**3.30**
Profit before tax		**89.28**	**17.96**
Tax expense	9		
Current tax		-	-
Deferred tax		22.83	8.93
Total tax expense		**22.83**	**8.93**
Profit for the year		**66.45**	**9.03**
Other comprehensive income			
A. Items that will be reclassified subsequently to profit or loss			
Net gain/(loss) on effective portion of cash flow hedges		1.71	6.28
Less: Income tax effect		(0.43)	(1.60)
	28 (b)	1.28	4.68
B. Items that will not be reclassified subsequently to profit or loss			
Re-measurement gain/(loss) of defined benefit plan		(0.31)	4.80
Less: Income tax effect		0.08	(1.22)
	28 (b)	(0.23)	3.58
Net other comprehensive income for the year (net of tax)		**1.05**	**8.26**
Total comprehensive income for the year		**67.50**	**17.29**
Earning per equity share (Basic and Diluted) [Nominal value per share Rs. 10/- (March 31, 2021: Rs. 10/-)]	28 (a)	1.06	0.14
Summary of significant accounting policies	2		
Summary of significant accounting judgements, estimates and assumptions	3		
The accompanying notes are an integral part of these financial statements.			

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

per Tridevlal Khandelwal
Partner
Membership No. 501160

Place: Pune
Date: May 18, 2022

For and on behalf of the Board of Directors of
Thermax Babcock & Wilcox Energy Solutions Limited

Rajendran Arunachalam
Director
DIN: 08446343

Pravin Karve
Director & CEO
DIN: 06714708

Bhavesh Chheda
Chief Financial Officer

Apurva Gupte
Company Secretary

Place: Pune
Date: May 18, 2022

Thermax Babcock & Wilcox Energy Solutions Limited

(formerly Thermax Babcock & Wilcox Energy Solutions Private Limited)

Cash flow statement for the year ended March 31, 2022

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

		Note No.	Year ended March 31, 2022	Year ended March 31, 2021
A)	**Cash flows from operating activities**			
	Profit before tax (after exceptional item)		89.28	17.96
	Adjustments to reconcile profit before tax to net cash flows			
	Depreciation on property, plant and equipment	26	46.12	48.44
	Amortisation of Right of Use Assets	26	0.84	0.72
	Amortisation of intangible assets	26	1.10	1.90
	Provision for impairment allowance of financial assets (net)	27 (a)	(6.12)	(15.47)
	Interest expense	25	10.22	25.65
	Unrealized foreign exchange gain		(3.19)	6.85
	Bad debts/ advances written off	27 (a)	1.34	2.04
	Unwinding of discount	25	4.01	4.24
	Interest income	21	(13.17)	(8.42)
	Fair value gain on financial instrument at fair value through profit and loss (net)	21	(3.69)	(1.87)
	Liabilities no longer required written back	21	(3.74)	(0.04)
	Profit/(Loss) on sale/discard of property, plant and equipment (net)	27 (a)	0.16	(0.59)
	Working capital adjustments			
	(Increase)/Decrease in trade receivables		(56.63)	225.75
	(Increase)/Decrease in inventories		(108.40)	53.49
	(Increase)/Decrease in other financial assets		(54.20)	112.17
	(Increase)/Decrease in other assets		(35.00)	29.82
	Increase/(Decrease) in trade payables		150.19	(81.17)
	Increase/(Decrease) in other liabilities		270.04	(127.73)
	(Decrease)/Increase in provisions		(9.89)	22.76
	Increase/(Decrease) in other financial liabilities		4.03	(7.36)
	Cash generated from operations		**283.30**	**309.14**
	Direct taxes paid (net of refunds received)		(3.39)	(4.27)
	Net cash flow from / (used in) operating activities		**279.91**	**304.87**
B)	**Cash flows from/(used in) investing activities**			
	Purchase of property, plant and equipment and intangible assets (Net)		(7.57)	(3.60)
	Proceeds from maturity of fixed deposits		(46.13)	(175.16)
	Sale / (purchase) of other investments (Net)		(226.21)	164.29
	Interest and dividend received		16.85	6.36
	Net cash flows (used in) investing activities		**(263.06)**	**(8.11)**
C)	**Cash flows from / (used in) financing activities**			
	Proceeds from borrowings	15	74.00	95.38
	Repayment of borrowings		(154.18)	(292.16)
	Interest paid		(6.00)	(21.44)
	Net cash flows (used in) / from financing activities		**(86.18)**	**(218.22)**
	Net increase/(decrease) in cash and cash equivalents		**(69.33)**	**78.54**
	Cash and cash equivalents at the beginning of the year		89.58	11.04
	Cash and cash equivalents at the end of the year		**20.25**	**89.58**

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

	Note No	March 31, 2022	March 31, 2021
Cash and cash equivalents	12 (a)	20.25	89.58
Cash and cash equivalents at the end of the year		**20.25**	**89.58**

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

per Tridevlal Khandelwal
Partner
Membership No. 501160

Place: Pune
Date: May 18, 2022

For and on behalf of the Board of Directors of
Thermax Babcock & Wilcox Energy Solutions Limited

Rajendran Arunachalam
Director
DIN: 08446343

Pravin Karve
Director & CEO
DIN: 06714708

Bhavesh Chheda
Chief Financial Officer

Apurva Gupte
Company Secretary

Place: Pune
Date: May 18, 2022

A Equity Share Capital#

	Note No.	March 31, 2022	March 31, 2021
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**

B Other Equity#

	Reserves and surplus			Other reserves	Total other equity
	Capital reserve	Retained earnings	Total	Effective portion of cash flow hedge reserve	
As at April 1, 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)**
Profit for the year (net of taxes)	-	66.45	**66.45**	-	**66.45**
Other Comprehensive Income (net)	-	(0.23)	**(0.23)**	1.28	**1.05**
Total comprehensive income	-	66.22	**66.22**	1.28	**67.50**
As at March 31, 2022	**156.91**	**(177.91)**	**(21.00)**	**2.26**	**(18.74)**

There are no adjustments on account of prior period errors or due to changes in accounting polices.

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

per Tridevlal Khandelwal
Partner
Membership No. 501160

Place: Pune
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1. Corporate information

Thermax Babcock & Wilcox Energy Solutions Limited (formerly known as 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. During the year, the Board has granted consent for conversion of the Company into a Public Limited Company. Consequently, the status of the Company has undergone changes.

The address of its registered office is Dhanraj Mahal, 2nd Floor, Chhatrapati Shivaji Maharaj Marg, Near Regal Cinema, Colaba, Mumbai 400039, India. These financial statements are authorized for issue by the Board of Directors on May 18, 2022. The CIN of the Company is U29253MH2010PLC204890.

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

Consequent to amendments to the Schedule III to the Companies Act, 2013, current maturities of long term borrowings (March 31, 2021: Rs 76 crores) have been presented as part of Short Term borrowings, which were previously disclosed under" Other financial liabilities and Security deposits (March 31, 2021: Rs 2.13 crores) have been presented as part of non-current financial assets, which were earlier included under non-current "Loans" and Security deposits (March 31, 2021: Rs 0.21 crores) have been presented as part of current financial assets, which was earlier included under current "Loans"

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 33)
- Financial instruments (including those carried at amortized cost) (Note 33)

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	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 (including bought out), components stores and spares are valued at lower of cost and estimated net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a weighted average basis.

Finished goods and work in progress are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost is determined on a weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale. Write down of inventories are calculated based on an analysis of foreseeable changes in demand, technology, market conditions and ageing of inventories.

g. Revenue recognition

i. Revenue from Contracts with customers

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

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

The Company has following streams of revenue:

- Revenue from Construction Contracts (Projects Revenue)

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 (products and scrap revenue)

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 Receivables: A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Also refer note 2.3(h) below.

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

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

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

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

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

The lease liability is initially measured at value of the future lease payments. Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

As a practical expedient, Ind AS 116 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.

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 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.

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 30.

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 33 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 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. 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.

3.3 New and amended standards

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, as below.

(i) **Ind AS 16 – Property Plant and equipment -** The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2022. The Company is in the process of evaluating the amendment.

(ii) **Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets –** The amendment specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2022, although early adoption is permitted. The Company is in the process of evaluating the amendment.

Notes to financial statements for the year ended March 31, 2022
All amounts are in Rupees Crore, except per share data and unless stated otherwise

4 (a) Property, plant and equipment

Particulars	Buildings	Plant and equipment	Office equipment	Computer	Furniture and fixtures	Vehicles	Total	Capital work in progress
Gross carrying amount as at April 1, 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**
Additions	-	0.65	0.20	2.56	-	0.16	3.57	3.42
Disposals/ Transfers/ Adjustment	-	(0.88)	(0.91)	-	(0.07)	(0.29)	(2.15)	3.57
Gross carrying amount as at March 31, 2022	**274.88**	**474.31**	**13.48**	**16.12**	**6.28**	**3.00**	**788.07**	**0.53**
Accumulated depreciation as at April 1, 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)	-
Accumulated depreciation as at March 31, 2021	**53.83**	**345.23**	**6.92**	**12.16**	**4.65**	**1.35**	**424.14**	**-**
Charge for the year	8.99	35.15	0.79	0.57	0.32	0.30	46.12	-
Disposals	-	(0.74)	(0.79)	-	-	(0.20)	(1.73)	-
Transfers/ Adjustments		1.02	(0.96)	0.01	(0.04)	(0.03)	-	-
Accumulated depreciation as at March 31, 2022	**62.82**	**380.66**	**5.96**	**12.74**	**4.93**	**1.42**	**468.53**	**-**
Net Block as at March 31, 2022	**212.06**	**93.65**	**7.52**	**3.38**	**1.35**	**1.58**	**319.54**	**0.53**
Net Block as at March 31, 2021	**221.05**	**129.31**	**7.27**	**1.40**	**1.70**	**1.78**	**362.51**	**0.68**

Capital work in progress majorly includes expenditure towards building facilities.
The Company has taken certain assets on lease which have been accounted in accordance with Ind AS 116, "Leases". Refer note 29 B (b) (i) for further disclosure on leases.

The ageing details for capital work in progress (CWIP) are as follows:

CWIP	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
As at March 31, 2022					
Project in progress	0.53	-	-	-	0.53
As at March 31, 2021					
Project in progress	0.68	-	-	-	0.68

For CWIP, there are no projects whose completion date is over due or exceeded its cost as compared to its original plan for the year ended and as at March 31, 2022 and March 31, 2021.

4 (b) Right to use assets

	Right to use assets
Gross carrying amount as at April 1, 2020	**47.90**
Additions	-
Disposals/ Transfers/ Adjustment	-
Gross carrying amount as at March 31, 2021	**47.90**
Additions	-
Disposals/ Transfers/ Adjustment	-
Gross carrying amount as at March 31, 2022	**47.90**
Accumulated depreciation as at April 1, 2020	**2.43**
Charge for the year	0.72
Disposals/ Transfers/ Adjustments	-
Accumulated depreciation as at March 31, 2021	**3.15**
Charge for the year	0.84
Disposals/ Transfers/ Adjustments	-
Accumulated depreciation as at March 31, 2022	**3.99**
Net Block as at March 31, 2022	**43.91**
Net Block as at March 31, 2021	**44.75**

All amounts are in Rupees Crore, except per share data and unless stated otherwise

4 (c) Intangible assets

Particulars	Computer Software	Technical know-how	Total
Gross carrying amount as at April 1, 2020	**14.72**	**24.64**	**39.36**
Additions	-	8.33	8.33
Disposals/ Transfers/ Adjustment	(0.08)	-	(0.08)
Gross carrying amount as at March 31, 2021	**14.64**	**32.97**	**47.61**
Additions	0.66	-	0.66
Disposals/ Transfers/ Adjustment	-	-	-
Gross carrying amount as at March 31, 2022	**15.30**	**32.97**	**48.27**
Accumulated depreciation as at April 1, 2020	**14.33**	**22.87**	**37.20**
Charge for the year	0.09	1.81	1.90
Disposals/ Transfers/ Adjustments	(0.04)	-	(0.04)
Accumulated depreciation as at March 31, 2021	**14.38**	**24.68**	**39.06**
Charge for the year	0.27	0.83	1.10
Disposals/ Transfers/ Adjustments	-	-	-
Accumulated depreciation as at March 31, 2022	**14.65**	**25.51**	**40.16**
Net Block as at March 31, 2022	**0.65**	**7.46**	**8.11**
Net Block as at March 31, 2021	**0.26**	**8.29**	**8.55**

5 Current Investments

	As at March 31, 2022	As at March 31, 2021
Investments in Mutual Funds :		
Investments at Fair value through Profit and Loss	144.01	-
Investment in Corporate Deposit:		
Investments at Amortised cost	82.20	-
Total	**226.21**	**-**
Aggregate amount of quoted investments	144.01	-
Aggregate amount of unquoted investments (book value)	82.20	-
Aggregate amount of unquoted investments (market value)	82.20	-
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 33 for determination of their fair values.

6 Trade receivables

(a) Non-current trade receivables

	As at March 31, 2022	As at March 31, 2021
Trade receivables from:		
i) Related parties (note 31)	5.62	-
ii) Others	-	-
Total	**5.62**	**-**
Trade Receivables		
Secured, considered good	-	-
Unsecured, considered good	7.41	-
Trade Receivables which have a significant increase in credit risk	-	-
Trade Receivables - credit impaired	-	-
	7.41	-
Less: Impairment allowance	(1.79)	-
Total	**5.62**	**-**

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 31.

The ageing of non current trade receivables which are due for receipt:

	Not Due	Total
Trade receivables as at March 31, 2022		
(i) Undisputed - considered good	7.41	**7.41**
(ii) Undisputed - which have significant increase in credit risk	-	**-**
(iii) Undisputed - credit impaired	-	**-**
(iv) Disputed - considered good	-	**-**
(v) Disputed - which have significant increase in credit risk	-	**-**
(vi) Disputed - credit impaired	-	**-**
Total	**7.41**	**7.41**

The above ageing includes retention receivables which are classified as due or not due on the basis of the contractual terms with respective customers.
As there was no amount in non current trade receivable as on March 31, 2021, the Company has not disclosed the ageing for the same.

Notes to financial statements for the year ended March 31, 2022
All amounts are in Rupees Crore, except per share data and unless stated otherwise

(b) Current trade receivables

	As at March 31, 2022	As at March 31, 2021
Trade receivables from:		
i) Related parties (note 31)	33.78	38.28
ii) Others	421.27	357.92
Total	**455.05**	**396.20**
Trade Receivables		
Secured, considered good	37.29	17.22
Unsecured, considered good	502.45	468.86
Trade receivables which have a significant increase in credit risk	31.91	31.93
Trade receivables - credit impaired	6.41	10.94
	578.06	**528.95**
Less: Impairment allowance*	(123.01)	(132.75)
Total	**455.05**	**396.20**

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.

Includes provision of Rs. 31.91 (March 31,2021: Rs. 31.93) for trade receivable which have a significant increase in credit risk.

For terms and conditions relating to related party receivables, refer note 31.

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

The ageing of current trade receivables which are due for receipt:

Particulars	Not Due	Outstanding for the following period from due date of payments					Total
		Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	
Trade receivables as at March 31, 2022							
(i) Undisputed - considered good	228.14	191.40	27.63	33.50	17.04	37.24	**534.95**
(ii) Undisputed - which have significant increase in credit risk	-	-	-	0.05	1.35	24.53	**25.93**
(iii) Undisputed - credit impaired	0.20	2.47	0.66	1.08	1.34	0.66	**6.41**
(iv) Disputed - considered good	-	-	0.94	1.25	-	2.60	**4.79**
(v) Disputed - which have significant increase in credit risk	-	-	-	-	-	5.98	**5.98**
(vi) Disputed - credit impaired	-	-	-	-	-	-	**-**
Total	**228.34**	**193.87**	**29.23**	**35.88**	**19.73**	**71.01**	**578.06**

Particulars	Not Due	Outstanding for the following period from due date of payments					Total
		Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	
Trade receivables as at March 31, 2021							
(i) Undisputed - considered good	206.17	166.57	30.54	32.95	12.26	31.26	**479.75**
(ii) Undisputed - which have significant increase in credit risk	-	-	-	1.41	0.01	24.53	**25.95**
(iii) Undisputed - credit impaired	0.78	1.95	1.94	2.50	3.77	-	**10.94**
(iv) Disputed - considered good	0.94	0.75	1.10	0.94	-	2.60	**6.33**
(v) Disputed - which have significant increase in credit risk	-	-	-	-	-	5.98	**5.98**
(vi) Disputed - credit impaired	-	-	-	-	-	-	**-**
Total	**207.89**	**169.27**	**33.58**	**37.80**	**16.04**	**64.37**	**528.95**

The above ageing includes retention receivables which are classified as due or not due on the basis of the contractual terms with respective customers.

(c) 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, 2022	March 31, 2021	March 31, 2022	March 31, 2021
At the beginning of the year	132.75	145.47	5.62	8.37
Provision made during the year	24.09	39.88	1.83	-
Utilized/reversed during the year	(32.04)	(52.60)	-	(2.75)
At the end of the year	**124.80**	**132.75**	**7.45**	**5.62**

7 Loans

(a) Non-current loans

	As at March 31, 2022	As at March 31, 2021
Unsecured, considered good		
At amortized cost		
Loans to employees	0.88	0.49
Total	**0.88**	**0.49**

(b) Current loans

	As at March 31, 2022	As at March 31, 2021
Unsecured, considered good		
At amortized cost		
Loans to employees	0.45	0.84
Total	0.45	0.84

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, 2022	As at March 31, 2021
Bank deposits with remaining maturity of more than 12 months*	11.02	11.08
Security deposits #	2.22	2.13
Total	**13.24**	**13.21**

*Bank deposits includes Rs. 0.02 (March 31, 2021 : Rs. 0.08) which are pledged as margin money.

includes rent deposits, deposits with MIDC, MSEB, etc.

(b) Other assets

	As at March 31, 2022	As at March 31, 2021
Derivative instruments at fair value through OCI		
Cash flow hedges		
Foreign exchange forward contracts	1.45	0.71
Derivative instruments at fair value through profit or loss		
Derivative not designated as hedges		
Foreign exchange forward contracts	0.20	0.69
At amortized cost		
Export incentive receivable	25.91	26.54
Security deposits	0.05	0.21
Unbilled revenue (Contract assets)^	175.89	124.04
Others**	4.86	-
Total	**208.36**	**152.19**

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. 7.45 (March 31, 2021 : Rs. 5.62) for contract assets.

** includes other amounts recoverable from customers.

9 Income taxes

The major components of income tax expense for the year ended March 31, 2022 and March 31, 2021 are:

Statement of profit and loss

	As at March 31, 2022	As at March 31, 2021
Current tax	-	-
Deferred tax	22.83	8.93
Income tax expense reported in the Statement of profit and loss	**22.83**	**8.93**

(b) Other comprehensive income

	As at March 31, 2022	As at March 31, 2021
Deferred tax related to items recognised in other comprehensive income during the year		
Net gain or loss on revaluation of cash flow hedge	0.43	1.60
Net gain or loss on remeasurements of defined benefit plans	(0.08)	1.22
Deferred tax charged / (credited) in other comprehensive income	**0.35**	**2.82**

(c) Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate for March 31, 2022 and March 31, 2021

	As at March 31, 2022	As at March 31, 2021
Accounting profit before tax (before exceptional items)	89.28	17.96
At India's statutory income tax rate (as per Income Tax Act, 1961) of 25.168%	22.47	4.52
Impact of brought forward losses due to expiry under Income Tax Act,1961	(1.35)	0.91
Permanent disallowance		
- Interest on preference shares	1.06	1.06
- Others (includes interest, warranties etc)	0.41	1.26
- Donation	0.06	-
Others (includes adjustment for fair valuation of investments and other differences)	0.18	1.18
Total income tax expense reported in the Statement of profit and loss	**22.83**	**8.93**

d) Deferred tax

Statement of profit and loss

	As at March 31, 2022	As at March 31, 2021
Deferred tax relates to the following :		
Impact of difference between tax depreciation and depreciation/ amortisation	(2.66)	(9.21)
Losses utilised against current taxable income	20.89	15.53
40(a) disallowance	1.33	0.58
Items allowed on payment basis / temporary disallowances	1.20	0.02
Temporary differences due to accounting treatment as required by Income-tax standards	(0.07)	(0.64)
Provision for doubtful debts and liquidated damages	1.15	2.44
Others	0.99	0.21
Deferred tax expense/ (income) in the Statement of profit and loss	**22.83**	**8.93**

Notes to financial statements for the year ended March 31, 2022
All amounts are in Rupees Crore, except per share data and unless stated otherwise

Balance sheet

	As at March 31, 2022	As at March 31, 2021
Deferred tax relates to the following :		
Impact of difference between tax depreciation and depreciation/ amortisation	(19.84)	(22.50)
Losses and unabsorbed depreciation available for offsetting against future taxable income	46.64	67.53
40(a) disallowance	0.65	1.98
Items allowed on payment basis / temporary disallowances	3.11	4.31
Temporary differences due to accounting treatment as required by Income-tax standards	2.02	1.95
Provision for doubtful debts and liquidated damages	42.50	43.65
Others	(1.25)	0.09
Net deferred tax assets	**73.83**	**97.01**

Reconciliation of deferred tax assets (net)

	As at March 31, 2022	As at March 31, 2021
Opening balance as at April 1	97.01	108.76
Tax (expense)/income during the period recognised in profit or loss	(22.83)	(8.93)
Tax (expense)/income during the period recognised in other comprehensive income	(0.35)	(2.82)
Closing balance as at March 31	**73.83**	**97.01**

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, 2022	As at March 31, 2021
Unsecured, considered good		
Balances with government authorities	0.66	1.07
Total	**0.66**	**1.07**

(b) Other current assets

	As at March 31, 2022	As at March 31, 2021
Unsecured, considered good		
Advance to suppliers	96.29	45.22
Advance to employees	3.65	2.69
Advance to related parties (note 31)	8.49	0.95
Prepayments	2.25	3.07
Balances with government authorities	25.86	51.50
Prepaid employee benefits (note 30)	6.43	4.44
Total	**142.97**	**107.87**

There were no advances due from 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)

Particulars	As at March 31, 2022	As at March 31, 2021
Raw materials, components and bought-outs**	158.97	66.13
Work-in-progress	18.56	3.10
Finished goods	3.19	4.23
Stores and spares	4.30	3.16
Total	**185.02**	**76.62**

**includes goods in transit Rs. 7.11 (March 31, 2021 : Rs. 13.57).

For the year ended March 31, 2022 Rs. 4.71 was reversed (net of expense) for inventories carried at net realisable value.. For the year ended March 31, 2021 Rs. 18.86 was reversed (net of expense) 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

Particulars	As at March 31, 2022	As at March 31, 2021
Balances with banks		
- Balances with banks in current accounts	20.25	37.68
- in deposits with original maturity of less than three months	-	51.90
Total	**20.25**	**89.58**

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

Particulars	As at March 31, 2022	As at March 31, 2021
Deposits with original maturity :		
- more than three months but less than twelve months	228.04	174.61
- more than twelve months	0.41	7.75
Interest accrued on bank deposits	4.25	4.24
Total	**232.70**	**186.60**

12 (c) Changes in liabilities arising from financing activities

	Borrowings
As on April 1, 2020	419.38
Cash flow	(196.78)
Interest accretion on preference shares	4.21
As on March 31, 2021	**226.81**
Cash flow	(80.18)
Interest accretion on preference shares	4.22
As on March 31, 2022	**150.85**

All amounts are in Rupees Crore, except per share data and unless stated otherwise

13 Share capital

	As at March 31, 2022	As at March 31, 2021
Authorized shares (Nos)		
900,000,000 (March 31, 2021: 900,000,000) equity shares of Rs. 10/- each	900.00	900.00
100,000,000 (March 31, 2021: 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, 2021: 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

	As at March 31, 2022	As at March 31, 2021
Equity share of Rs. 10 each issued, subscribed and fully paid		
As at April 1, 2020	628,222,500	628.22
Changes during the year	-	-
As at March 31, 2021	628,222,500	628.22
Changes during the year	-	-
As at March 31, 2022	**628,222,500**	**628.22**

(b) Terms/ rights attached to equity shares

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

(c) Equity share capital held by holding company

	As at March 31, 2022	As at March 31, 2021
Holding company		
Thermax Limited		
628,222,500 (March 31, 2021: 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, 2022	As at March 31, 2021
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

	March 31, 2022	March 31, 2021	March 31, 2020	March 31, 2019
Equity shares bought back by the Company (No. of shares)	209,407,500	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 four years as the buy back was undertaken in the year ended March 31, 2019.

(f) Details of shares held by promoters

	As at March 31, 2022	As at March 31, 2021
Thermax Limited		
%	100.00	100.00
No. of Shares	628,222,500	628,222,500
% of change during the year	-	-

14 Other Equity

	As at March 31, 2022	As at March 31, 2021
Reserves and surplus		
Capital reserve (Note 13 (e))	156.91	156.91
Retained earnings		
Opening balance	(244.13)	(256.74)
Add: Profit for the year pertaining to the Company	66.45	9.03
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. 0.08 (March 31, 2021 : Rs. 1.22))	(0.23)	3.58
Net surplus in the Statement of profit and loss	**(177.91)**	**(244.13)**
Total Reserves and Surplus	**(21.00)**	**(87.22)**
Other Reserves		
Effective portion of cash flow hedge reserve		
Opening balance	0.98	(3.70)
Add: Movement during the year (net)	1.71	6.28
Less: Tax on Movement during the year	(0.43)	(1.60)
Closing balance	**2.26**	**0.98**
Total	**(18.74)**	**(86.24)**

Notes to financial statements for the year ended March 31, 2022
All amounts are in Rupees Crore, except per share data and unless stated otherwise

Capital reserve

Pertains to reserve created towards buyback of shares and can be utilised in accordance with the provisions of the Act.

Cash flow hedge reserve

This reserve comprises the effective portion of the cumulative net change in the fair value of the cash flow hedge instruments related to hedged transactions that have not yet occurred.

15(a) Borrowings

(a) Non-current borrowings

	As at March 31, 2022	As at March 31, 2021
At fair value through profit and loss		
Preference Shares (52,700,000 (March 31, 2021: 52,700,000) redeemable preference shares of Rs. 10/- each)^	68.41	64.19
At amortized cost		
Term loans (other than banks)		
Unsecured loan (note 31)*	-	76.00
Total non-current borrowings	**68.41**	**140.19**
Less : Current maturities of long-term borrowings	-	(76.00)
	68.41	**64.19**

^Preference shares pertain to 8% (March 31, 2021 : 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, 2021 : 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 was granted for a period of one year and it could have been extended for further period(s) based on mutual agreement between the parties. However, the same has been repaid during the year.

(b) Current borrowings

	As at March 31, 2022	As at March 31, 2021
At amortized cost		
Unsecured loans from banks	82.44	86.62
Current maturities of long-term borrowings	-	76.00
Total	**82.44**	**162.62**

Unsecured loans pertains to bills discounted by suppliers amounting to Rs. 8.44 (March 31, 2021 : Rs. 21.30) that are payable by the Company within 60 to 120 days from the invoice date / goods receipt date and packing credit of Rs. 74.00 (March 31, 2021 : Rs. 65.32) carries an interest rate of 2.85% (March 31, 2021 : 2.00%) due for repayment within a maximum of 365 days from date of disbursement.

16 Trade payables

(a) Current trade payables

	As at March 31, 2022	As at March 31, 2021
Total outstanding dues of micro and small enterprises (note 16 (b))	119.99	78.72
Total outstanding dues of creditors other than micro and small enterprises		
(i) Related parties (note 31)	30.06	10.64
(ii) Others	278.84	192.79
Total	**428.89**	**282.15**

For terms and conditions with related parties, refer note 31.

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

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

	March 31, 2022	March 31, 2021
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*	119.19	78.25
- Interest due thereon	0.80	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	0.33	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	0.47	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

The ageing of current trade payables which are due for payment :

Particulars	Not Due	Outstanding for the following period from due date of payments				Total
		Less than a year	1-2 years	2-3 years	More than 3 years	
As at March 31, 2022						
(i) Micro and Small enterprises	110.96	4.00	0.90	0.98	2.42	**119.26**
(ii) Others	254.81	37.49	10.20	3.17	3.23	**308.90**
(iii) Disputed dues- Micro and Small enterprises	-	-	-	-	0.73	**0.73**
(iv) Disputed dues- Others	-	-	-	-	-	**-**
Total	**365.77**	**41.49**	**11.10**	**4.15**	**6.38**	**428.89**

Particulars	Not Due	Outstanding for the following period from due date of payments				Total
		Less than a year	1-2 years	2-3 years	More than 3 years	
" As at March 31, 2021 "						
(i) Micro and Small enterprises	70.47	1.20	2.06	2.41	1.85	**77.99**
(ii) Others	128.49	58.48	9.59	4.47	2.40	**203.43**
(iii) Disputed dues- Micro and Small enterprises	-	-	-	-	0.73	**0.73**
(iii) Disputed dues- Others	-	-	-	-	-	**-**
Total	**198.96**	**59.68**	**11.65**	**6.88**	**4.98**	**282.15**

17 Financial liabilities

(a) Other non current liabilities

	As at March 31, 2022	As at March 31, 2021
Liability towards employee separation scheme (Note 38)	0.98	1.90
Payables for PPE and intangible assets	-	1.22
Total	**0.98**	**3.12**

(b) Other current liabilities

	As at March 31, 2022	As at March 31, 2021
Derivative instruments at fair value through OCI		
Cash flow hedges		
Foreign exchange forward contracts	0.02	0.51
Derivative instruments at fair value through profit or loss		
Derivative not designated as hedges		
Foreign exchange forward contracts	0.78	0.39
At amortized cost		
Liability towards employee separation scheme (Note 38)	0.84	0.90
Employee related payables	18.44	14.06
Payables for PPE and intangible assets	1.25	3.78
Other payables*	1.15	0.59
Total	**22.48**	**20.23**

* includes employee recoveries payable, etc.

18 Provisions

(a) Non-current provisions

	As at March 31, 2022	As at March 31, 2021
Other provisions		
Provision for warranties	11.65	10.70
Provision for decommissioning liability	2.62	2.55
Total	**14.27**	**13.25**

(b) Current provisions

	As at March 31, 2022	As at March 31, 2021
Provision for employee benefits		
Provision for leave encashment	13.66	16.15
	13.66	**16.15**
Other provisions		
Provision for onerous contracts	2.86	1.76
Provision for warranties	49.26	54.77
	52.12	**56.53**
Total	**65.78**	**72.68**

Provision for decommissioning liability

A provision has been recognised for decommissioning costs associated with the properties 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. 6.09 higher or lower (March 31, 2021 Rs. 6.55).

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, 2021			
Balance at the beginning	1.76	65.47	2.55
Additional provision recognised	2.72	14.36	0.07
Unused amounts reversed	-	(16.68)	-
Unwinding of discount	-	4.01	-
Utilised during the year	(1.62)	(6.25)	-
As at March 31, 2022	**2.86**	**60.91**	**2.62**
Details of provisions :			
Current	2.86	49.26	-
Non-Current	-	11.65	2.62
Total	**2.86**	**60.91**	**2.62**

19 Other liabilities

(a) Other current liabilities

	As at March 31, 2022	As at March 31, 2021
Unearned revenue (Contract liability)	113.66	68.09
Customer advances (Contract liability)		
(i) Related Parties (note 31)	27.42	29.65
(ii) Others	505.28	283.88
Statutory dues and other liabilities*	7.39	2.09
Total	**653.75**	**383.71**

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

For terms and conditions with related parties, refer note 31.

20 Revenue from operations

(a) Revenue from contracts with customers:

	Year Ended March 31, 2022	Year Ended March 31, 2021
Revenue from projects and products	1,522.90	1,150.52
Revenue from services	85.06	79.42
Total revenue from contracts with customers	**1,607.96**	**1,229.94**

(b) Other operating income

	Year Ended March 31, 2022	Year Ended March 31, 2021
Export incentives	3.24	8.00
Sale of Scrap	11.97	12.49
Exchange fluctuation gain / (loss)*	1.41	4.60
	16.62	**25.09**
Total revenue from operations (a+b)	**1,624.58**	**1,255.03**

* includes mark to market loss on forward contracts not subjected to hedge accounting Rs. 0.58 (mark to market gain on March 31, 2021 : Rs. 0.30).

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

i) Revenue by category of contracts:

	March 31, 2022	March 31, 2021
Over a period of time basis	1,492.20	1,156.13
At a point-in-time basis	115.76	73.81
Total revenue from contracts with customers	**1,607.96**	**1,229.94**

Revenue by geographical market:

	March 31, 2022	March 31, 2021
Within India	1,374.23	775.33
Outside India	233.73	454.61
Total revenue from contracts with customers	**1,607.96**	**1,229.94**

ii) Contract balances:

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

	As at March 31, 2022	As at March 31, 2021
Trade receivables (note 6)	460.67	396.20
Unbilled revenue (Contract asset) (note 8(b))	175.89	124.04
Unearned revenue (Contract liability) (note 19(a))	113.66	68.09
Customer advances (Contract liability) (note 19(a))	532.70	313.53

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:

	As at March 31, 2022	As at March 31, 2021
Unearned revenue	61.26	69.19
Customer advance	210.97	331.86

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 year is presented in the table below

	March 31, 2022	March 31, 2021
Opening unbilled revenue (refer note 8(b))	**124.04**	**211.90**
Opening unearned revenue (refer note 19(a))	**68.09**	**72.91**
- Transfer of contract assets to receivable from opening unbilled revenue	(115.75)	(203.79)
- Increase in revenue as a result of changes in the measure of progress from the opening unearned revenue	61.26	69.19
- Transfer of contract assets to receivables	(1,369.46)	(1,038.41)
- Increase in revenue as a result of changes in the measure of progress	1,430.94	1,086.94
- Others*	(0.71)	3.03
Closing unbilled revenue (refer note 8(b))	**175.89**	**124.04**
Closing unearned revenue (refer note 19(a))	**113.66**	**68.09**

* 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.

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, 2022	March 31, 2021
Amount of revenue yet to be recognised for contracts having original expected duration of more than one year in progress as on reporting date	1,598.73	1,129.94

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, 2022	Year Ended March 31, 2021
Interest income from financial assets carried at amortized cost		
Bank deposits	13.17	8.42
Other interest income	0.12	0.30
Fair value gain on financial instrument at fair value through profit and loss (net)	3.69	1.87
Liabilities no longer required written back	3.74	0.04
Miscellaneous income^^	2.18	1.43
Total	**22.90**	**12.06**

^^Includes insurance claim of Rs. 0.75 (March 31,2021 : Rs. 0.74) and Back charges to vendors of Rs 1.13 (March 31,2021: Rs. 0.09)

22 Cost of raw material and components consumed

	Year Ended March 31, 2022	Year Ended March 31, 2021
Inventories at the beginning of the year	66.13	120.65
Add: Purchases	1,089.70	722.43
	1,155.83	**843.08**
Inventories at the end of the year	158.97	66.13
Total	**996.86**	**776.95**

23 (Increase)/decrease in inventories of finished goods and work-in-progress

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Inventories at the beginning of the year		
Work-in-progress	3.10	1.89
Finished goods	4.23	1.04
	7.33	**2.93**
Less: inventories at the end of the year		
Work-in-progress	18.56	3.10
Finished goods	3.19	4.23
	21.75	**7.33**
Total	**(14.42)**	**(4.40)**

24 Employee benefits expense

	Year Ended March 31, 2022	Year Ended March 31, 2021
Salaries and wages	133.17	120.93
Contribution to provident and other funds	9.38	8.35
Gratuity expense (note 30)	1.81	2.94
Staff welfare expenses	5.05	3.47
Total	**149.41**	**135.69**

25 Finance cost

	Year Ended March 31, 2022	Year Ended March 31, 2021
Interest expense	10.22	25.65
Unwinding of discount	4.01	4.24
Total	**14.23**	**29.89**

26 Depreciation and amortization expense

	Year Ended March 31, 2022	Year Ended March 31, 2021
Depreciation of property, plant and equipment (note 4 (a))	46.12	48.44
Amortisation of Right of Use Assets (note 4 (b))	0.84	0.72
Amortisation of intangible assets (note 4 (c))	1.10	1.90
Total	**48.06**	**51.06**

27 (a) Other expenses

	Year Ended March 31, 2022	Year Ended March 31, 2021
Consumption of stores and spare parts	40.97	23.30
Power and fuel	9.35	7.11
Freight and forwarding charges (net)	71.91	50.91
Site expenses and contract labour charges	148.30	104.28
Drawing, design and technical service charges	13.99	8.99
Sales commission	9.92	3.67
Advertisement and sales promotion	1.32	5.29
Rent (note 29 B (b) (i))	9.09	8.26
Rates and taxes	4.14	1.94
Insurance	2.11	2.36
Repairs and maintenance:		
Plant and machinery	3.01	1.99
Buildings	0.94	0.59
Others	5.80	5.03
Travelling and conveyance	11.67	6.84
Legal and professional fees (includes payment to auditor; refer note 27 (b))	18.60	7.84
Director sitting fees	0.14	0.09
CSR expenditure	0.26	-
Bad debts/ advances written off	1.34	2.04
Provision for impairment allowance of financial assets (net)	(6.12)	(15.47)
Warranty expenses (net)	(2.32)	20.74
Loss on sale/ discard of assets (net)	0.16	0.59
Miscellaneous expenses (includes printing, communication, postage, security expense, etc.)	19.48	10.25
Total	**364.06**	**256.64**

(b) Payment to auditors

	Year Ended March 31, 2022	Year Ended March 31, 2021
As auditor		
Audit and limited review fee	0.39	0.40
Tax audit fee	-	-
In other capacity		
Other services	0.02	0.04
Reimbursement of expenses	*	*
Total	**0.41**	**0.44**

* less than one lakh.

(c) Corporate Social Responsibility (CSR)

	Year Ended March 31, 2022	Year Ended March 31, 2021
Gross amount required to be spent by the Company during the year	**0.26**	-
Total	**0.26**	**-**

Amount spent during the year

	In cash	Yet to spend in cash	Total
During the year ended March 31, 2022			
a. Construction/ acquisition of any asset	-	-	-
b. On purposes other than (a) above^	0.26	-	0.26
	0.26	**-**	**0.26**
During the year ended March 31, 2021			
a. Construction/ acquisition of any asset	-	-	-
b. On purposes other than (a) above^	-	-	-
	-	**-**	**-**

^The amount is contributed to Thermax Foundation, India (refer note 31) which is engaged in education of economically underprivileged children by addressing social discrimination through affirmative actions, skill development and employability initiatives.

There is no shortfall in contribution as at March 31, 2022.

28 (a) Earnings per share

	Year Ended March 31, 2022	Year Ended March 31, 2021
Net profit after tax attributable to the Equity shareholders	66.45	9.03
Weighted average number of Equity shares of Rs.10/- each	628,222,500	628,222,500
Basic and diluted Earning per share (Rs.)	1.06	0.14

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, 2022

	Effective portion of cash flow hedge reserve	Retained Earnings	Total
Foreign exchange forward contracts	1.95	-	1.95
Reclassified to Statement of profit or loss (Net)	(0.67)	-	(0.67)
Re-measurement gains on defined benefit plans	-	(0.23)	(0.23)
Total	**1.28**	**(0.23)**	**1.05**

For the year ended March 31, 2021

	Effective portion of cash flow 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**

29 Contingent liabilities and commitments

A Contingent liabilities

a) As part of the slump purchase agreement in financial year 2019-2020 with the Parent Company, 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, 2021 : 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)	**March 31, 2022**	**March 31, 2021**
Income tax matters (#)	100.34	28.68
Excise, Customs Duty and Service tax (**)	6.80	6.80
Sales tax ($)	6.24	5.82

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.

During the FY 2021-22, the Company has received a income tax 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. The Company has filed an appeal with ITAT against the said order. Based on the advice obtained from tax expert, 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. 5.45 (March 31, 2021 : Rs.5.38) 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 slump purchase agreement with the Parent Company.

The above excludes the effects of similar disallowances, if any, for any subsequent period that are pending for assessments.

c) Others

	March 31, 2022	**March 31, 2021**
Liability for export obligations	1.32	67.49
Claims against the Company not acknowledged as debt*	0.55	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 to customers. 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. 0.70 (March 31, 2021 : Rs. 0.14).

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, 2022	**March 31, 2021**
Expense relating to short-term leases (included in other expenses)	7.81	6.93
Expense relating to leases of low-value assets (included in other expenses)	1.28	1.33
	9.09	**8.26**

ii. Operating lease: Company as lessor

The Company has not given any asset on lease.

30 Gratuity

The Company operates a defined benefit plan viz. gratuity for its employees. Under the gratuity plan, every employee who has completed 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.

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, 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 loss 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)**
Current service cost	2.29	-	**2.29**
Interest expense/(income)	1.70	(2.18)	**(0.48)**
Total amount recognised in Profit or Loss	**3.99**	**(2.18)**	**1.81**
Actuarial gain from change in financial assumptions	0.31	-	**0.31**
Total amount recognised in Other Comprehensive Income	**0.31**	**-**	**0.31**
Employer contributions	-	(4.11)	**(4.11)**
Benefits paid	(3.30)	3.30	**-**
March 31, 2022	**30.24**	**(36.67)**	**(6.43)**

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

	March 31, 2022	March 31, 2021
Present value of funded obligation	30.24	29.24
Fair value of plan assets	(36.67)	(33.68)
Deficit/(Surplus) of funded plan	**(6.43)**	**(4.44)**

III Significant assumptions

The principal actuarial assumptions were as follows :

	March 31, 2022	March 31, 2021
Discount rate	6.90%	6.50%
Salary growth rate	7.00%	7.00%
Expected return on plan assets	6.50%	6.40%
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%
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:

Assumptions	Impact on defined benefit obligation	
	March 31, 2022	March 31, 2021
Discount rate		
1.00% increase	Decrease by 1.67	Decrease by 1.52
1.00% decrease	Increase by 1.86	Increase by 1.70
Future salary increase		
1.00% increase	Increase by 1.55	Increase by 1.42
1.00% decrease	Decrease by 1.42	Decrease by 1.30
Attrition rate		
1.00% increase	Decrease by 0.01	Decrease by 0.04
1.00% decrease	Increase by 0.01	Increase 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 previous periods.

The following are the expected cash flows to the defined benefit plan in future years:

	March 31, 2022	March 31, 2021
Within next 12 months	5.22	5.13
Between 2-5 years	16.26	15.12
Between 6-10 years	21.37	18.04

The average duration of the defined benefit plan obligation at the end of the reporting period is 7.78 years (March 31, 2021 : 7.93 years)

The Company expects to contribute Rs. 1.00 to gratuity fund in the next year (March 31, 2021 : Rs. 1.00)

V The major categories of plan assets are as follows:

	March 31, 2022	March 31, 2021
Investments with Insurer (LIC of India)	100.00%	100.00%

31 Related party disclosures

A Ultimate Holding Company

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

B Holding Company

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

C 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	India
6	Thermax Onsite Energy Solutions Limited	India
7	PT Thermax International	Indonesia

D Enterprises over which control is exercised by Individuals having Significant influence over the company and Key Management Personnel

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

E Key Management Personnel:

1 Mr. M. S. Unnikrishnan - Director and Chairman (resigned on August 31, 2020)

2 Mr. Ashish Bhandari - Director and Chairman (appointed as Director on June 6, 2020 and Chairman on October 29, 2020)

3 Mr. Ravinder Advani - Director

4 Mr. Pravin Karve- Director and CEO

5 Mr. Rajendran Arunachalam- Director

6 Mr. Nawshir Mirza- Director

7 Mrs. Rajani Kesari - Director (appointed on May 13, 2021)

8 Mrs. Lata Kumar- Chief Financial Officer (resigned on July 29, 2021)

9 Mr. Bhavesh Chheda - Chief Financial Officer (appointed on July 29, 2021)

10 Ms. Apurva Gupte - Company Secretary

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

1 Mrs. Meher Pudumjee - Chairperson of Holding Company

2 Mrs. Anu Aga - Relative of Chairperson of Holding Company

3 Mr. Pheroz Pudumjee - Director of Holding Company

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

G Transactions with related parties:

	Holding Company		Fellow subsidiaries		Enterprises over which control is exercised by Individuals having Significant influence over the company and Key Management Personnel		Key Management Personnel and Individuals having Significant influence over the Company		Total	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
a. Transactions during the year										
Revenue from contracts with customers	146.10	175.49	0.32	0.56	-	-	-	-	146.42	176.05
Miscelleneous income	0.26	1.19	0.14	-	-	-	-	-	0.40	1.19
Recovery of expenses	1.09	5.07	0.01	0.25	-	-	-	-	1.10	5.32
Purchase of raw material and components	31.31	20.95	0.17	-	-	-	-	-	31.48	20.95
Site expenses and contract labour charges	-	-	-	0.24	-	-	-	-	-	0.24
Reimbursement of expenses	12.19	7.47	1.87	0.02	-	-	-	-	14.06	7.49
Remuneration to key management personnel*	-	-	-	-	-	-	2.76	2.15	2.76	2.15
Sale of property, plant and equipment	0.11	-	-	-	-	-	-	-	0.11	-
Purchase of property, plant and equipment	-	0.07	0.01	0.07	-	-	-	-	0.01	0.14
Loan repaid	76.00	225.00	-	-	-	-	-	-	76.00	225.00
Interest Paid	3.15	19.18	-	-	-	-	-	-	3.15	19.18
Other expenses#	21.96	5.39	-	0.08	-	-	-	-	21.96	5.47
Director's sitting fees	-	-	-	-	-	-	0.14	0.09	0.14	0.09
Donation	-	-	-	-	0.26	-	-	-	0.26	-
Commission paid	-	-	-	-	-	-	0.12	0.09	0.12	0.09
Rent paid	4.25	4.25	-	-	-	-	-	-	4.25	4.25

*Does not include gratuity and leave encashment since the same is calculated for all employees of the company as a whole.
Includes management fees, other cost allocation from holding company , etc.

Transaction carried out by Holding Company as agent with the company :

Description	March 31, 2022	March 31, 2021
Revenue from contracts with customers	19.78	135.72
Purchase of raw material and components	11.99	29.25

The above table excludes other reimbursements or recoveries in the nature of employee costs incurred by Holding Company in the capacity of agent.

	Holding Company		Fellow subsidiaries		Enterprises over which control is exercised by Individuals having Significant influence over the company and Key Management Personnel		Key Management Personnel and Individuals having Significant influence over the Company		Total	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
b. Balances as at reporting date										
Trade receivables	38.80	37.20	0.60	1.08	-	-	-	-	39.40	38.28
Advance to suppliers	6.77	0.95	1.72	-	-	-	-	-	8.49	0.95
Trade payables	28.01	10.64	2.05	-	-	-	-	-	30.06	10.64
Unbilled revenue	2.87	1.47	-	-	-	-	-	-	2.87	1.47
Unearned revenue	18.14	14.15	-	-	-	-	-	-	18.14	14.15
Loan outstanding	-	76.00	-	-	-	-	-	-	-	76.00
Customer advances	27.42	29.65	-	-	-	-	-	-	27.42	29.65
Commission payable	-	-	-	-	-	-	0.12	0.09	0.12	0.09
Corporate guarantees issued on behalf of company	1,705.48	1,769.12	-	-	-	-	-	-	1,705.48	1,769.12

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 'F' above):

	March 31, 2022	March 31, 2021
Transactions during the year		
Revenue from contracts with customers		
Thermax Limited, India	146.10	175.49
Miscellaneous income		
Thermax Limited, India	0.26	1.19
Thermax Engineering Construction Company Limited, India	0.14	-
Recovery of expenses		
Thermax Limited, India	1.09	5.07
Purchase of raw material and components		
Thermax Limited, India	31.31	20.95
Sale of property, plant and equipment		
Thermax Limited, India	0.11	-
Site expenses and contract labour charges		
Thermax Engineering Construction Company Limited, India	-	0.24
Reimbursement of expenses		
PT Thermax International	1.59	-
Thermax Limited, India	12.19	7.47
Remuneration to key management personnel, excluding commission		
Mr. Pravin Karve	2.03	1.73
Mr. Bhavesh Chheda	0.35	-
Mrs. Lata Kumar	0.32	0.36
Ms. Apurva Gupte	0.06	0.06

	March 31, 2022	March 31, 2021
Purchase of property, plant and equipment		
Thermax Engineering Construction Company Limited, India	0.01	0.07
Thermax Limited, India	-	0.07
Loan repaid		
Thermax Limited, India	76.00	225.00
Director's sitting fees		
Mr. Nawshir Mirza	0.05	0.04
Mr. Ravinder Advani	0.05	0.05
Mrs. Rajani Kesari	0.04	-
Commission Paid		
Mr. Nawshir Mirza	0.06	0.06
Mr. Ravinder Advani	0.03	0.03
Mrs. Rajani Kesari	0.03	-
Other expenses		
Thermax Limited, India	21.96	5.39
Donation		
Thermax Foundation	0.26	-
Rent paid		
Thermax Limited, India	4.25	4.25
Interest paid		
Thermax Limited, India	3.15	19.18

	March 31, 2022	March 31, 2021
Balances as at year end		
Trade receivables		
Thermax Limited, India	38.80	37.20
Advance to suppliers		
Thermax Limited, India	6.77	0.95
PT Thermax International	1.52	-
Trade payables		
Thermax Limited, India	28.01	10.64
Unbilled revenue		
Thermax Limited, India	2.87	1.47
Unearned revenue		
Thermax Limited, India	18.14	14.15
Customer advances		
Thermax Limited, India	27.42	29.65
Commission Payable		
Mr. Nawshir Mirza	0.06	0.06
Mr. Ravinder Advani	0.03	0.03
Mrs. Rajani Kesari	0.03	-
Corporate guarantees issued on behalf of company		
Thermax Limited, India	1,705.48	1,769.12
Loan outstanding		
Thermax Limited, India	-	76.00

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 (excluding loan outstanding).

There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 31, 2022, the Company has recorded an impairment of receivables relating to amounts owed by related parties of Rs. 3.00 (March 31, 2021 : Rs. 2.80). 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.

32 Segment information

The Company's portfolio includes subcritical and supercritical boilers and related services. The Director 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

	As at March 31, 2022	As at March 31, 2021
Revenue^		
Within India	1,374.23	775.33
Outside India	233.73	454.61
Total Revenue	**1,607.96**	**1,229.94**
Carrying Amount of non current assets		
Within India	381.90	423.32
Outside India	-	-
Total Asset	**381.90**	**423.32**

	As at March 31, 2022	As at March 31, 2021
Addition to plant, property and equipment and intangible assets		
Within India	4.23	9.78
Outside India	-	-
Total Addition to plant, property and equipment and intangible assets	**4.23**	**9.78**

^Revenues of Rs 268.92 (March 31, 2021 : Rs 310.57) are derived from one (March 31, 2021 : two) external customers of the Company.

33 Fair value measurements

a) Category of financial instruments and valuation techniques

Details of financial assets carried at amortised cost

	As at March 31, 2022	As at March 31, 2021
Trade receivables	460.67	396.20
Loans	1.33	1.33
Investments	82.20	-
Other financial assets	206.71	150.79
Cash and cash equivalents	20.25	89.58
Bank balances other than cash and cash equivalents	245.94	199.81
Total	**1,017.10**	**837.71**
Current assets	997.36	824.01
Non-current assets	19.74	13.70
Total	**1,017.10**	**837.71**

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, 2022	As at March 31, 2021
Investments	144.01	-
Total	**144.01**	**-**
Current assets	144.01	-
Non-current assets	-	-
Total	**144.01**	-

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, 2022	As at March 31, 2021
Derivative instruments		
Cash flow hedges		
Foreign exchange forward contracts	1.45	0.71
Derivative not designated as hedges		
Foreign exchange forward contracts	0.20	0.69
Total	**1.65**	**1.40**
Current assets	1.65	1.40
Non-current assets	-	-
Total	**1.65**	**1.40**

Details of financial liabilities carried at amortised cost

	As at March 31, 2022	As at March 31, 2021
Borrowings	82.44	162.62
Trade payables	428.89	282.15
Employee related payables	20.26	16.86
Other liabilities	2.40	5.59
Total	**533.99**	**467.22**
Current liabilities	533.01	464.10
Non current liabilities	0.98	3.12
Total	**533.99**	**467.22**

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, 2022	As at March 31, 2021
Derivative instruments		
Cash flow hedges		
Foreign exchange forward contracts	0.02	0.51
Derivative not designated as hedges		
Foreign exchange forward contracts	0.78	0.39
Total	**0.80**	**0.90**
Current liabilities	0.80	0.90
Non-current liabilities	-	-
Total	**0.80**	**0.90**

Details of financial liabilities carried at fair value

Particulars	As at March 31, 2022	As at March 31, 2021
Borrowings		
Preference Shares (52,700,000 (March 31, 2021 : 52,700,000) redeemable preference shares of Rs. 10/- each)	68.41	64.19
Total	**68.41**	**64.19**
Current liabilities	-	-
Non-current liabilities	68.41	64.19
Total	**68.41**	**64.19**

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, 2022

	Date of valuation	Level 1	Level 2	Level 3*
Financial assets				
Investments				
Mutual funds	March 31, 2022	144.01	-	-
Corporate deposits	March 31, 2022	-	82.20	-
Derivative financial assets	March 31, 2022	-	1.65	-
Financial liabilities				
Derivative financial liabilities	March 31, 2022	-	0.80	-
Borrowings	March 31, 2022	-	-	68.41

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	-	-	-
Corporate deposits	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

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.

34 (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, 2022 and March 31, 2021. 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 were from the Parent Company. The Company repaid the loan during the year.

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 expected 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, 2022	March 31, 2021	March 31, 2022	March 31, 2021
USD Sensitivity				
INR/ USD - Increase by 1%	(0.31)	(0.37)	(0.90)	(0.36)
INR/ USD - Decrease by 1%	0.31	0.37	0.90	0.36
EURO Sensitivity				
INR/ EUR - Increase by 1%	0.08	0.04	0.02	0.02
INR/ EUR - Decrease by 1%	(0.08)	(0.04)	(0.02)	(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.

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, 2022 and March 31, 2021 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, 2022	< 1 year	1 to 3 years	> 3 years
Non- derivative			
Borrowings	82.44	-	68.41
Trade Payables	428.89	-	-
Other financial liabilities			
Current maturities of long-tem borrowings	-	-	-
Interest accrued but not due on loans	-	-	-
Other payables	21.68	0.98	-
Derivatives (net settled)			
Foreign exchange forward contracts	0.80	-	-

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-tem 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	-	-

34 (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, 2022		March 31, 2021	
	Assets	Liabilities	Assets	Liabilities
Fair Value of Foreign exchange forward contracts designated as hedging instruments	1.65	(0.80)	1.40	(0.90)

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, 2022		March 31, 2021	
	Assets	Liabilities	Assets	Liabilities
Cash flow hedge				
Foreign exchange forward contracts	162.15	-	122.93	5.65
Derivatives not designated as hedges				
Foreign exchange forward contracts	105.96	21.10	107.43	12.63

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, 2022		March 31, 2021	
	Expected future sales	Expected future purchases	Expected future sales	Expected future purchases
Unrealised gain/ (loss)	0.92	-	0.31	(0.20)
Deferred tax asset/ (liability)	(0.23)	-	(0.08)	0.05
	0.69	**-**	**0.23**	**(0.15)**

35 Key Financial Ratios

Ratios	Numerator	Denominator	March 31, 2022	March 31, 2021	Change	Reason for Variance
Current Ratio	Current Assets	Current Liabilities	1.17	1.10	7.08%	
Debt-Equity Ratio	Total Debt	Shareholder's Equity	0.25	0.42	-40.86%	Refer Note 35(a)
Debt service coverage ratio	Earnings for debt service = Net profit after taxes + Non-cash operating expenses	Debt service = Interest & Lease Payments + short term borrowings	1.33	0.47	183.42%	Refer Note 35(b)
Return on equity ratio	Net Profits after taxes – Preference Dividend	Average Shareholder's Equity	11.54%	1.69%	581.69%	Refer Note 35(c)
Inventory turnover ratio	Cost of goods sold	Average Inventory	7.51	7.47	0.48%	
Debtors turnover ratio	Net sales = Gross sales - sales return	Average Trade Receivable	3.75	2.40	56.25%	Refer Note 35(d)
Trade payables turnover ratio	*Net purchases	Average Trade Payables	4.12	3.02	36.65%	Refer Note 35(e)
Net working capital turnover ratio	Net sales = Total sales - sales return	Working capital = Current assets – Current liabilities	7.39	13.90	-46.84%	Refer Note 35(f)
Net Profit ratio	Net Profit after tax	Net sales = Total sales - sales return	4.13%	0.73%	462.88%	Refer Note 35(g)
Return on capital employed	Earnings before interest and taxes	Capital Employed = Net Worth + Total long term Debt	15.27%	8.44%	80.96%	Refer Note 35(h)
Return on investment	Interest (Finance Income)	Average Investment	4.77%	4.81%	-0.79%	

*Net credit purchases = Gross credit purchases - purchase return + staff welfare + Other expenses (Excluding Bad debts written off, Provision for impairment allowance on financial assets, warranty expenses & Loss on sale/discard of assets)

35(a) The company has repaid the loan taken from the holding company. Hence, the ratio is lower compared to last financial year.

35(b) Repayment of loan and increase in Earnings before interest, tax and depreciation (EBITDA) has resulted into better debt service coverage ratio

35(c) Growth in revenue resulted in higher profitability leads to higher returns to equity holder.

35(d) Improvement in collection of receivables

35(e) Various corporate initiatives such as implementation of shared services, bill discounting facilities etc. has resulted in improvement in payable turnaround ratio.

35(f) Increase in Investments has resulted in lower net working capital ratio.

35(g) Growth in revenue resulted in higher profitability leads to higher net profit.

35(h) Growth in revenue and higher profitability without significant increase in capital resulted in better returns.

36 Struck off companies

Below are details of invesment, receivable, payable and any other transactions outstanding with struck off companies.

For the year ended March 31, 2022, "there are no transactions with struck off companies"

For the year ended March 31, 2021

Name of struck off company	Nature of other outstanding balances	Transactions During the Year	Balance outstanding	Relationship with the struck off Company, if any, to be disclosed
Fanuc India Private Limited	Payable	0.01	*	None
Roto Pumps Ltd	Payable	0.00	*	None

* Amount less than lakh

37 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, 2022 and March 31, 2021. Capital represents equity attributable to equity holders of the Parent Company.

	As at March 31, 2022	As at March 31, 2021
Borrowings	150.85	226.81
Trade payables	428.89	282.15
Less: Cash and cash equivalents	(20.25)	(89.58)
Net debt	**559.49**	**419.38**
Equity	609.48	541.98
Capital and net debt	**1,168.97**	**961.36**
Gearing ratio	**1 : 2.09**	**1 : 2.29**

38 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, 2022 is Rs.1.82 (March 31,2021 : Rs 2.80).

39 Other statutory information

(i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.

(ii) The Company does not have any charges or satisfaction which is yet to be registered with Registrar of Companies beyond the statutory period,

(iii) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

(iv) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,

(v) The Company has not made any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961)

(vi) The Company has not been declared as a wilful defaulter by any bank or financial institution or any other lender.

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

per Tridevlal Khandelwal
Partner
Membership No. 501160

Place: Pune
Date: May 18, 2022

For and on behalf of the Board of Directors of
Thermax Babcock & Wilcox Energy Solutions Limited

Rajendran Arunachalam
Director
DIN: 08446343

Pravin Karve
Director & CEO
DIN: 06714708

Bhavesh Chheda
Chief Financial Officer

Apurva Gupte
Company Secretary

Place: Pune
Date: May 18, 2022

First Energy Private Limited

Board of Directors	***Registered Office***	***Auditors***
Hemant Mohgaonkar Rajendran Arunachalam Ashish Bhandari	Thermax House, 14, Mumbai – Pune Road, Wakdewadi, Pune – 411003	B. K. Khare & Co. Chartered Accountants Hotel Swaroop, 4th Floor, Lane No. 10, Prabhat Road, Pune 411004
Key Managerial Personnel	***Bankers***	***Corporate Office***
Navjit Gill, CEO Mitish Somani, CFO Sampada Sakhare, CS	HSBC Bank HDFC Bank	Unit No. 601, 6th Floor, Cello Platina, F.C. Road, Shivajinagar, Pune 411005

DIRECTORS' REPORT

Dear Shareholder,

The Directors have the pleasure in presenting the Fourteenth Annual Report of the Company for the year ended March 31, 2022.

FINANCIAL RESULTS

(Rs. in Lakh)

Particulars	**Standalone**		**Consolidated**	
		2020-21	**2021-22**	**2020-21**
Total income	2653.91	275.25	2655.18	-
Profit/(Loss) before depreciation	126.40	(65.13)	122.04	-
Depreciation and impairment	24.74	148.50	24.74	-
Profit/(Loss) before tax	101.66	(213.62)	97.30	-
Provision for taxation (incl. deferred tax)	-	-	-	-
Items that not to be reclassified to profit or loss	-	-	-	-
Profit/(Loss) after tax	101.66	(213.62)	97.30	-

State of Company's Affairs

During the current year, while evaluating options for the way forward of the Company, the Board of Directors identified an alternative business opportunity of Solar business in line with the objectives of the Company. Presently, the Company strives to undertake Renewables business in both Capex Model (capital expenditure) and the Solution-based Open access OPEX model.

The Company launched it's first 14MWp Group Captive, solar project in the state of Tamil Nadu in December, 2021. The project is currently under active development, capacity contracted and slated for end July, 2022 commissioning. This project will supply power to 3 Industrial (2 A rated & 1 BBB) customers for a period of 25 years.

Foraying further, the second project, a 11.5MWp solar project has been launched in Maharashtra duly supported with a 4MWp term sheet with an A rated Industrial customer. This project will achieve commercial operation status within Q3, FY22-23.

The Opex enquiry pipeline for a business barely 6 months into operation appears encouraging with key campaigns listed hereunder:

Sl No.	Customer	State	Capacity
1.	Birla Cement	Maharashtra	7.2MWp
2.	MRF	Tamil Nadu	20MWp
3.	Grasim Chemicals	Gujarat	21.8MW (32MWac)
4.	Owens Corning	Maharashtra	15MWp

On Capex deals, the Management has taken a deep dive to assess the economics of contracted campaigns and understand the reasons for margin dilution. Significant efforts were made during Q4, FY 21-22 to restore the business to profitability as also make up the lagging Revenue recognition targets. The business was restored to profitability. Going forward, the Management is being very selective on deal evaluation and subjecting every opportunity to a thorough risk analysis. Efforts are to scout for scale in capex deals which awards opportunities to course correct in a cyclical commodities market and deliver accretive campaigns. Key campaigns are here under:

Sl No.	Customer	State	Capacity
1.	Cosmo Films	Maharashtra	43.5MWp
2.	Ramco	T.N, & A.P.	14 MWp each

In terms of Team development, new hirings have been undertaken for Sales & Business Development team and the new incumbents are expected to assume their roles by end July, 2022.

Efforts will soon be launched to augment the capabilities of the Engineering team which has been found to be wanting for Opex projects. The process will require at least 2 quarters. In the meantime, it has been decided to outsource Design & detailed Engineering activities for the Opex project pipeline till internal capabilities are suitably enhanced.

Material changes affecting financial position of the Company

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

Dividend

In a view of accumulated losses, the directors do not recommend any dividend on equity shares.

Amount proposed to be carried to Reserves

During the year, the company has not transferred any amount to General Reserve.

Share Capital

The Paid-up Share Capital of the Company is Rs. 66,96,63,650 divided into Equity Shares of Rs. 6,69,66,365 of Rs.10 each. During the year under review, the Company has made the further issue of shares to the existing shareholders on rights basis. Details of the further issue of shares are as follows:

Date of Issue	Number of Shares	Nominal value per share (Rs.)	Amount paid up (Rs.)
06/08/2021	1,20,00,000	10	12,00,00,000
03/11/2021	30,00,000	10	3,00,00,000
09/02/2022	1,10,00,000	10	11,00,00,000
25/02/2022	2,75,00,000	10	27,50,00,000

During the year, the Company has redeemed its Preference Shares of Rs. 11,99,99,999 of Rs. 10 each at face value.

The Company has re-classified its authorized share capital from Rs. 50,00,00,000/- (Rupees fifty crore only) consisting of Rs. 38,00,00,000/- (Rupees thirty-eight crore only) equity share capital divided into equity shares of Rs. 10/- each and Rs. 12,00,00,000/- (Rupees twelve crore only) preference share capital divided into preference shares of Rs. 10/- each to Rs. 50,00,00,000 (Rs. Fifty Crores) consisting of the 5,00,00,000 (Five crore) Equity Shares of Rs. 10 each. Also, it has increased its authorized share capital to Rs.200,00,00,000/- (Rupees Two hundred crore Only) divided into

20,00,00,000 (Twenty crores) Equity Shares of Rs.10/- each. From earlier Rs.50,00,00,000/-(Rupees Fifty Crore Only) divided into 5,00,00,000 (five crore) Equity Shares of Rs.10/- each. The re-classification and increase in share capital were approved by the members of the Company in their Extra-Ordinary General Meeting held on December 17, 2021.

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

Subsidiaries

During the year the Company has incorporate two wholly owned subsidiaries for carrying out its Group Captive Power projects namely First Energy TN 1 Private Limited and First Energy 2 Private Limited.

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. It has no unpaid/unclaimed deposits as on March 31, 2022.

Particulars of Loans, Guarantees or Investments

During the year under review, the Company made an investment in First Energy TN 1 Private Limited, wholly owned subsidiary of the Company. The Company did not give any loan or guarantee pursuant to the provisions of Section 186 of the Companies Act, 2013.

Restriction on purchase by Company or giving of Loans by it for purchase of its shares

Pursuant to the provisions of Section 67(3)(c) of the Companies Act, 2013, and rules made thereunder, the Company has not given any loan exceeding the limit mentioned therein, to persons in the employment of the Company its Directors or Key Managerial Personnel, for purchase or subscribe shares of the Company.

Business Risk Management

The Company has identified below risk in its new Solar business and have drawn a mitigation plan for to address the same –

Sr. No.	Type of Risk	Description	Mitigation
1.	Technology	Generation shortfall	• Proven technology, inhouse design expertise • Source from reputed makers; contractual recourse for perf, quality shortfall • Self EPC & O&M for timely commissioning and safe, sustained performance
2.	Cost & Time	Module cost increase due to BCD	• In short term - industry wise issue; medium/long term view - price reset to reduce/ offset impact • 5p/kWh impact for every one cent; 37 p/kWh for Indian modules at 41c/Wp
		EPC cost increase	• Self EPC with Inhouse construction capability.
		Delays owing to land, evacuation and permits	• In house teams with Land, Regulatory & Evacuation experience • Build developed site inventory reducing project gestation periods/ IDC • Engage competent agencies having proven state specific experience
3.	Financing	Increase in interest Rate	• Higher base case assumption viz. Senior @ 9.25% & Re-Fi @ 8.50%
		Rupee Depreciation	• Higher base case assumption of $1= INR 80; staggered project execution
		Reduction in tariff	• Comparable benchmark with various options • Differentiate with RTC offering
4.	Regulatory	Changes in open access regulations viz. CSS, AS, Banking charges	• Electricity Act mandates encouragement of open access • Pre COD: (i) Focus on encouraging states (ii) shorten project gestation • Post COD: (i) Contractual provisions to pass changes to off-taker • Hon'ble Supreme Court order dt Oct 7th, 2021 settled the matter
		ALMM mandate; Chinese modules' qualification/ availability challenged	• Represent with MNRE for exclusion of open access projects • Strategic tie-up with 3-4 Indian manufacturers meeting quality and fulfillment conditions
5.	Market/ Competition	Competition led tariff reduction	• Primary focus on Thermax installed base, leverage brand & relationship • Long term fixed price PPA with compensation for early termination
		Customer retention	• Customer may migrate but forfeit their equity plus 12/18 months energy charges • Open access devolve charges devolve on the customer for 25 yrs (Rs.0.8-1.4/kWh) • We re-contract at lower tariff with additional 26% equity from the new customer

		Alternate solutions to BESS based RE RTC viz. PSP	• PSP targets ISTS connected GW scale off-takers viz. DISCOM, our customers base is MW scale C&I off-takers seeking lower grid dependence • PSP are for primarily for bulk supply PGCIL customers, economics changes with state wise open access • In near term BESS relatively proven, viable & shorter gestation solution meeting typical C&I expectations and load variations

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. Ashish Bhandari is appointed as an Additional Director and Chairman of the board w.e.f. November 3, 2021.

In accordance with the provisions of the Companies Act, 2013 and Articles of Association of the Company, Mr. Hemant Mohgaonkar, Director (DIN: 01308831) retires by rotation and being eligible offers, himself for re-appointment.

Key Managerial Personnel

During the year, Mr. Navjit Gill is appointed as Chief Executive Officer and Mr. Mitish Somani is appointed as Chief Financial Officer of the Company w.e.f. November 3, 2021 and February 9, 2022 respectively.

Board Meetings

The Board met eight times during the year under review, on July 5, 2021, August 6, 2021, August 27, 2021, November 3, 2021. December 16, 2021, January 24, 2022, February 9, 2022 and February 25, 2022. 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 requirement under Section 134(3)(c) of the Companies Act, 2013 with respect to the 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) has issued the Secretarial Standards on Meetings of the Board of Directors (SS-1) and Secretarial Standards on General Meetings (SS-2). The Company is in compliance with the revised standards.

Details regarding frauds reported by Auditors under section 143(12)

During the year under review, there were no frauds reported by the auditors to the Board under section 143(12) of the Act.

Related Party Transactions (RPT)

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 the 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.

Standalone and Consolidated Financial Statements

The financial statements for the year ended March 31, 2022, have been prepared as per Schedule III to the Companies Act, 2013, as amended from time to time. The consolidated financial statements of the group are prepared in compliance with the Accounting Standards

Conservation of energy and technological absorption

The Company is in the business of renewable energy. The Company aims to conserve the environment by bringing about significant change in methods of using energy through application of Solar and associated Renewable energy generation sources for commercial & industrial customers. As a part of it's "Build-Green" initiatives, the Company will install solar powered Robots to clean all the solar modules at the Opex projects thus ensuring waterless cleaning at each of it's sites. ESIA studies will be conducted for all projects exceeding a Rs. 100 Cr outlay.

In terms of Battery technology, the Company is evaluating only non-noble metal based Battery technologies which possess stable chemistries and are discharge stable.

Foreign Exchange Earnings and Outgo

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

Particulars of Employees

The total number of permanent employees on the rolls of the company as on March 31, 2022, was 43.

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 or material orders passed by the Regulators / Courts.

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.

First Energy Private Limited

The Insolvency and Bankruptcy Code, 2016

Your Board confirms that there is no proceeding pending under the Insolvency and Bankruptcy Code, 2016 and there is no instance of onetime settlement with any Bank or Financial Institution, during the year under review.

Auditors

The members of the Company in their Thirteenth Annual General Meeting have appointed M/s. B. K. Khare & Co., Chartered Accountants as Statutory Auditors for the period of five years from the conclusion of Thirteenth Annual General Meeting until the conclusion of the Eighteenth Annual General Meeting.

Annual Return

The Company shall place an annual return filed with the Registrar of Companies for the financial year 2021-22 on its website: www.feplglobal.com once the same is filed with the Registrar of Companies

Acknowledgments

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

Ashish Bhandari

Chairman

Pune, May 10, 2022

INDEPENDENT AUDITOR'S REPORT

To the Members of First Energy Private Ltd

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying Consolidated Financial Statements of First Energy Private Limited ("the Parent Company") and its Subsidiary (the Company and its Subsidiary together referred to as "the Group") which comprise the Consolidated Balance Sheet as at March 31, 2022 and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the year then ended, and Notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, , the aforesaid Consolidated 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 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 consolidated state of affairs of the Group as at March 31, 2022, their consolidated profit, their consolidated total comprehensive income, their consolidated changes in equity and their consolidated cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the Consolidated 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.

Information other than the Financial Statements and Auditors' Report thereon

The Parent Company's Board of Directors is responsible for the other information. The other information at the date of this Auditors' Report comprises the information included in the Board of Directors' Report, but does not include the Consolidated Financial Statements and our Auditors' Report thereon. Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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 for the Consolidated Financial Statements

The Parent 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 Consolidated Financial Statements that give a true and fair view of the financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group 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 Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Parent Company, as aforesaid.

In preparing the Consolidated Financial Statements, the Board of Directors is responsible for assessing the Companies included in the Group are responsible for assessing the Group'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 Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 consolidated 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 Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- 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 Parent 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Consolidated 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 Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

- 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 audit of the Financial Statements of such entities or business activities included in the Consolidated Financial Statements of which we are the independent auditors. For the other entities included in the Consolidated Financial Statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the Consolidated Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the 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 Consolidated Financial Statements.

We communicate with those charged with governance of the Parent Company and such other companies included in the Consolidated Financial Statements of which we are the independent auditors 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 Clause 3(xxi) of the Companies (Auditor's Report) Order, 2020, we have considered the Auditors' Reports of the companies included in the consolidated financial statements. We have observed that there are no qualifications or adverse remarks by the respective auditors in their report under the Companies (Auditor's Report) Order, 2020.

2. As required by Section 143(3) of the Act, to the extent applicable 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 of the aforesaid Consolidated Financial Statements.

b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and reports of the other auditors.

c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Consolidated Statement of Other Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this report are in agreement with the books of account maintained for the purpose of preparation of the Consolidated Financial Statements.

d. In our opinion, the aforesaid Consolidated financial statements comply with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

e. On the basis of the written representations received from the directors of the Parent Company as on March 31, 2022 taken on record by the Board of Directors of the Company none of the directors of the Group is disqualified as on March 31, 2022 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 with reference to financial statements and the operating effectiveness of such controls, refer to our separate report in Annexure I which is based on the auditors' reports of the Parent, to the extent applicable. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls with reference to financial statements of the company.

g. In our opinion and based on the consideration of reports of other statutory auditors of the Subsidiary incorporated in India and 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.

h. With respect to the other matters to be included in the Auditors' 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 Group does not have any pending litigations which would impact its financial position.

   ii. The Group did not have any long-term contracts for which there were any material foreseeable losses

   iii. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Parent Company and its subsidiary companies incorporated in India during the year ended March 31, 2022.

   iv. (a) The respective managements of the Company and its subsidiary which are companies incorporated in India whose financial statements have been audited under the Act, have represented to us and the other auditors of such subsidiary respectively that, to the best of their knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company or any of such subsidiary to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company or any of such subsidiary ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

   (b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company/Group shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

   (c) Based on such audit procedures that we considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

   v. The Holding Company, its Subsidiary Company have not declared/paid/declared and paid any dividend during the year.

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

Shirish Rahalkar
Partner
Membership No.: 111212
UDIN No: 22111212AJBQUR5679

Mumbai, May 10, 2022

Annexure I to The Independent Auditors' Report

Referred to in paragraph (f) of our report of even date on the Consolidated Financial Statements of First Energy Private Limited for the year ended March 31, 2022

Report on the Internal Financial Controls with reference to consolidated financial statements under Clause (i) of sub-section (3) of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of First Energy Private Limited as of and for the year ended March 31, 2022, we have audited the internal financial controls with reference to consolidated financial statements of First Energy Private Limited (hereinafter referred to as the "Parent") and its subsidiary company which is a Company incorporated in India as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Parent and its subsidiary company which is a company incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("the ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective 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 internal financial controls with reference to consolidated financial statements of the Parent and its subsidiary company which is a company incorporated in India, based on our audit.

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") 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 consolidated 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 consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated 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 auditors' 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 with reference to consolidated financial statements of the Parent and its subsidiary company which is a company incorporated in India.

Meaning of Internal Financial Controls with reference to Financial Statements

A company's internal financial control with reference to consolidated 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 consolidated 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 consolidated 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 consolidated financial statements to future periods are subject to the risk that the internal financial control with reference to consolidated 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 Parent and its subsidiary company which is a company incorporated in India, have, in all material respects, an adequate internal financial controls system with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2022, based on the criteria for internal financial control with reference to consolidated financial statements established by the respective companies 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
Firm Registration No. 105102W

Shirish Rahalkar
Partner
Membership No.: 111212
UDIN No: 22111212AJBQUR5679

Mumbai, May 10, 2022

First Energy Private Limited

BALANCE SHEET as at 31.03.2022

(All amounts in Rupees lakh, except per share data)

Particulars	Note No	As at March 31, 2022	As at March 31, 2021
Assets			
I. Non-current assets			
Property, Plant and Equipment	3(a)	31.00	24.96
Capital work-in-progress	3(a)	2,882.14	-
Right-of-use assets	3(b)	451.72	-
Intangible assets	4	14.28	-
Financial assets			
(a) Other financial assets	6	81.93	-
Deferred Tax Assets (net)		42.47	-
Other assets	7	681.07	91.49
Total non-current assets		**4,184.61**	**116.45**
II. Current assets			
Inventories	8	-	2.93
Financial assets			
(a) Investments	5	35.77	34.36
(b) Trade receivables	9	241.22	33.54
(c) Cash and cash equivalents	10	3,928.32	107.93
(d) Bank balances other than (c) above	11	0.89	0.83
(e) Loans	12	7.69	8.62
(f) Other financial assets	13	1,927.33	1.01
Income tax assets (net)	14	7.35	9.91
Other assets	15	286.93	1.38
Total current assets		**6,435.50**	**200.51**
Total assets		**10,620.11**	**316.96**
Equity and liabilities			
III. Equity			
Equity share capital	16	3,946.64	1,346.64
Other equity	17	(674.22)	(3395.24)
Total Equity		**3272.42**	**(2048.60)**
IV. Non-current liabilities			
Financial liabilities			
(a) Borrowings	18	411.62	1,949.30
(b) Lease Liabilities	19	346.76	-
Provisions	20	18.77	-
Total non-current liabilities		**777.15**	**1,949.30**
V. Current liabilities			
Financial liabilities			
(a) Lease Liabilities	21(a)	99.56	-
(b) Trade payables	22		
i. Total outstanding dues of micro enterprises and small enterprises		191.41	-
ii. Total outstanding dues of creditors other than micro enterprises and small enterprises		4,683.83	83.07
(c) Other financial liabilities	21(b)	17.52	323.43
Other liabilities	23	1,566.01	2.95
Provisions	24	12.21	6.81
Total current liabilities		**6,570.54**	**416.26**
Total equity and liabilities		**10,620.11**	**316.96**
Summary of significant accounting policies	2.1		
Summary of significant accounting policies, judgements, estimates and assumptions	1 & 2		

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

Statement of profit and loss for the year ended March 31, 2022

(All amounts in Rupees lakh, unless otherwise stated)

Particulars	Note No	As at March 31, 2022	As at March 31, 2021
Income			
Revenue from operations	25	2,256.48	212.98
Other income	26	398.70	62.27
Total Income (I)		**2,655.18**	**275.25**
Expenses			
Cost of raw materials and components consumed	27	2,011.70	77.32
(Increase) / decrease in inventories of finished goods and traded goods	28	1.64	1.63
Employee benefits expense	29	289.07	18.13
Finance cost	30	9.98	165.75
Depreciation, amortisation expense and impairment	31	24.74	148.50
Other Expenses	32	220.75	77.54
Total expenses (II)		**2,557.88**	**488.87**
Profit/(Loss) before exceptional items and tax [(I) - (II)]		97.30	(213.62)
Less: Exceptional items		-	-
Profit/(Loss) before tax		**97.30**	**(213.62)**
Tax expense		**-**	**-**
Profit/(Loss) for the year		**97.30**	**(213.62)**
Other comprehensive income			
A. Items that will not be reclassified to profit or loss			
Re-measurement of defined benefit plans-gain		-	-
Total other comprehensive income for the year, net of tax.		-	-
Total comprehensive income for the year		**97.30**	**(213.62)**
Basic and Diluted Earning per equity share [Nominal value per share Rs. 10/- (March 31, 2021: 10/-)]	33	**0.52**	**(1.59)**
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 and Company
Chartered Accountants
ICAI Firm Reg No.105102W

per Shirish Suresh Rahalkar
Partner
Membership No:111212

Date: May 10, 2022
Place: Mumbai

For and on behalf of the Board of Directors of First Energy Pvt. Ltd.

Rajendran Arunachalam
Director
DIN: 08446343

Hemant Mohgaonkar
Director
DIN :01308831

Navjit Gill
Chief Executive Officer

Mitish Somani
Chief Financial Officer

Sampada Sakhare
Company Secretary

Date: May 10, 2022
Place: Pune

Cash flow statement for the year ended March 31, 2022

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

	Particulars	Year ended March 31, 2022	Year ended March 31, 2021
A)	**Cash flows from operating activities**		
	Profit/(Loss) before tax	97.30	(213.62)
	Adjustments to reconcile profit before tax to net cash flows		
	Depreciation, amortization expenses and impairment	24.74	148.50
	Provision for doubtful debts/deposits	-	21.38
	Bad debts written off	14.53	-
	Interest Expenses	9.98	165.75
	Interest income from investment in Mutual funds/Fair value gain	-	(3.40)
	Loss on sale / discard of assets (net)	21.34	-
	(Profit)/Loss on sale of investment	(1.40)	-
	Waiver of Interest given by Holding Company	(337.68)	-
	Dividend and interest income classified as investing cash flows	(3.31)	-
	Working capital adjustments		
	(Increase)/Decrease in Trade Receivables	(222.21)	71.20
	(Increase) / Decrease in Inventories	2.93	2.50
	(Increase) / Decrease in Other non-current financial assets	(81.93)	
	(Increase) in Other non-current assets	(589.58)	(1.46)
	Decrease in Other ST Loans	0.93	9.43
	(Increase) / Decrease in Other current financial assets	(1,926.32)	-
	Decrease in Other current assets	(285.55)	35.30
	Increase / (Decrease) in Trade Payables	4,792.17	(348.86)
	Increase in Provisions	5.40	(8.20)
	Increase / (Decrease) in Other non-current financial liabilities	18.77	-
	Increase / (Decrease) in Other current liabilities	1,563.04	(3.41)
	(Decrease) in Other current financial liabilities	(305.91)	(133.37)
	Cash generated from operations	**2,797.24**	**(258.26)**
	Direct taxes paid (net of refunds received)	2.56	(0.30)
	Net cash inflow / (outflow) from operating activities	**2,799.80**	**(258.56)**
B)	**Cash flows from /(used in) investing activities**		
	Purchase of Fixed Assets	(2,924.75)	-
	Sale of Fixed Assets	-	45.22
	Fixed Deposits with Banks placed	(0.06)	-
	Proceeds from sale of other Investments	-	50.00
	Interest received	3.31	-
	Net cash flows (used in) investing activities	**(2,921.50)**	**95.22**
C)	**Cash flows from/ (used in) financing activities**		
	Proceeds from issue of Equity Instruments	2,600.00	-
	Share application money received	2,750.00	
	Borrowings from Others/Financial Institutions	-	50.00
	Repayment of Borrowings	(1,200.00)	(160.75)
	Lease rentals paid	(29.18)	-
	Interest paid	(9.98)	(1.00)
	Share issue expenses	(168.75)	
	Net cash flows from financing activities	**3,942.09**	**(111.75)**
	Net increase / (decrease) in cash and cash equivalents	3,820.39	(275.09)
	Cash and cash equivalents at the beginning of the year	107.93	383.02
	Cash and cash equivalents at the end of the year	**3,928.32**	**107.93**

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

	March 31, 2022	March 31, 2021
Cash and cash equivalents (Note 10)	3,928.32	107.93
Book overdraft	-	-
Balances as per Cash flow statement	**3,928.32**	**107.93**

For B. K. Khare and Company
Chartered Accountants
ICAI Firm Reg No. 105102W

per Shirish Suresh Rahalkar
Partner
Membership No: 111212

Date: May 10, 2022
Place: Mumbai

For and on behalf of the Board of Directors of First Energy Pvt. Ltd.

Rajendran Arunachalam
Director
DIN: 08446343

Hemant Mohgaonkar
Director
DIN :01308831

Navjit Gill
Chief Executive Officer

Mitish Somani
Chief Financial Officer

Sampada Sakhare
Company Secretary

Date: May 10, 2022
Place: Pune

First Energy Private Limited

Statement of profit and loss for the year ended March 31, 2022
(All amounts in Rupees lakh, except per share data)

A Equity Share Capital^

Particulars	Note No.	Year ended March 31, 2022	Year ended March 31, 2021
Balance at the beginning of the reporting period	16	1,346.64	1,346.64
Changes in equity shares capital during the year	16	2,600.00	-
Balance at the end of the reporting period	16	3,946.64	1,346.64

B Other Equity^

Particulars	Reserves & Surplus			Share Application Money	Equity component of Compound Financial Instruments	Cost related to issue of Own Equity Instruments (net of Deferred Tax)	Total Equity
	Retained Earnings	Securities Premium	Total				
As at April 1, 2020	**(4,599.82)**	**1,171.48**	**(3,428.34)**	**-**	**246.72**	**-**	**(3,181.62)**
Profit for the year	(213.62)	-	(213.62)	-	-	-	(213.62)
Other Comprehensive Income	-	-	-	-	-	-	0.00
Total income	**(213.62)**	**-**	**(213.62)**	**-**	**246.72**	**-**	**(213.62)**
As at March 31, 2021	**4,813.44**	**1,171.48**	**(3,641.96)**	**-**	**-**	**-**	**3,395.22**
Profit for the year	97.30	-	97.30	-	-	-	97.30
Other Comprehensive Income	-	-	-	-	-	-	-
Total income	**97.30**	**-**	**97.30**	**-**	**-**		**97.30**
Share Application money received				2750.00			2750.00
Less: Cost related to issue of Own Equity Instruments (net of Deferred Tax)	-	-	-		-	(126.28)	(126.28)
Add: Transferred to Securities Premium						126.28	126.28
Less: transfer from Cost related to issue of Own Equity Instruments (net of Deferred Tax)		-126.28	-126.28				(126.28)
As at March 31, 2022	**(4716.14)**	**1045.20**	**(3670.94)**	**2,750.00**	**246.72**	**-**	**(674.22)**

For B. K. Khare and Company
Chartered Accountants
ICAI Firm Reg No.105102W

per Shirish Suresh Rahalkar
Partner
Membership No:111212

Date: May 10, 2022
Place: Mumbai

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Notes to financial statements for the year ended March 31, 2022
(All amounts in Rupees lakh, unless otherwise stated)

1. Corporate information

First Energy Private Limited ((‘the Holding Group’ or “the Company”) and its subsidiaries (together referred to as ‘the Group’) is primarily involved in Engineering, Procurement and Construction in solar energy market and other ancillary activities.

The Holding Group is a private limited group incorporated and domiciled in India. The address of its registered office is 14, Thermax House, Old Mumbai-Pune Highway, Wakdewadi Pune - 411003, India. The Board of Directors have authorized to issue these consolidated financial statements on May 10, 2022. The CIN of the Group is U40200PN2008FTC139032.

2. Significant accounting policies

2.1. Basis of preparation and measurement

(a) Basis of preparation

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

The preparation of the consolidated financial statements require the use of certain critical accounting judgements, estimates and assumptions. It also requires the management to exercise judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 2.4.

The accounting policies adopted for preparation and presentation of these consolidated financial statements have been consistently applied except for changes resulting from amendments to Ind AS issued by the Ministry of Corporate Affairs, effective for financial years beginning on or after April 1, 2021 as disclosed in note 2.2.

(b) Basis of measurement

The consolidated 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.

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Holding Company and its subsidiaries as at March 31, 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

There is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Group’s voting rights and potential voting rights; and
- The size of the group’s holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of an entity begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member’s financial statements in preparing the consolidated financial statements to ensure conformity with the group’s accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to the same reporting date as that of the Holding Company, i.e., year ended March 31, 2022.

Consolidation procedure

(a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognized in the consolidated financial statements at the acquisition date.

(b) Offset (eliminate) the carrying amount of the parent’s investment in each subsidiary and the parent’s portion of equity of each subsidiary. The accounting policy regarding business combinations and goodwill explains how to account for any related goodwill.

(c) Eliminate in full, intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognized in assets, such as inventory and property, plant and equipment, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 ‘Income Taxes’ applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the carrying amount of assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interests;

- Derecognizes the cumulative translation differences recorded in equity;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

2.2. Changes in accounting policies and disclosures

2.2.1. Others

Several other amendments and interpretations apply for the first time in the year ended March 31, 2022, but do not have an impact on the consolidated financial statements of the Group.

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 Group'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 Group 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. 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 Group 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 Group. 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 Group 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 consolidated 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 Group 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
- Quantitative disclosures of fair value measurement hierarchy
- Financial instruments (including those carried at amortized cost)

d. Property, plant and equipment

Property, plant and equipment (PPE) and capital work in progress are stated at cost of acquisition or construction net of accumulated depreciation and impairment loss, if any. All significant costs relating to the acquisition and installation of PPE are 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 Group 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 Group 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:

Notes to financial statements for the year ended March 31, 2022
(All amounts in Rupees lakh, unless otherwise stated)

Asset category	Group's estimate of useful life (years)	Useful life as prescribed under Schedule II (years)
Factory buildings	28 to 30	30
Other buildings	58	60
Plant and equipment	5 to 25	15 to 20
Roads	5 to 30	5 to 10
Office equipment	15	15
Furniture and fixtures	15	10
Computers and data processing units	4 to 6	3 to 6
Vehicles	7 to 10	8

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

e. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in the Statement of profit and loss in the period in which the expenditure is incurred.

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.

f. Inventories

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 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 Group 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 Group 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 Group collects goods and services tax on behalf of the government and, therefore, it is not an economic benefit flowing to the Group. 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 Group has following streams of revenue:

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

Engineering, Procurement and Construction (EPC) 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 Group identifies distinct performance obligations in each contract. For most of the project contracts, the customer contracts with the Group 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 Group may promise to provide distinct goods or services within a contract, in which case the Group separates the contract into more than one performance obligation. If a contract is separated into more than one performance obligation, the Group allocates the total transaction price to each performance obligation in an amount based on the estimated relative consolidated selling prices of the promised goods or services underlying each performance obligation. The Group uses the expected cost plus a margin approach to estimate the consolidated selling price of each performance obligation in case of contracts with more than one distinct performance obligations.

The Group assesses for the timing of revenue recognition in case of each distinct performance obligation. The Group 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 Group performs, or

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

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

The Group 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 Group to payment for work performed to date plus a reasonable profit to deliver products or services that do not have an alternative use.

The Group 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 profits, are recorded proportionally as costs are incurred.

The Group 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 Group recognizes the expected losses from onerous contract as an expense immediately.

Penalties for any delay or improper execution of a contract are recognized as a deduction from revenue. In the balance sheet, such provisions are presented on net basis of the contract receivables.

- ***Revenue from Sale of goods***

If the criteria for revenue under over-a-period of time as mentioned above are not met, the Group 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 determined based on when the significant risks and rewards of ownership are transferred to the customer. Apart from this, the Group 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.

Revenue from Sale of services

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

Contract balances

Contract assets: A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group 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 Group'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 Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group 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 Group 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

For all debt instruments measured at amortized cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortized cost of a financial liability. Interest income is included in finance income in the statement of profit and loss.

iii. Rental income

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

h. Financial instruments

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

Financial assets

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 Group:

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.

iii. Equity investments

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

If the Group 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 the Statement of profit and loss, even on the sale of the investment. However, the Group 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 Group 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 Group has transferred substantially all the risks and rewards of the asset, or (b) the Group 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 Group 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 Group follows 'simplified approach' for recognition of impairment allowance. The application of simplified approach does not require the Group 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 Group 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 Group 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 Group 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 Group'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

The Group enters into derivative financial instruments, primarily foreign exchange forward contracts, to manage its borrowing exposure to foreign exchange. Derivatives are initially recognized at fair value at the date the contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain/loss is recognized in Statement of profit and loss.

j. Cash and cash equivalents

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

k. Share capital

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

Cost for issuance of equity instruments:

The cost in issuing or acquiring Company's own equity instruments includes registration and other regulatory fees, amounts paid to legal, accounting and other professional advisers, printing costs and stamp duties. These costs are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

l. Income tax

Current tax

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

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

Deferred tax

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

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be 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.

The Group 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 Group applies significant judgement in identifying uncertainties over income tax treatments.

m. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

n. Leases

Group as a lessee

The Group lease asset classes primarily consist of office buildings. The Group 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 Group assesses whether: (1) the contract involves the use of an identified asset (2) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (3) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognizes a right-of-use asset 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 Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Lease arrangements include the options to extend or terminate the lease before the end of the lease term. Right-of-use 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.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the 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. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

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

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 116 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For a contract that contains 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.

o. Impairment of non-financial assets

The Group 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 Group 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 Group 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.

p. Provisions

Provisions are recognized when the Group 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 Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of profit and loss net of any reimbursement.

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

q. Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund. The Group 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 Group 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 Group recognizes related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group 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 Group 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 Group 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 Group 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.

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates:

(a) when the Group 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.

r. 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 Group has identified the Chief Executive Officer as the chief operating decision maker of the Group.

s. Contingent liabilities

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 Group 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.

t. Earnings Per Share (EPS)

The Group 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 Group 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).

2.4. Significant accounting judgments, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the acgrouping 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.

2.4.1 Judgments

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

i. Revenue from contracts with customers

A significant portion of the Group's business relates to EPC 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 Group has right to payment for performance completed till date, either contractually or legally. The input method requires management to make significant judgements of the extent of progress towards completion including accounting of multiple contracts which need to be combined and considered as a single contract.

ii. Legal contingencies

The Group 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 group 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 consolidated 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 management has determined that some of the segments exhibit similar economic characteristics and meet other aggregation criteria and accordingly aggregated into three reportable segments i.e. energy, environment and chemical.

2.4.2 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 Group based its assumptions and estimates on parameters available when the consolidated 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 Group. Such changes are reflected in the assumptions when they occur.

Estimation of uncertainties relating to the global health pandemic from the Coronavirus disease (COVID-19):

The Group 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 Group, 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 Group. The Group 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 Group's financial statements may differ from that estimated as at the date of approval of these consolidated financial statements.

i. EPC contracts:

- Project cost to complete estimates: At each reporting date, the Group is required to estimate costs to complete on fixed-price contracts. Estimating costs to complete on such contracts requires the Group 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 Group 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.

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 Group 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

Notes to financial statements for the year ended March 31, 2022
(All amounts in Rupees lakh, unless otherwise stated)

are taken from observable markets where possible, but where this is not feasible, a degree of assumption is required in establishing fair values. Assumptions include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer note 37 for further disclosures.

v. 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 Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions including those related to the COVID-19 pandemic as well as forward looking estimates at the end of each reporting period.

As a practical expedient, the Group 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 Group estimates a default rate of total revenue for trade receivables and contract revenue for contract assets. The Group follows provisioning norms based on ageing of receivables to estimate the impairment allowance under ECL.Gro up

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

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

vii. Deferred taxes

At each balance sheet date, the Group 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.

3 (a) Property, Plant and Equipment

Particulars	Buildings	Plant and equipment	Office Equipment	Computer	Furniture and Fixtures	Total	Capital work in progress
Gross carrying amount as at March 31, 2021	**10.33**	**641.30**	**12.50**	**67.98**	**23.96**	**756.07**	**-**
Additions	**-**	**-**	**4.62**	**25.87**	**1.01**	**31.50**	**2,882.14**
Disposals / Adjustment	10.33	641.30	12.50	67.98	23.96	756.07	-
Transfers						-	-
Gross carrying amount as at March 31, 2022	**-**	**-**	**4.62**	**25.87**	**1.01**	**31.50**	**2,882.14**
Closing accumulated depreciation and impairment as at March 31, 2021	**10.33**	**616.34**	**12.50**	**67.98**	**23.96**	**731.11**	**-**
Charge for the year			0.04	0.45	0.01	0.50	-
Impairment Loss						-	-
Disposals / Adjustment	10.33	616.34	12.50	67.98	23.96	731.11	-
Closing accumulated depreciation and impairment as at March 31, 2022	**-**	**-**	**0.04**	**0.45**	**0.01**	**0.50**	**-**
Net Block March 31, 2022	**-**	**-**	**4.58**	**25.42**	**1.00**	**31.00**	**2,882.14**
Net Block March 31, 2021	**-**	**24.96**	**-**	**-**	**-**	**24.96**	**-**

The ageing of non-current trade receivables which are due for receipt:

Particulars	Amount in CWIP for a period of				
	6 months- 1 year	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
Project in progress	2,882.14	-	-	-	**2,882.14**
Projects temporarily suspended	-	-	-	-	**-**
Total Capital work-in-progress	**2,882.14**	**-**	**-**	**-**	**2,882.14**

(All amounts in Rupees lakh, unless otherwise stated)

3 (b) Right- of- use assets

Particulars	Buildings	Total
Gross carrying amount as at March 31, 2021	**-**	**-**
Additions	475.50	475.50
Disposals/ Transfers/ Adjustments	-	-
Gross carrying amount as at March 31, 2022	**475.50**	**475.50**
Accumulated depreciation as at March 31, 2021	**-**	**-**
Charge for the year	23.78	23.78
Disposals/ Transfers/ Adjustments	-	-
Closing accumulated depreciation as at March 31, 2022	23.78	23.78
Net Block as at March 31, 2022	451.72	451.72
Net Block as at March 31, 2021	**-**	**-**
Net Block March 31, 2022	**-**	**31.00**
Net Block March 31, 2021	**-**	**24.96**

The Company has taken certain assets on lease which has been accounted in accordance with Ind AS 116-Leases under right of use assets. Refer note 37 for further disclosure on leases.

4 Intangible Assets

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

Particulars	Buildings	Total
Gross carrying amount as on March 31, 2021	**-**	**-**
Additions	14.75	14.75
Disposals/Adjustments	-	-
Gross carrying amount as on March 31, 2022	**14.75**	**14.75**
Closing accumulated depreciation as at Mar 31, 2021	**-**	**-**
Amortisation charge for the year	0.47	0.47
Disposals		-
Impairment in a year	-	-
Closing accumulated depreciation as at March 31, 2022	**0.47**	**0.47**
Net Block March 31, 2022	**14.28**	**14.28**
Net Block March 31, 2021	**-**	**-**

5 Current Investments

Particulars	Face value per unit	Number of units		Amount	
		March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Investments in Mutual Funds :					
Investments at Fair value through Profit and Loss					
Aditya Birla Sun Life Money Manager Fund Growth-Regular	Rs. 10	11,967	11,967	35.77	34.36
Total investments in Mutual Funds				**35.77**	**34.36**
Total value of Investments				**35.77**	**34.36**
Aggregate amount of quoted investments and market value thereof				-	-
Aggregate amount of unquoted investments				35.77	34.36
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 41 for determination of their fair values.

6 Other non current financial assets

	As at March 31, 2022	As at March 31, 2021
At Amortized Cost		
Security deposits	81.93	-
Total	**81.93**	**-**

7 Other non-current assets

	As at March 31, 2022	As at March 31, 2021
Balance with governement authorities	681.07	91.49
Total	**681.07**	**91.49**

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

8 Inventories

	As at March 31, 2022	As at March 31, 2021
Valued at lower of cost and net realizable value		
Raw materials, components and bought-outs	-	1.29
Spares	-	1.64
Traded goods	-	-
Total	**-**	**2.93**

Notes to financial statements for the year ended March 31, 2022
(All amounts in Rupees lakh, unless otherwise stated)

9 **Trade Receivables**

Current trade receivables

	As at March 31, 2022	As at March 31, 2021
Trade receivables from:		
i) Related parties (note 39)	81.98	-
ii) Others	159.24	33.54
Total	**241.22**	**33.54**
Sub-classification of trade receivables		
Secured, considered good	-	-
Unsecured, considered good	241.22	33.54
Trade receivables which have a significant increase in credit risk	-	21.37
Trade receivables- credit impaired	-	-
	241.22	**54.91**
Less: impairment allowance	-	(21.37)
Total	**241.22**	**33.54**

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.

The ageing of non-current trade receivables which are due for receipt:

Particulars	**Not Due**	**Unbilled**	**Outstanding for the following period from due date of payments**					**Total**
			Less than 6 months	**6 months- 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	
As at March 31, 2022								
(i) Undisputed Trade Receivables- considered good	241.22	-	-	-	-	-	-	241.22
(ii) Undisputed Trade Receivables- which have significant increase in credit risk	-	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables- credit impaired	-	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables- considered good	-	-	-	-	-	-	-	-
(v) Disputed Trade Receivables- which have significant increase in credit risk	-	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables- credit impaired	-	-	-	-	-	-	-	-
		-	**-**	**-**			**-**	**241.22**
Less: impairment allowance	-							-
Total	**241.22**	**-**	**-**	**-**	**-**	**- -**		**241.22**

Particulars	**Not Due**	**Unbilled**	**Outstanding for the following period from due date of payments**					**Total**
			Less than 6 months	**6 months- 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	
As at March 31, 2021								
(i) Undisputed Trade Receivables- considered good	-	-	-	-	33.54	-	-	33.54
(ii) Undisputed Trade Receivables- which have significant increase in credit risk	-	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables- credit impaired	-	-	-	-	-	21.37	-	21.37
(iv) Disputed Trade Receivables- considered good	-	-	-	-	-	-	-	-
(v) Disputed Trade Receivables- which have significant increase in credit risk	-	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables- credit impaired	-	-	-	-	-	-	-	-
	-	**-**	**-**	**-**	**33.54**	**21.37**	**-**	**54.91**
Less: impairment allowance	-	-	-	-	-	-21.37	-	(21.37)
Total	**-**	**-**	**-**	**-**	**33.54**	**- -**		33.54

(All amounts in Rupees lakh, unless otherwise stated)

10 Cash and cash equivalents

	As at March 31, 2022	As at March 31, 2021
Balances with banks		
- in current accounts	278.32	107.93
- in deposits with original maturity of less than three months	3,650.00	-
Total	**3928.32**	**107.93**

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.

11 Other bank balances

	As at March 31, 2022	As at March 31, 2021
Deposits with original maturity of more than 3 months but less than 12 months	0.89	0.83
Total	**0.89**	**0.83**

12 Current loans

	As at March 31, 2022	As at March 31, 2021
At amortized cost		
Security deposits		
Unsecured, considered good	7.69	8.62
Doubtful	-	-
	7.69	8.62
Less: Provision for doubtful security deposits	-	-
Total	**7.69**	**8.62**
Classification of above is as follows:		
Loans receivables- Considered good- Secured	-	-
Loans receivables- Considered good- Unsecured	7.69	8.62
Loans receivables which have significant increase in credit risk	-	-
Loans receivables- Credit impaired	-	-
Total	**7.69**	**8.62**

13 Other financial assets

	As at March 31, 2022	As at March 31, 2021
At amortized cost		
Interest accrued on fixed deposits	2.71	1.01
Unbilled revenue (Contract Assets)	1,924.62	-
Total	**1,927.33**	**1.01**

14 Income tax assets (net)

	As at March 31, 2022	As at March 31, 2021
TDS Receivable	7.35	9.91
Total	**7.35**	**9.91**

15 Other current assets

	As at March 31, 2022	As at March 31, 2021
Unsecured considered good		
Advance to supplier	266.69	-
Advances to employee	0.20	0.76
Prepaid Expenses	-	0.62
Others	20.04	-
Total	**286.93**	**1.38**

16 Share capital

	As at March 31, 2022	As at March 31, 2021
Authorized shares		
20,00,00,000 (Previous year 3,80,00,000) equity shares of Rs. 10/- each.	20,000	3,800
	20,000.00	**3,800.00**
Issued, subscribed and fully paid share capital		
39,466,365 (Previous year 1,34,66,365) equity shares of Rs. 10/- each.	3,946.64	1,346.64
Total issued, subscribed and fully paid-up share capital	**3,946.64**	**1,346.64**

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

Particulars	No. of shares	Amount
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	26,000,000	-
At March 31, 2022	**39,466,365**	**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

	As at March 31, 2022	As at March 31, 2021
Holding company		
Thermax Limited		
39,466,365 (Previous year: 1,34,66,365) equity shares of Rs. 10/- each fully paid	3,946.64	1,346.64

Notes to financial statements for the year ended March 31, 2022
(All amounts in Rupees lakh, unless otherwise stated)

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

	As at March 31, 2022	As at March 31, 2021	% Change during the Year
(i) Thermax Limited, India (Promoter)			
% Holding	100.00%	0.00%	0.00%
No. of shares	39,466,365	13,466,364	

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.

17 Other equity

	Particulars	As at March 31, 2022	As at March 31, 2021
	Reserves and surplus		
A	**Securities premium account**		
	Opening balance	1,171.48	1,171.48
	Add: Transfer from cost related to issue of Own Equity Instruments	(126.28)	0.00
	Net Secutrities premium at the end of the period.	1,045.20	1,171.48
B	**Retained earnings**		
	Opening balance	(4813.44)	(4599.82)
	Add: Profit/(Loss) for the year	**97.30**	**(213.62)**
	Net surplus/ deficit in the statement of profit and loss	**(4716.14)**	**(4813.44)**
C	**Total Reserves and Surplus (A+B)**	**(3670.94)**	**(3641.96)**
D	**Share Application money**		
	Opening balance	-	-
	Add: Addition during the year	2,750.00	-
	Balance at the end of the year	**2,750.00**	**-**
E	Equity component of compound financial instrument	246.72	246.72
F	Cost related to issue of Own Equity Instruments(net of Deferred Tax)		-
	Opening balance	-	-
	Add: Incurred during the year	126.28	-
	Less: Transferred to Securities Premium Account	-126.28	-
	Net surplus/ deficit	**-**	**-**
	Total	**(674.22)**	**(3395.24)**

18 Borrowings

Non current borrowings

Particulars	As at March 31, 2022	As at March 31, 2021
At amortized cost		
Term loans (from Holding Company unsecured)	411.62	411.62
Less : Current maturities of Long term Borrowings	-	-
	411.62	**411.62**
Term loans (other than banks)		
8% Cumulative redeemable preference shares	-	1,537.68
	-	**1,537.68**
Total	**411.62**	**1,949.30**

On 27th August 2021, the Company has redeemed 11,999,999, 8% Cumulative redeemable preference shares of face value of Rs. 10, issued to Holding Company.

19 Non-current financial liabilities

	As at March 31, 2022	As at March 31, 2021
At amortised cost		
Lease obligation	346.76	-
Total	**346.76**	**-**

20 Non-current provisions

	As at March 31, 2022	As at March 31, 2021
Provision for gratuity (Refer note 38)	18.77	-
Total	**18.77**	**-**

21 Current financial liabilities

(a) Lease liabilities

	As at March 31, 2022	As at March 31, 2021
At amortized cost		
Current maturities of Lease Obligation	99.56	-
Total	**99.56**	**-**

(b) Other financial liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Derivative instruments at fair value through profit or loss		
Derivative not designated as hedges		
Foreign exchange forward contracts	2.53	-
At amortized cost		
Trade deposits	-	62.88
Employee related payables	14.99	4.60
Total	**17.52**	**323.43**

(All amounts in Rupees lakh, unless otherwise stated)

22 Trade payables

Current trade payables

Particulars	As at March 31, 2022	As at March 31, 2021
Total outstanding dues of micro and small enterprises	191.41	-
Total outstanding dues of creditors other than micro and small enterprises		
(i) Related parties (note 39)	-	38.43
(ii) Others	4,683.83	44.64
Total	**4,874.24**	**83.07**

For terms and conditions with related parties, refer note 39.

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

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

		March 31, 2022	March 31, 2021
i)	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*	191.41	-
	- Interest due thereon	-	-
ii)	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	-	-
iii)	The amount of payment made to the supplier beyond the appointed day during the year	-	-
iv)	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	-	-
v)	The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
vi)	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	-	-

The ageing of current trade payables which are due for payment :

Particulars	Not Due	Unbilled	Outstanding for the following period from due date of payments				Total
			Less than a year	1-2 years	2-3 years	More than 3 years	
As at March 31, 2022							
(i) MSME	191.41	-	-	-	-	-	**191.41**
(ii) Others	4,683.83	-	-	-	-	-	**4,683.83**
(iii) Disputed dues- MSME	-	-	-	-	-	-	**-**
(iv) Disputed dues- Others	-	-	-	-	-	-	**-**

The ageing of current trade payables which are due for payment :

Particulars	Not Due	Unbilled	Outstanding for the following period from due date of payments				Total
			Less than a year	1-2 years	2-3 years	More than 3 years	
As at March 31, 2021	-	-	-	-	-	-	
(i) MSME	-	-	-	-	-	-	**-**
(ii) Others	-	-	-	83.07	-	-	**83.07**
(iii) Disputed dues- MSME	-	-	-	-	-	-	**-**
(iii) Disputed dues- Others	-	-	-	-	-	-	**-**

23 Other Current liabilities

	As at March 31, 2022	As at March 31, 2021
Customer advance	1,533.20	-
Statutory dues and other liabilities*	32.81	2.95
Total	**1,566.01**	**2.95**

24 Current provisions

	As at March 31, 2022	As at March 31, 2021
Provision for employee benefits		
Provision for gratuity (Refer note 38)	1.92	6.81
Provision for leave encashment	10.29	-
Total	**12.21**	**6.81**

25 Revenue from operations (net)
(a) Revenue from contracts with customers

	March 31, 2022	March 31, 2021
Revenue from projects and products	2,229.68	30.78
Revenue from services	-	162.27
Total	**2,229.68**	**193.05**

Notes to financial statements for the year ended March 31, 2022
(All amounts in Rupees lakh, unless otherwise stated)

(b) Other operating income

	March 31, 2022	March 31, 2021
Sale of scrap	18.80	18.22
Gain on sale of Stoves/Boilers	1.00	1.71
Exchange fluctuation gain (net)	7.00	-
Total	**26.80**	**19.93**

(c) Disclosure pursuant to IND AS 115: Revenue from contracts with cutomers

i) Revenue by category of contracts

	March 31, 2022	March 31, 2021
Over a period of time basis	2,229.68	162.27
At a point-in-time basis	-	30.78
Total revenue from contracts with customers	**2,229.68**	**193.05**

ii) Revenue by geographical market:

	March 31, 2022	March 31, 2021
Within India	2,229.68	193.05
Outside India	-	-
Total revenue from contracts with customers	**2,229.68**	**193.05**

iii) Contract balances

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

	As at March 31, 2022	As at March 31, 2021
Trade receivables (Refer note 9)	241.22	33.54
Unbilled revenue (Refer note 13)	1,925	-
Customer advances (Refer note 23)	1,533	-

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 position on.

vi) 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, 2022	March 31, 2022	March 31, 2022	March 31, 2021
Opening unbilled revenue (refer note 13)	-		-	
Opening unearned revenue	-	-	-	-
- Transfer of contract assets to receivable from opening unbilled revenue	-		-	
- Increase in revenue as a result of changes in the measure of progress from the opening unearned revenue	-		-	
- Transfer of contract assets to receivables	-		-	
- Increase in revenue as a result of changes in the measure of progress	1,925.00		-	
- Others*		**1925.00**	**-**	**-**
Closing unbilled revenue (refer note 13)		**1,925.00**		**-**
Closing unearned revenue		**-**		**-**

* 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 point in time. Generally, performance obligations for such contracts have an original expected duration of one year or less.

Revenue from service contracts are recognised on time proportion basis as per the terms of the contracts.

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

Remaining performance obligations:

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.

Notes to financial statements for the year ended March 31, 2022
(All amounts in Rupees lakh, unless otherwise stated)

26 Other income

	As at March 31, 2022	As at March 31, 2021
Net gain on sale of current investments designated at FVPL	1.40	-
Interest Income on bank deposits	4.58	-
Fair value gain on financial instrument at fair value through profit & loss (net)	-	3.40
Miscellaneous income#	392.72	58.87
Total	**398.70**	**62.27**

Includes waiver of interest by Holding Company of Rs. 337.68 on account of redemption of prefernce shares.

27 Cost of raw material and components consumed

	March 31, 2022	March 31, 2021
Inventories at the beginning of the year	1.29	2.16
Add: Purchases	2,010.41	76.45
	2,011.70	**78.61**
Inventories at the end of the year	-	1.29
	2,011.70	**77.32**
Less: capitalised during the year	-	-
Total	**2,011.70**	**77.32**

28 (Increase) / decrease in inventories of finished goods

	March 31, 2022	March 31, 2021
Inventories at the beginning of the year		
Work-in-progress	-	-
Finished goods	1.64	3.27
Traded goods	-	-
	1.64	**3.27**
Less: inventories at the end of the year		
Work-in-progress	-	-
Finished goods	-	1.64
Spares	-	-
Traded goods	-	-
	-	**1.64**
Total	**1.64**	**1.64**

29 Employee benefits expense

Particulars	March 31, 2022	March 31, 2021
Salaries and wages	271.02	15.68
Contribution to provident and other funds	12.21	2.45
Gratuity expense (Refer note 38)	0.66	-
Staff welfare expenses	5.18	-
	289.07	400.37
	289.07	**18.13**

30 Finance costs

	As at March 31, 2022	As at March 31, 2021
Interest expense	9.98	165.75
	9.98	**165.75**

31 Depreciation, amortization expense and impairment

	As at March 31, 2022	As at March 31, 2021
Depreciation of property, plant and equipment	0.49	99.01
Depreciation of right-of-use assets	23.78	-
Amortization of intangible assets	0.47	2.95
Impairment Loss	-	46.54
	24.74	**148.50**

32 Other expenses

	As at March 31, 2022	As at March 31, 2021
Freight and forwarding charges (net)	0.48	9.85
Site expenses and Contract labour charges	4.88	-
Travelling and conveyance	25.16	0.94
Rent	0.67	1.34
Rates and taxes	0.38	0.34
Legal and professional fees (Including payment to Auditors)	10.31	31.03
Communication expenses	0.53	5.28
Advertisement and sales promotion	11.60	0.08
Repairs and maintenance		
Boiler and Stove	1.16	0.59
Plant and machinery	0.65	1.10
Others	2.39	0.44
Bad debts written off	14.53	-
Provision for doubtful debts/deposits	-	21.38
Transportation	-	0.38
Power and fuel	0.90	-
Insurance	1.13	0.49
Loss on sale / discard of assets (net)	21.34	-
Printing and stationery	1.25	0.32
Office expenses	2.38	-
Recruitement Expenses	108.30	-
Miscellaneous expenses (includes bank charges, commission & brokerage etc.)	12.71	3.98
	220.75	**77.54**

33 Earnings per share

	As at March 31, 2022	As at March 31, 2021
Net profit attributable to the Equity shareholders of the Company	97.30	(213.62)
Weighted average number of Equity shares of Rs.10/- each	18,864,995	13,466,365
Basic and Diluted EPS	**0.52**	**(1.59)**

Notes to financial statements for the year ended March 31, 2022
(All amounts in Rupees lakh, unless otherwise stated)

34 Payment to auditors

	As at March 31, 2022	As at March 31, 2021
As auditor		
Audit and limited review fee	5.00	3.00
Tax audit fee	0.75	0.75
Total	**5.75**	**3.75**

35 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.

The Company has tax losses of Rs. 3036.16 (March 31, 2021: Rs. 2,993.32) that are available for offsetting for future taxable profits. Deferred tax assets have not been recognised in respect of these losses as they may not be used to offset taxable profits elsewhere in the Company and there are no other tax planning opportunities or other evidence of recoverability in the near future. If the Company were able to recognise all unrecognised deferred tax assets, the profit for the year would increase by Rs. 764.20.41 (March 31, 2021: Rs. 753.41)

36 Contingent Liabilities and commitments

Contingent liabilities

There are no liabilities of contingent nature.

37 Lease commitments

Operating lease: Company as lessee

The Company has taken office buildings and other office equipments on lease for a tenure of 1 to 5 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets. However, Company has sub-leased some portion of its land to its subsidiary . There are no variable lease payments and residual value guarantees for these leases. The leases are renewable on mutually agreeable terms. At the expiry of the lease term, either party has an option to terminate the agreement or extend the term by giving notice in writing. The Company also has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Carrying amounts of lease liabilities and the movements during the year:

	March 31, 2022	March 31, 2021
At the beginning of the year	-	-
Additions	457.44	-
Others		
Accretion of interest	9.98	-
Payments made	(21.09)	-
	446.33	-
Current portion	99.56	-
Non-current portion	346.76	-
Total*	**446.32**	**-**

* Pertains to office taken on lease

Details of amounts recognised in statement of profit and loss

	As at March 31, 2022	As at March 31, 2021
Depreciation expense of right-of-use assets	23.78	-
Interest expense on lease liabilities	9.98	-
Expense relating to short-term leases	-	-
Expense relating to leases of low-value assets (included in other expenses)	0.67	-
Total amount recognised in statement of profit or loss*	**34.43**	**-**

38 Gratuity

The Company operates a defined benefit plan viz. gratuity for its employees. Under the gratuity plan, every employee who has completed at least specified years of service gets a gratuity on departure at 15 days (minimum) of the last drawn salary for each completed year of service.

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, 2020	**-**	**-**	**-**
Current service cost	-	-	-
Interest expense/(income)	-	-	-
Total amount recognised in Profit or Loss*	**-**	**-**	**-**
Experience adjustments	-	-	-
Actuarial loss from change in financial assumptions	-	-	-
Demographic adjustments	-	-	-
Return on plan assets (income)	-	-	-
Total amount recognised in Other Comprehensive (Income)/Loss*	**-**	**-**	**-**
Employer contributions	-	-	-
Benefits paid	-	-	-
Reclassified as a part of disposal group	-	-	-
March 31, 2021	**-**	**-**	**-**
Current service cost	0.66	-	0.66
Interest expense/(income)	-	-	-
Total amount recognised in Profit or Loss	**0.66**	**-**	**0.66**
Experience adjustments	-	-	-
Actuarial gain from change in financial assumptions	-	-	-
Demographic adjustments	-	-	-
Return on plan assets (income)	-	-	-
Total amount recognised in Other Comprehensive (Income)/Loss*	**-**	**-**	**-**
Employer contributions	-	-	-
Benefits paid	-	-	-
Transfer In	20.03	(20.03)	-
March 31, 2022	**20.69**	**(20.03)**	**0.66**

(All amounts in Rupees lakh, unless otherwise stated)

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

	March 31, 2022	March 31, 2021
Present value of obligation	20.69	-
Fair value of plan assets	(20.04)	-
Surplus of funded plan	**0.65**	**-**

III Significant estimates

The significant actuarial assumptions were as follows :

Particulars	March 31, 2022	March 31, 2021
Discount rate	6.84%	-
Salary growth rate	7.0%	-
Normal retirement age	60	-
Mortality table	IALM(2012-14) Ultimate	-
Employee turnover	12.0%	-

IV Sensitivity analysis

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

Assumption	Impact on defined benefit obligation	
	March 31, 2022	March 31, 2021
Discount rate		
1.00% increase	Decrease by 0.07	-
1.00% decrease	Increase by 0.07	-
Future salary increase		
1.00% increase	Increase by 0.07	-
1.00% decrease	Decrease by 0.06	-
Attrition rate		
1.00% increase	Decrease by 0.00	-
1.00% decrease	Increase by 0.00	-

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/contribution to the defined benefit plan in future years:

	March 31, 2022	March 31, 2021
Within next 12 months	2.76	0.00
Between 2-5 years	8.49	0.00
Next 5 years	8.28	0

The average duration of the defined benefit plan obligation at the end of the reporting period is 6 years (March 31, 2021: Nil)

The average duration of the defined benefit plan obligation at the end of the reporting period is 6 years (March 31, 2021: Nil)

The Company expects to contribute Rs. 25 to gratuity fund in the next year (March 31, 2021 : Rs. Nil)

The provision of Rs. 20.03 is transferred from Holding Company on account of transfer of few employees from the Holding Copmany and it is receivable from the Holding Company, as Company is in process of setting up its own Gartuity Fund with LIC.

39 Related party disclosures

A Subsidiaries and Joint Venture Companies of Holding Company

Unless otherwise stated, the subsidiaries have share capital consisting solely of equity shares that are held directly or indirectly by the Company, and the proportion of ownership interests held equals the voting rights held by the Company. The country of incorporation or registration is also their principal place of business.

No.	Name of the entity	Place of business/ Country of incorporation
1	Thermax Onsite Energy Solutions Limited	India
2	Thermax Instrumentation Limited	India
3	Thermax Engineering Construction Company Limited	India
4	Thermax Sustainable Energy Solutions Limited	India
5	Thermax International Limited	Mauritius
6	Thermax Europe Ltd.	United Kingdom
7	Thermax Inc.*	U.S.A.
8	Thermax do Brasil Energia-e Equipamentos Ltda.	Brazil
9	Thermax Foundation	India
10	Thermax Netherlands B.V.	Netherlands
11	Thermax Denmark ApS*	Denmark
12	Danstoker A/S*	Denmark
13	Ejendomsanp artsselskabet Industrivej Nord 13*	Denmark
14	Boilerworks A/S*	Denmark
15	Boilerworks Properties ApS Industrivej*	Denmark
16	Danstoker Poland S.p.Z.o.o. *	Poland
17	Rifox-Hans Richter GmbH Spezialarmaturen	Germany
18	Thermax SDN. BHD	Malaysia
19	Thermax Engineering Singapore Pte. Ltd.	Singapore
20	PT Thermax International*	Indonesia
21	Thermax Hong Kong Limited##	Hong Kong
22	Thermax Senegal S.A.R.L.*^	Senegal
23	Thermax Energy and Environment Philippines Corporation *	Philippines
24	Thermax Energy & Environment Lanka (Private) Limited *	Sri Lanka
25	Thermax Nigeria Limited*	Nigeria
26	Thermax Babcock & Wilcox Energy Solutions Private Limited	India
27	Thermax Cooling Solutions Limited	India
28	Thermax Engineering Construction FZE *	Nigeria
29	Thermax International Tanzania Limited	Tanzania
30	Thermax (Thailand) Limited	Thailand
31	Enernxt Private Limited*	India

* Held indirectly

^ Under liquidation

The subsidiary was liquidated on September 11, 2020.

Notes to financial statements for the year ended March 31, 2022

(All amounts in Rupees lakh, unless otherwise stated)

B Holding Company

No.	Name of the entity	Place of business/ Country of incorporation	Ownership interest	
			March 31, 2022	March 31, 2021
1	Thermax Limited	India	100%	100%

C Ultimate Holding Company

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

D Individuals having significant influence over the Company by reason of voting power and their relatives:

1 Mrs. Meher Pudumjee - Chairperson

2 Mrs. Anu Aga - Relative of Director / Chairperson

3 Mr. Pheroz Pudumjee - Director

4 Mr. Zahaan Pudumjee - Relative of Director / Chairperson

E Key Management Personnel:

1 Mr. Ashish Bhandari - Nominee Director

2 Mr. Rajendran Arunachalam - Nominee Director

3 Mr. Hemant Mohagaonkar - Nominee Director

4 Mr. Navjit Gill - Chief Executive Officer (w.e.f from November 1, 2021)

5 Mr. Mitish Somani - Chief Financial Officer (w.e.f February 7, 2022)

6 Ms. Sampada Sakhare - Company Secretary

F Transactions with Related parties:

	Holding Company - Thermax Limited		Entities controlled by Holding company		Key Management Personnel and Individuals mentioned in E		Total	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
a. Transactions during the year								
Sales of products and services			128.20	64.92	-	-	**128.20**	**64.92**
Recovery of expenses from related parties	-	-	-		-	-	**-**	**-**
Purchase of Capital Equipment's		-	-	-	-		**-**	**-**
Reimbursement of expenses to related parties	43.94	-	-	-		-	**43.94**	**-**
Remuneration to key management personnel*	-	-	-	-	98.77		**98.77**	**-**

* Does not include gratuity and leave encashment since the same is calculated for all employee of the company as a whole.

	Holding Company		Entities controlled by Holding company		Key Management Personnel and Individuals mentioned in E		Total	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Balances as at the Year end								
Trade receivable	-	-	81.98	-	-	-	**81.98**	**-**
Trade payables and other Liabilities	43.94	218.51	-	-	-	-	**43.94**	**218.51**
Loan Taken	411.62	661.26	-	-	-	-	**411.62**	**661.26**
Preference Shares (includes other equity)	-	1,200.00	-	-	-	-	**-**	**1,200.00**

Terms and conditions for outstanding balances

1 All outstanding balances are unsecured and payable in cash

2 The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions.

3 Outstanding balances at the year end are unsecured and interest free and settlement occurs in cash

40 Segment Information

The Company's portfolio includes solar power generating systems and related services. The CEO of the Company, Mr. Navjit Gill, 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 "renewable energy and allied services". The CODM reviews the information for this single segment only. The Company is engaged predominantly in India, which represents single reportable business segment. These, in context of IND-AS 108 "Operating Segments" are considered to constitute one segment.

41 I Fair value measurements

a) Category of financial instruments and valuation techniques

Break-up of financial assets carried at amortised cost

	As at March 31, 2022	As at March 31, 2021
Borrowings	411.62	1,949.30
Lease Liability	446.32	-
Trade payable	4,874.24	83.07
Other liabilities	17.52	323.43
Total	**5,749.70**	**2,355.80**
Current liabilities	4,992.32	406.50
Non current liabilities	758.38	1,949.30
Total	**5,750.70**	**2,355.80**

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

(All amounts in Rupees lakh, unless otherwise stated)

Details of derivative liabilities

	As at March 31, 2022	As at March 31, 2021
Derivative instruments		
Derivative not designated as hedges		
Foreign exchange forward contracts	2.53	-
Total	2.53	-
Current liabilities	2.53	-
Non current liabilities	-	-
Total	**2.53**	**-**

The Company enters into derivative financial instruments in the nature of forward exchange contracts 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.

Break-up of financial assets carried at amortised cost

	As at March 31, 2022	As at March 31, 2021
Trade receivables	241.22	33.54
Loans	7.69	8.62
Other financial assets	2,009.26	1.01
Cash and cash equivalents	3,928.32	107.93
Bank balances other than cash and cash equivalents	0.89	0.83
Total	**6,187.38**	**151.93**
Current assets	6,105.45	151.93
Non-current assets	81.93	-
Total	**6,187.38**	**151.93**

Break-up of financial assets carried at amortised cost

	As at March 31, 2022	As at March 31, 2021
Financial assets		
Investments		
Mutual funds	35.77	34.36
Total financial assets (Current)	**35.77**	**34.36**

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, 2022

	Date of valuation	Level 1	Level 2	Level 3
Financial assets				
Investments				
Mutual funds	31 March 2022	-	35.77	-

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	-

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, 2022	On demand	< 1 year	1 to 3 years	3 to 5 years	> 5 years
Non- derivative					
Borrowings	-	-	411.62	-	-
Lease Liabilities		99.56	104.54	242.22	-
Trade Payables	-	4,875.24	-	-	-
Other payables	-	17.52	-	-	-

March 31, 2022	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	-	-	-

42 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

Notes to financial statements for the year ended March 31, 2022
(All amounts in Rupees lakh, unless otherwise stated)

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, 2022 and March 31, 2021.

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, 2022

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.

III 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 expected 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 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	
	As at March 31, 2022	As at March 31, 2021
USD Sensitivity		
INR/ USD - Increase by 1%	(42.65)	-
INR/ USD - Decrease by 1%	42.65	-

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.

IV Price risk

The Company's investments are susceptible to market price risk arising from uncertainties about future values of the investment securities. These securities are unquoted. The Company manages the price risk through diversification and by placing limits on individual and total equity/mutual fund instruments. Further, the price risk is also mitigated by switching the investment portfolio between investment in equity/mutual fund instruments and investments in bank deposits. Reports on the investment portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves all equity investment decisions. The Company is not currently exposed significantly to such risk.

V 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.

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.

43 Key Financial Ratios

(a) Current Ratio

	FY 2021-22	FY 2020-21	Change %
Current Ratio	0.98	0.48	104.17%

It is calculated by dividing the total current assets balance at period end by the total current labilities balance at period end.

Explanation for variation:-

Change in nature of business activities from current year.

(b) Debt-Equity Ratio

	FY 2021-22	FY 2020-21	Change %
Debt-Equity Ratio	0.13	-0.95	-113.68%

It is calculated by dividing the sum of long-term borrowings plus current borrowings plus Current maturities of long-term borrowings balances at period end by the total equity balance at period end.

(All amounts in Rupees lakh, unless otherwise stated)

Explanation for variation:-

Redemption of Preference Share issued to Holding Company

(c) Debt service coverage ratio

	FY 2021-22	FY 2020-21	Change %
Debt service coverage ratio	1.27	-	100.00%

It is calculated by dividing the Profit after tax plus interest plus loss on sale of fixed assets plus depreciation, and amortization for the period by the sum of short-term borrowings, current lease liability and interest & lease payments paid during the period.

Explanation for variation:-

There were no current borrowings and lease liablities last year.

(d) Return on equity ratio

	FY 2021-22	FY 2020-21	Change %
Return on equity ratio	15.90%	11%	44.55%

It is calculated by dividing Profit after tax and exceptional items for the period by average equity balance for given period.

Explanation for variation:-

Change due to profit for the year and positive net worth.

(e) Inventory turnover ratio

	FY 2021-22	FY 2020-21	Change %
Inventory turnover ratio	1373.17	18.50	7322.54%

It is calculated by dividing the total of cost of goods sold for the period by the average inventories balance for given period.

Explanation for variation:-

Change in nature of business activities from current year.

(f) Debtors turnover ratio

	FY 2021-22	FY 2020-21	Change %
Debtors turnover ratio	16.43	2.67	515.36%

It is calculated by dividing the total Revenue from contracts with customers for the period by the average trade receivable balance for given period.

Explanation for variation:-

Change in nature of business activities from current year.

(g) Trade payables turnover ratio

	FY 2021-22	FY 2020-21	Change %
Trade payables turnover ratio	0.81	0.30	170.00%

It is calculated by dividing the total supplier purchases for the period by the average trade payable balance for given period.

Explanation for variation:-

Change in nature of business activities from current year.

(h) Net capital turnover ratio

	FY 2021-22	FY 2020-21	Change %
Net capital turnover ratio	(16.71)	(0.99)	1587.88%

It is calculated by dividing the total Revenue from contracts with customers for the period by total current assets minus the total current labilities at the period end.

Explanation for variation:-

Change in nature of business activities from current year.

(i) Net Profit ratio

	FY 2021-22	FY 2020-21	Change %
Net Profit ratio	0.04	(1.00)	-104.00%

It is calculated by dividing Profit after tax and exceptional items for the period by total Revenue from contracts with customers for the period.

Explanation for variation:-

Change in nature of business activities from current year.

(j) Return on capital employed

	FY 2021-22	FY 2020-21	Change %
Return on capital employed	0.03	2.15	-98.60%

It is calculated by dividing the profit before tax and exceptional items plus finance cost for the period by the total equity plus long term borrowings plus deferred tax liability at the period end.

Explanation for variation:-

Change in nature of business activities from current year.

(k) Return on investment

	FY 2021-22	FY 2020-21	Change %
Return on investment	0.1705	0.0990	72.22%

It is calculated on the basis of time weighted rate of return formula.

Explanation for variation:-

Increase in investment in subsidiary

44 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.

Notes to financial statements for the year ended March 31, 2022
(All amounts in Rupees lakh, unless otherwise stated)

	March 31, 2022	March 31, 2021
Borrowings	411.62	1,949.30
Trade payables	4,875.24	83.07
Capital Creditors	-	255.95
Less: Cash and cash equivalents (includes other bank balances)	3,929.21	108.76
Net debt	**1,357.65**	**2,179.56**
Equity	3272.42	(2048.60)
Net Debt to Equity	0.41	(1.06)

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2022 and March 31, 2021.

45 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.

46 Previous year's figures have been regrouped/reclassified where necessary to confirm to this years classification.

47 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, 2022 as at the date of approval of these financial statements.

48 Other Statutory Information

(i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.

(ii) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period,

(iii) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

(iv) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,

(v) The Company has not made any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

49 Standards issued but not yet effective

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, as below.

(i) Ind AS 16 – Property Plant and equipment - The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2022. The Company is in the process of evaluating the amendment.

(ii) Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets – The amendment specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2022, although early adoption is permitted. The Company is in the process of evaluating the amendment.

For B. K. Khare and Company
Chartered Accountants
ICAI Firm Reg No.105102W

per Shirish Suresh Rahalkar
Partner
Membership No:111212

Date: May 10, 2022
Place: Mumbai

For and on behalf of the Board of Directors of First Energy Pvt. Ltd.

Rajendran Arunachalam
Director
DIN: 08446343

Hemant Mohgaonkar
Director
DIN :01308831

Navjit Gill
Chief Executive Officer

Mitish Somani
Chief Financial Officer

Sampada Sakhare
Company Secretary

Date: May 10, 2022
Place: Pune

ENERNXT PRIVATE LIMITED

Board of Directors	Registered Office	Auditors
Bhavesh Chheda Khushboo Bhatia Deodatta Deshpande	Thermax House, 14, Mumbai – Pune Road, Wakdewadi,Pune – 411003	B. K. Khare & Co. Chartered Accountants Hotel Swaroop, 4th Floor, Lane No. 10, Prabhat Road, Pune 411004

Key Managerial Personnel	Bankers
Gunjan Chandratre (CS) Deepak Joshi (CFO) Rohan Umbranikar (Manager)	ICICI Bank Ltd.

DIRECTORS' REPORT

Dear Shareholders,

The Directors present the First Annual Report of the company for the year ended March 31, 2022.

FINANCIAL RESULTS

(Rs. lakh)

Particulars	5 /1/2021-31/03/2022
Total income	**42.72**
Profit before depreciation and interest	**16.35**
Depreciation	-
Interest	-
Profit before tax	**16.35**
Provision for taxation (incl. deferred tax)	**4.11**
Profit after tax	**12.24**

STATE OF COMPANY'S AFFAIRS

Enernxt Private Limited was incorporated on January 5 2021, under the Companies Act, 2013. There were no commercial business activities during the year. The company earned a total income of Rs 42.72 lakh from other income sources.

During the Financial Year 2021-22, the company acquired ~6 acres land for setting up a 10 Ton / Day Bio CNG plant in Payal, Punjab. Currently, the company is under the process of obtaining all clearances from the government authorities.

Post approval of Pre-feasibility report (PFR) by PEDA (Punjab Energy Development Authority), the company has submitted a Detailed Project Report (DPR) for its approval. Construction of the plant will start in Q1 FY 2022-23.

The decision to set up its first Bio CNG plant in Punjab is to partially address the perennial problem of rice stubble burning in Punjab causing pollution issues in North India every year.

The company, in line with its green energy initiative, will set up more such Bio CNG plants in future. With the increased attention to climate change and planned progressive renunciation of coal and other fossil fuels, the market for agro-waste based CNG solutions is expected to grow steadily.

HEALTH AND SAFETY

The company will ensure focused and continuous improvement on its Safety and Health standards.

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.

AMOUNT PROPOSED TO BE CARRIED TO RESERVES

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

SHARE CAPITAL

The Paid up Share Capital of the Company is Rs. 2,363 lakh. During the year under review, the company has not issued shares with differential voting rights nor has granted any stock options or sweat equity.

PUBLIC DEPOSITS

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

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

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. As Company is newly formed and yet to start operation no Internal Audit has commenced during the current year.

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. A detailed policy is annexed herewith as Annexure 1 and forms part of this report.

KEY MANAGERIAL PERSONNEL (KMP)

During the year, Bhavesh Chheda, Khushboo Bhatia, Deodatta Deshpande were appointed as directors from January 5, 2021. Gunjan Chandratre, Deepak Joshi, Rohan Umbranikar was appointed as KMPs from January 5, 2021.

MANAGER

The Company has appointed Mr. Rohan Umbranikar as 'Manager' of the Company for a period of one year effective from July 05, 2021. The appointment of Mr. Rohan Umbranikar is subject to the approval shareholders in the Annual General Meeting of the Company.

BOARD MEETINGS

The Board met five times on January 25, 2021, April 30, 2021, July 5, 2021 and November 2, 2021, February 23, 2022 during the year. The intervening gap between the Meetings were 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.

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.

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 supply of Bio CNG to OMCs by producing the same in Plant. This activity will directly help to reduce 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 status of the company and its future operations.

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

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

AUDITORS

M/s. B.K Khare and Co., Chartered Accountants, Firm Registration No.105102W were appointed as First Auditors of the Company in the first board meeting to hold the office from the conclusion of first Board Meeting until the conclusion of the ensuing Annual General Meeting and to conduct the Statutory Audit for the period ended 31st March, 2022.

The Auditor's Report does not contain any qualifications, reservations, adverse remarks or disclaimer.

DETAILS REGARDING FRAUDS REPORTED BY AUDITORS UNDER SECTION 143(12)

During the year under review, there were no frauds reported by the auditors to the Board under section 143(12) of the Act.

RESTRICTION ON PURCHASE BY COMPANY OR GIVING OF LOANS BY IT FOR PURCHASE OF ITS SHARES

Pursuant to the provisions of Section 67(3)(c) of the Companies Act, 2013, and rules made thereunder, the Company has not given any loan exceeding the limit mentioned therein, to persons in the employment of the Company other than its Directors or Key Managerial Personnel, for purchase or subscribe shares of the Company.

THE INSOLVENCY AND BANKRUPTCY CODE, 2016

Your Board confirms that there is no proceeding pending under the Insolvency and Bankruptcy Code, 2016.

VALUATION

During the year there is no instance of onetime settlement with any Bank or Financial Institution, during the year under review.

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.

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.

For and on behalf of the Board of Directors of
Enernxt Private Limited

Pune, May 4, 2022	**Bhavesh Chheda** Director DIN: 08558510	**Deodatta Deshpande** Director DIN: 09019737

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.

INDEPENDENT AUDITOR'S REPORT

To the Members of EnerNxt Private Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying Financial Statements of **EnerNxt Private Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2022, and the Statement of Profit and Loss, (statement of changes in equity) and Statement of Cash Flows and the Statement of Changes in Equity for the period then ended, 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, 2022, its profit and total comprehensive income, changes in equity and its cash flows for the period 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.

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 comprises the Directors Report and the related annexures, but does not include the Financial Statements and our Auditors' Report thereon.

Our opinion on 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 Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the 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.

Auditor's Responsibilities for the Audit of the 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 Companies Act, 2013, 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 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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-Section (11) of Section 143 of the Act 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 Annexure B, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flow 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 the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 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 A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to financial Statements.

   (g) In our opinion, the Company did not paid/ provided managerial remuneration to it's directors during the year/period and hence the provisions of Section 197 read with Schedule V to the Act are not applicable.

   (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 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;

   iv. (a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:

      (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Company or

      (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

   (b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall:

      (i) directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Party or

      (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

   (c) Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

   v. The company has not declared and paid any dividend during the year/period

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

Shirish Rahalkar
Partner
Membership No.: 111212
UDIN No: 22111212AIWJAW2177

Mumbai, May 9, 2022

ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT

[Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date]

Report on the Internal Financial Controls with reference to financial statements 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 **EnerNxt Private Limited** ("the Company") as of March 31, 2022 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 statements

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 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, 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, 2022, 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
Firm Registration No. 105102W

Shirish Rahalkar
Partner
Membership No.: 111212
UDIN No: 22111212AIWJAW2177

Mumbai, May 9, 2022

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(1) i) 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 and investment properties.

ii) The property, plant and equipment and investment properties are physically verified by the Company once in two years. According to the plan of verification, the physical verification was not required to be carried out in the current year. 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.

iii) According to the information and explanations given to us and based on the audit procedures performed by us, the title deed of immovable property is held in the name of the Company.

iv) According to the information and explanations given to us, the Company has not revalued any of its property, plant and equipment (including Right of use assets) or intangible assets or both during the year.

v) Based on the audit procedures performed by us and according to the information, explanations and representations given to us, no proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

2) i) The Company has not started its operations and does not hold any inventory on reporting date. Thus, the reporting under Clause 3(ii) (a) of the Order is not applicable to the Company.

ii) According to the information and explanations given to us, the Company has not been sanctioned working capital limits in excess of five crore rupees, in aggregate from banks or financial institutions on the basis of security of current assets at any point of time during the year. Accordingly, the reporting under Clause 3 (ii) (b) is not applicable to the Company.

3) a) According to the information and explanations given to us, the Company has not made investments in or provided any guarantee or security or secured or unsecured loans to companies, firms, Limited Liability Partnerships or any other parties during the year. Accordingly, the reporting under Clauses 3(iii)(a) to 3(iii)(f) of the Order is not applicable to the Company.

4) According to the information and explanations given to us, the Company has not granted any loans or made any investments or provided any guarantees or security to the parties covered under Section 185 and 186 of the Act. Accordingly, the reporting under Clause 3(iv) of the Order is not applicable to the Company.

5) According to the information and explanation given to us, the Company has not accepted deposits under the provisions of section 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, the reporting under clause 3(v) of the order is not applicable to the Company.

6) The Company has not started its operations and hence reporting under Clause 3(vi) of the Order with respect to maintenance of cost records under sub-section (1) of Section 148 of the Act is not applicable to the Company.

7) i) 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 pertaining to Income-tax have been regularly deposited 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 Goods and Services tax, Provident Fund, Employees' State Insurance, Sales tax, Service tax, Duty of Customs, Duty of Excise and Value Added Tax.

ii) 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 Income Tax as on the last day of the year for a period of more than six months from the date they became payable.

iii) According to the information and explanation 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 Service Tax, Provident Fund, Employees State Insurance, Sales tax, Service tax, Duty of Customs, Duty of Excise, Value added tax, Cess as at 31 March 2022, which have not been deposited on account of any dispute.

8) According to the information and explanations given to us, there are no transactions not recorded in the books of account which have been surrendered or disclosed as income during the year in the tax assessments under the Income-tax Act, 1961. Accordingly, the reporting under Clause 3(viii) of the Order is not applicable to the Company.

9) a) According to the information and explanations given to us and based on the audit procedures performed by us, the Company has not availed any loans or other borrowings during the year. Accordingly, the reporting under Clause 3(ix) (a) of the Order is not applicable to the Company.

b) According to the information and explanations given to us, the Company has not been declared a willful defaulter by any bank or financial institution or any other lender till the date of our audit report.

c) According to the information and explanation given to us, Company has not obtained any term loan during the year. Hence reporting under clause (ix) (c) is not applicable.

d) In our opinion and according to information and explanations given to us and on overall examination of the Balance sheet of the Company, we report that company has not raised any short term or long-term loan during the year. Hence reporting under clause (ix) (d) is not applicable to company.

e) According to the information and explanations given to us and on an overall examination of the Financial Statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.

f) According to the information and explanations given to us and based on the audit procedures performed by us, we report that the Company has not raised any loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies. Accordingly, the reporting under Clause 3(ix)(f) of the Order is not applicable to the Company.

10) a) According to the information and explanations given to us, the Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, the reporting under Clause 3(x)(a) of the Order is not applicable to the Company.

b) According to the information and explanation given to us, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. Accordingly, the reporting under clause 3(x)(b) of the Order is not applicable to the Company.

11) a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the management.

b) There has been no report filed by us under sub-section (12) of Section 143 of the Act in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government. Accordingly, the reporting under Clause 3(xi)(b) of the Order is not applicable to the Company.

c) As represented to us by the management, no whistle blower complaints were received by the Company during the year.

12) According to the information and explanations given to us, the Company is not a Nidhi company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, the reporting under Clause 3(xii) of the Order is not applicable to the Company.

13) 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.

14) a) In our opinion and according to the information and explanations given to us and based on our examination, internal audit system is not applicable to the Company. Hence reporting under clause 3(xiv) is not applicable to the Company.

15) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or directors of its holding company or persons connected with them during the year and hence the provisions of Section 192 of the Act are not applicable to the Company. Accordingly, the reporting under Clause 3(xv) of the Order is not applicable to the Company.

16) a) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the reporting under Clause 3(xvi) of the Order is not applicable to the Company.

b) In our opinion and according to the information and explanations given to us, the Company has not conducted any Non-Banking Financial or Housing finance activities Accordingly, the reporting under Clause 3(xvi)(b) of the Order is not applicable to the Company.

c) In our opinion and according to the information and explanations given to us, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, the reporting under Clauses 3(xvi)(c) of the Order is not applicable to the Company.

d) Based on the information and explanations given to us, we report that the Group has one Core Investment Company.

17) In our opinion and according to the information and explanations given to us, the Company has not incurred cash losses in the current financial year as well as in the immediately preceding financial year. Accordingly, the reporting under Clause 3(xvii) of the Order is not applicable to the Company.

18) There has been no resignation of the statutory auditors during the year. Accordingly, the reporting under Clause 3(xviii) of the Order is not applicable to the Company.

19) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of Balance Sheet as and when they fall due within a period of one year from the Balance Sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the Balance Sheet date, will get discharged by the Company as and when they fall due.

20) a) According to the information and explanations given to us, the provisions of section 135(5) is not applicable to the company being a first year of its incorporation/operation. Hence reporting under clause (xx) (a) and (xx) (b) is not applicable to the Company.

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

Shirish Rahalkar
Partner
Membership No.: 111212
UDIN No: 22111212AIWJAW2177

Mumbai, May 9, 2022

ENERNXT PRIVATE LIMITED

BALANCE SHEET as at 31.03.2022
(All amounts in Rupees lakh, unless otherwise stated)

Particulars	Note No	As at March 31, 2022
Assets		
I. Non-current assets		
Property, plant and equipment	4	439.90
Deferred tax asset (net)	6	6.31
Total non-current assets		**446.21**
II. Current assets		
Financial assets:		
(a) Cash and bank balances	8	187.42
(b) Bank balances other than (a) above	8(a)	1,500.00
(c) Other financial assets	5	13.51
Income tax asset (net)		1.41
Other current assets	7	208.94
Total current assets		**1,911.28**
Total assets		**2,357.49**
Equity and liabilities		
III. Equity		
Equity share capital	9	2,363.00
Other equity	10	-6.53
Total equity		2,356.47
IV. Current liabilities		
Financial liabilities		
(a) Trade payables	11	
i. total outstanding dues of micro enterprises and small enterprises		-
ii. total outstanding dues of creditors other than micro enterprises and small enterprises		0.92
Other current liabilities	12	0.10
Total current liabilities		1.02
Total equity and liabilities		**2,357.49**
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 from 5th January 2021 to 31st March 2022

Particulars	Note No	As at March 31, 2022
Income		
Revenue from operations		-
Other income	13	42.72
Total Income (I)		**42.72**
Expenses		
Employee benefits expense	14	24.36
Other Expenses	15 (a)	2.01
Total expenses (II)		**26.37**
Profit before tax (III) = (I-II)		**16.35**
Tax expense		
Current tax	6	4.11
Deferred tax (net)	6	-
Total tax expense (IV)		**4.11**
Profit for the year (V) = (III - IV)		**12.24**
Total comprehensive income for the year		**12.24**
Earning per equity share (Basic and Diluted) [Nominal value per share Rs. 10/-]	17	0.05
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 B. K. Khare & Co.
Chartered Accountants
ICAI Firm Registration No.: 105102W

Shirish Rahalkar
Partner
Membership No: 111212

Date : 9/5/2022

Place: Pune

For and on behalf of the Board of Directors of Enernxt Private Limited

Bhavesh Chheda
Director
DIN: 08558510

Deodatta Deshpande
Director
DIN: 09019737

Gunjan Chandratre
Company Secretary

Rohan Umbranikar
Manager

Deepak Joshi
Chief Financial Officer

Date : 9/5/2022

Place: Pune

Statement of changes in equity for the year ended March 31, 2022

(All amounts in Rupees lakh, unless otherwise stated)

A Equity Share Capital^

Particulars	Note No.	Year ended March 31, 2022
Balance at the beginning of the reporting year	9	-
Changes in equity shares capital during the year	9	2,363.00
Balance at the end of the reporting year	9	**2,363.00**

B Other Equity^

Particulars	Reserves & Surplus	
	Retained Earnings	Total
Profit for the year	**12.24**	**12.24**
Other Comprehensive Income	-	-
Total comprehensive income	**12.24**	**12.24**
Less :Cost of Issuing Own Equity Instrument (Net of Deferred tax of Rs.6.31 lacs)	18.77	18.77
As at March 31, 2022	**-6.53**	**-6.53**

Cash flow statement for the period from 5th January 2021 to 31st March 2022

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

	Particulars	Note No	As at March 31, 2022
A)	**Cash flows from operating activities**		
	Profit before tax		16.35
	Adjustments to reconcile profit before tax to net cash flows		
	Interest income		(42.72)
	Working capital adjustments		
	(Increase) / Decrease in other assets		(208.94)
	Increase / (Decrease) in trade payables		0.92
	Increase / (Decrease) in other liabilities		0.10
	Cash generated from operations		**(234.29)**
	Direct taxes paid (net of refunds received)		(5.52)
	Net cash flows from operating activities		**(239.81)**
B)	**Cash flows from/ (used in) investing activities**		
	Purchase of Property, plant and equipment (net)		(439.90)
	Interest received		29.21
	Proceeds from fixed deposits/(investment) in fixed deposits		(1,500.00)
	Net cash flows (used in) investing activities		**(1,910.69)**
C)	**Cash flows from/ (used in) financing activities**		
	Proceeds from issue of share capital		2,363.00
	Share issue expenses		(25.08)
	Net cash flows from/(used in) financing activities		**2,337.92**
	Net increase in cash and bank balances		**187.42**
	Cash and bank balances at the beginning of the year		-
	Cash and bank balances at the end of the year		**187.42**

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

	March 31, 2022
Cash and bank balances (Refer note 8)	187.42
Balances as per statement of cash flows	**187.42**

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

Shirish Rahalkar
Partner
Membership No: 111212

Date : 9/5/2022

Place: Pune

For and on behalf of the Board of Directors of
Enernxt Private Limited

Bhavesh Chheda
Director
DIN: 08558510

Deodatta Deshpande
Director
DIN: 09019737

Gunjan Chandratre
Company Secretary

Rohan Umbranikar
Manager

Deepak Joshi
Chief Financial Officer

Date : 9/5/2022

Place: Pune

Notes to financial statements for the year ended March 31, 2022
(All amounts in Rupees lakh, unless otherwise stated)

1. Corporate information

Enernxt 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.

During the Financial Year 2021-22, the company acquired land for setting up a 10 Ton / Day Bio CNG plant in Payal, Ludhiana District, in Punjab. Currently, the Company is engaged in obtaining CLU (change of land use) and other NOCs from Govt. authorities for setting up the plant.

The Board of Directors have authorixed to issue these financial statements on May 9, 2022. The CIN of the Company is U40107PN2021PTC197447. This is first year of presentation of financial statement and comparative figures for previous year have not been submitted. The statement of Profit and Loss account pertains to period from 5th January to 31st March 22.

2. Significant accounting policies

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

(a) Basis of preparation

These financials statements are prepared in accordance with Indian Accounting Standards (IND AS) under the historical cost convention on the accrual basis, except for certain financial instruments which are measured at fair values, the provisions of the Companies Act,2013 ('the Act') (to the extent notified) and the guidelines issued by the securities and exchange board of India (SEBI).The IND AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, Companies (Indian Accounting Standards) Amendment Rules,2016 and 2017.

The preparation of the financial statements requires the use of certain critical accounting estimates and judgements. It also requires the management to exercise judgement in the process of applying the Company's accounting policies.

(b) Basis of measurement

The financial statements have been prepared on under historical cost convention.

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

2.3 Summary of significant accounting policies

a. Current and non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

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

b. Financial instruments

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

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.

Offsetting of financial instruments

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

c. Cash and cash equivalents

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

d. Earnings per Share (EPS)

The Company presents the basic and diluted EPS data for its equity shares. Basic EPS is computed by dividing the net profit for the year attributable to the equity shareholders of the Company by the weighted average number of equity shares outstanding during the year.

e. Revenue from Sale of goods

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 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.

f. Interest Income

Interest income is recognised when it is probable that 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.

Notes to financial statements for the year ended March 31, 2022
(All amounts in Rupees lakh, unless otherwise stated)

g. Income tax

Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized outside profit or loss is recognized either in OCI or in equity. Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be 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.

h. 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.

3. Significant accounting judgments, estimates and assumptions.

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

4 Property, plant and equipment

Particulars	Freehold Land	Total
Additions	**439.90**	**439.90**
Disposals	-	-
Gross carrying amount as at March 31, 2022	**439.90**	**439.90**
Charge for the year	-	-
Disposals	-	-
Closing accumulated depreciation as at March 31, 2022	-	-
Net Block as at March 31, 2022	**439.90**	**439.90**

5 Other Financial assets

	Non -current	Current
	As at March 31, 2022	As at March 31, 2022
Unsecured, considered good		
At amortized cost		
Interest accrued on bank deposits and others	-	13.51
Total	**-**	**13.51**

6 Income Taxes

The major components of income tax expense for the year ended March 31, 2022:

Statement of profit and loss

	March 31, 2022
Current tax	4.11
Deferred tax (income)/ expense (Relating to obligations and reversal of temporary differences)	-
Income tax expense reported in the statement of profit and loss	**4.11**

Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate for March 31, 2022

Particulars	As at March 31, 2022
Accounting profit before tax	16.35
At India's statutory income tax rate of 25.16%	4.11
Reversal of excess provision of earlier years	-
Impact of change in tax rate for future period	-
Other differences (includes differences on account of CSR disallowances etc.)	-
Effective tax	4.11
Income tax expense reported in the statement of profit or loss	**4.11**

Notes to financial statements for the year ended March 31, 2022

(All amounts in Rupees lakh, unless otherwise stated)

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 measured its deferred tax liability basis the rate prescribed in the said section.

Deferred tax

Statement of profit and loss

Particulars	As at March 31, 2022
Deferred tax relates to the following :	
Others (impact on account of temporary differences)	-
Deferred tax income	**-**

Deferred tax

Balance sheet

Particulars	As at March 31, 2022
Deferred tax relates to the following :	
Others (impact on account of temporary differences) (Refer Note 10)	6.31
Net deferred tax assets	**6.31**

Reconciliation of deferred tax assets

Particulars	As at March 31, 2022
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.

7 Other current assets

	As at March 31, 2022
Unsecured considered good	
Balances with government authorities	10.34
Advance to group companies (note 30)	197.60
Other amount recoverable	1.00
Total	**208.94**

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 Cash and bank balances

	As at March 31, 2022
Balances with banks	
- on current accounts	37.42
- in deposits with original maturity of less than three months	150.00
Total	**187.42**

Short-term deposits are made for varying periods of 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.

8(a) Other bank balances

	As at March 31, 2022
Bank deposits with maturity of less than 12 months	1,500.00
Total	**1,500.00**

9 Share Capital

	As at March 31, 2022
Authorized shares (Nos)	
2,50,00,000 equity shares of Rs. 10/- each.	2,500.00
	2,500.00
Issued, subscribed and fully paid share capital (Nos)	
2,36,30,000 equity shares of Rs. 10/- each.	2,363.00
Total issued, subscribed and fully paid-up share capital	**2,363.00**

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

	No. of shares	As at March 31, 2022
Changes during the year	23,630,000	2,363.00
As at March 31, 2022	23,630,000	**2,363.00**

(b) Terms/ rights attached to equity shares

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

(c) Equity share capital held by holding company

	As at March 31, 2022
Thermax Onsite Energy Solutions Limited	
2,36,29,999 equity shares of Rs. 10/- each fully paid up	2,363.00

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

	As at March 31, 2022
Thermax Onsite Energy Solutions Limited	
%	100.00
No. of shares	23,629,999.00

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.

As the Company is presenting it's first financials there is no change in promotors equity as compared to previous year.

Notes to financial statements for the year ended March 31, 2022

(All amounts in Rupees lakh, unless otherwise stated)

10 Other Equity

	As at March 31, 2022
Reserves and Surplus	
Retained earnings	
Opening balance	-
Add: Profit for the year	12.24
Less: Share issue expenses	25.08
Less: Tax on share issue expenses	(6.31)
Movement during the year	(6.53)
Items of other comprehensive income recognised directly in retained earnings:	
Net surplus in the statement of profit and loss	**(6.53)**
Total	**(6.53)**

11 Trade payables

	As at March 31, 2022
Trade payables	
Total outstanding dues of micro enterprises and small enterprises	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	
(i) Related Parties	-
(ii) Others	0.92
Total	**0.92**

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, 2022
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	-

The ageing of current trade payables which are due for payment :

Particulars	Not Due	Unbilled	Outstanding for the following period from due date of payments				Total
			Less than a year	1-2 years	2-3 years	More than 3 years	
As at March 31, 2022							
(i) MSME							
(ii) Others		0.81	0.11	-	-	-	**0.92**
(iii) Disputed dues- MSME							
(iii) Disputed dues- Others							

12 Other liabilities

	Non -current	Current
	As at March 31, 2022	As at March 31, 2022
Statutory dues payable**	-	0.10
Total	**-**	**0.10**

** includes tax deducted at source

13 Other income

	As at March 31, 2022
Interest income from financial assets at amortised cost	
Bank deposits	42.72
Others	-
Total	**42.72**

14 Employee benefits expense

	As at March 31, 2022
Salaries,wages and bonus	24.36
Staff welfare expenses	-
Total	**24.36**

15 (a) Other expenses

	As at March 31, 2022
Legal and professional fees (includes payment to Auditor (refer note (b))	2.01
Miscellaneous expenses	-
Total	**2.01**

15 (b) Payment to auditors

	As at March 31, 2022
As auditor:	
Audit fees	0.90
Limited reviews	
Reimbursement of expenses/Other	0.10
Total	**1.00**

16 The company was formed on 5th Jan 2021. This is first year of presentation of financial statement and comparative figures for previous year have not been submitted.

Notes to financial statements for the year ended March 31, 2022
(All amounts in Rupees lakh, unless otherwise stated)

17 Earnings per share

	As at March 31, 2022
Net profit after tax attributable to the equity shareholders (Rs. In lacs)	12.24
Weighted average number of equity shares of Rs.10/- each	23,500,521
Basic and diluted EPS	**0.05**

18 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 Onsite Energy Solutions Limited	India

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

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

(c) Key Management Personnel:

1	Mr. Bhavesh Chheda - Director
2	Mr. Deodatta Deshpande - Director
3	Ms. Khushboo Bhatia - Director
4	Mr. Deepak Joshi - Chief Financial Officer
5	Ms. Gunjan Chandratre - Company Secretary
6	Mr. Rohan Umbranikar - Manager

D Transactions with related parties:

	Holding Company	Total
	March 31, 2022	March 31, 2021
a. Transactions during the year		
Reimbursement of expenses	100.01	100.01
Purchase of property, plant and equipment	197.60	197.60
Subscription to shares issued	2,363.00	2,363.00

	Holding Company	Total
	March 31, 2022	March 31, 2021
b. Balances as at reporting date		
Advances given	197.60	197.60

E Related party transactions include transactions pertaining to the following parties with whom the transactions are considered to be individually significant.

	As at March 31, 2022
Reimbursement of expenses	
Thermax Onsite Energy Solutions Limited, India *	100.01
Purchase of property, plant and equipment	
Thermax Limited, India	197.60
Subscription to shares issued	
Thermax Onsite Energy Solutions Limited, India	2,363.00

* These amounts have been reimbursed to the Holding company.

	As at March 31, 2022
Balances as at the year end	
Advances given	
Thermax Limited, India	197.60

F 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, 2022, the Group has not recorded any impairment of receivables relating to amounts owed by related parties.

19 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, 2022
Other financial assets	5	13.51
Other bank balances	8(a)	1,500.00
Cash and bank balances	8	187.42
Total financial assets		**1,700.93**
Current Assets		1,700.93
Non-current assets		-
Total financial assets		**1,700.93**

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

Details of financial assets carried at fair value through profit and loss

Particulars	Note No.	As at March 31, 2022
Financial assets		
Investments		-
Total financial assets		**-**
Current assets		-
Non-current assets		-
Total financial assets		**-**

Notes to financial statements for the year ended March 31, 2022
(All amounts in Rupees lakh, unless otherwise stated)

Details of financial liabilities carried at amortised cost

Particulars	Note No.	As at March 31, 2022
Trade payables	11	0.92
Total financial liabilities		**0.92**
Current liabilities		0.92
Non-current liabilities		-
Total financial liability		**0.92**

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

b) Fair value hierarchy

No items related to fair value measurement hierarchy of the Company's assets and liabilities.

20 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 Interest accrued on bank deposits 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.

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.

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 and other financial instruments.

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, 2022	Note No.	< 1 year	1 to 3 years	3 to 5 years	> 5 years
Non- derivative					
Trade Payables	11	0.92	-	-	-

21 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, 2022. Capital represents equity attributable to equity holders of the Parent Company.

	As at March 31, 2022
Borrowings	-
Trade payables	0.92
Less: Cash and bank balances	200.93
Net debt	**(200.01)**
Equity	**2,356.47**
Capital and net debt	**2,156.46**
Gearing ratio	**-9.27%**

22 Segment information

Sales revenue by geographical segment

The company has not started it's operations yet, thus no revenue from sales are generated during the year.

Carrying amount of non current assets

Particulars	March 31, 2022
Carrying amount of non current assets	
Assets within India	439.90
Assets outside India	-
Total	**439.90**

Addition to non current assets

Particulars	March 31, 2022
Assets within India	439.90
Assets outside India	-
Total	**439.90**

Notes to financial statements for the year ended March 31, 2022
(All amounts in Rupees lakh, unless otherwise stated)

23 Ratios

Particulars	Numerator	Denominator	March 31, 2022
Current Ratio	Current Assets	Current Liabilities	1,874
Return on Equity Ratio	Net Profits after taxes	Shareholder's Equity	0.005

24 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.

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

Shirish Rahalkar
Partner
Membership No: 111212

Date : 9/5/2022

Place: Pune

For and on behalf of the Board of Directors of
Enernxt Private Limited

Bhavesh Chheda
Director
DIN: 08558510

Deodatta Deshpande
Director
DIN: 09019737

Gunjan Chandratre
Company Secretary

Rohan Umbranikar
Manager

Deepak Joshi
Chief Financial Officer

Date : 9/5/2022

Place: Pune

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, 2022.

THERMAX EUROPE LIMITED

Board of Directors	Secretary	Registered Office
B. Venkatesh Sandeep S Mandke	Praxis Secretaries (UK) Limited	1st Floor Senator House 85 Queen Victoria Street London EC4V 4AB

Bankers	Auditors
HSBC Bank Plc 60 Queen Victoria Street London EC4N 4TR	Candour Advisory LLP Chartered Certified Accountants and Statutory Auditors 48 Warwick Street London W1B 5AW

Strategic Report

FOR THE YEAR ENDED 31 MARCH 2022

The directors present their strategic report for the year ended 31 March 2022.

REVIEW OF BUSINESS

The performance for the financial year 21-22 has been in line with what was budgeted at the beginning of the year and is lower than the previous financial year.

The year closed with a turnover of £5.3 Million (previous year £6.7 Million). The pre-tax profit stands at £28,256 (previous year £474,691). The lower profits are on account of substantial increase in raw material costs and shipping container costs.

The order booking for the year stands at £ 7.1 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 Heat pump orders from Germany and Poland and a large chiller order for a steel company in Taiwan.

The Service & spare parts business has been in line with the overall business strategy.

The outlook for 2022-23 will be on lower side due to the substantial increase in gas prices, putting a lot of onsite power generation on which the chiller sales depend upon, on hold. 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.

SECTION 172(1) STATEMENT

Directors confirm that, during the year, they continued to promote the success of the Company for the benefit of all stakeholders. In doing so, the Board's desire to act fairly for its sole member, maintain a reputation for high standards of business conduct, and consider the long-term consequences of the decisions they take, have underpinned the way it operates.

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.

COVID-19 Risk: The economic fallout due to the initial lockdowns across Europe and other territories have improved since the pandemic was first announced on 2020. Whilst the situation still has some inherent uncertainty in supply chain, with some countries in Asia, where we source raw material declaring local restrictions, the directors consider that the impact and level of disruption on the Company's operations for the remainder of 2022 and into 2023 will be of concern. However they will continue to monitor the situation to ensure the Company remains flexible in its ability to respond to changing circumstances. The company has increased deliveries committed to prospective customers and curtailed commitments on penalties on delayed deliveries.

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 little early to predict the order intake due to the fluid situation in Europe including the effects on energy prices due to Russia- Ukraine conflict. The company has sufficient cash reserves to withstand potential long shut down and hence the risk to the company as a going concern is low. The order carry forward to this year of £3.9 Million and potential orders under finalisation should help the Company to have a healthy turnover and profit for the next financial year.

NON-FINANCIAL INFORMATION

The company is a buy and sell company catering to European market for Absorption chillers and heat pumps. All chillers and heat pumps are manufactured by the parent company in India. The business strategy involves working with appointed distributors across continental Europe and key relationship with large contractors. In the UK the business model is working with HVAC contractors. The company also has a revenue stream from sales of spare parts and service support

Through 'Thermax Cares', the group companies are inculcating environmental consciousness into the organizational culture. We have undertaken various initiatives to encourage employees and their families to contribute to reducing the earth's carbon and water footprint. Thermax is committed to minimise the use of natural resources and the impact of its operations on nature. It remains committed to building its Natural Capital through resource efficiency and excellence in environmental performance. The company is constantly measuring and managing the impact of its business and manufacturing operations on the environment, and taking necessary measures to reduce energy, water, and material consumption

Thermax Group remains steadfastly focussed on nurturing a healthy organisation and a capable workforce, with an inclusive approach to its resources and human rights. At the core of its people policy is the company's thrust on building and retaining its critical skills, enhancing its performance potential, and developing its leadership capabilities. We provide necessary growth opportunities to have an engaged and committed workforce to drive the organisation towards growth. Some of the ways in which the company engages with the employees include open forums, online and functional training, people and leadership development, communication blogs, and celebrations like Technology Day, Environment Day, and Safety Week.

The company recognises that its business sustainability is premised on the relationships it builds with its communities. It acknowledges the importance of its societal welfare initiatives to promote sustainable growth. Its key objective is to facilitate quality education for children from economically weaker backgrounds, to help them come out of the vicious cycle of poverty. Further, Thermax Foundation works closely with the vulnerable communities around the company's manufacturing locations, and encourages key projects based on need-based evaluation.

The company's Corporate Governance framework encompasses its transparent systems, processes, and principles. It is designed to help Thermax create wealth for its stakeholders on a sustainable basis. It enables the company to conduct its business in a smooth manner and engage with its stakeholders. The company identifies material issues by engaging with multiple stakeholders - investors, shareholders, media, government, employees, vendors and suppliers, customers, and the community.

The company has a strong culture and elaborate processes to reduce the risk of unethical conduct, including a clear code of conduct and whistle blower policy. The Company is committed to operating its businesses with integrity and adopting governance policies that promote the thoughtful and independent representation of its stakeholders' interests.

The company adheres to all applicable local and international laws including social, human rights, anti-corruption, health & safety, environmental and employment laws. The subsidiary is advised by the parent company on some of these matters and others through local external consultants.

FOREIGN CURRENCY RISK

The company's principal foreign currency exposures arise from trading with overseas companies. Company policy permits but does not demand that these exposures may be hedged in order to fix the cost in sterling.

ON BEHALF OF THE BOARD:

Sandeep S Mandke

Director

Date: 10 May, 2022

Report of the Directors

FOR THE YEAR ENDED 31 MARCH 2022

The directors present their report with the financial statements of the company for the year ended 31 March 2022.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the sale and service of absorption chillers.

DIVIDENDS

No dividends will be distributed for the year ended 31 March 2022.

DIRECTORS

The directors set out in the table below have held office during the whole of the period from 1 April 2021 to the date of this report.

The directors shown below were in office at 31 March 2022 but did not hold any interest in the Ordinary shares of £1 each at 1 April 2021 or 31 March 2022.

Venkatesh Balasubramanian

Sandeep S Mandke

STATEMENT OF CORPORATE GOVERNANCE ARRANGEMENTS

Details of the group's corporation governance arrangements can be found on Thermax Limited's website.

DISCLOSURE IN THE STRATEGIC REPORT

The company has chosen in accordance with the Companies Act 2006, s 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch 7 to be contained in the directors' report. It has done so in respect of:

- Business model
- Review of business
- Principal risks and uncertainties
- Section 172(1) Statement
- Exposure to price, credit, liquidity and cash flow risk
- Likely future developments in the business

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

Date: 10 May, 2022

THERMAX EUROPE LIMITED

Directors' Responsibilities Statement

FOR THE YEAR ENDED 31 MARCH 2022

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;

- make judgements and accounting estimates that are reasonable and prudent;

- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

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 2022 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 2022 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 six, 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.

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.The specific laws and regulations which were considered were Companies Act 2006, FRS102 and tax legislation.

- 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 Candour Advisory LLP
Chartered Certified Accountants
and Statutory Auditors
48 Warwick Street
London
W1B 5AW

Date: 10 May, 2022

THERMAX EUROPE LIMITED

Income Statment
For the year ended March 31, 2022

Particulars	NOTE	2022		2021	
		£	Rs Lacs	£	Rs Lacs
Revenue	4	**5,319,991**	**5,295.08**	6,672,209	6,721.01
Cost of sales		**4,417,487**	**4,396.80**	5,332,027	5,371.03
Gross profit		**902,504**	**898.28**	1,340,182	1,349.98
Administrative expenses		**889,669**	**885.50**	888,386	894.88
Operating profit	6	**12,835**	**12.77**	451,796	455.10
Other operating income		**-**	**-**	13,550	13.65
Interest receivable and similar income		**15,421**	**15.35**	9,345	9.41
		28,256	**28.12**	474,691	478.16
Profit before taxation		**28,256**	**28.12**	474,691	478.16
Tax on Profit	8	**5,322**	**5.30**	90,261	90.92
PROFIT FOR THE FINANCIAL YEAR		**22,934**	**22.83**	384,430	387.24

The notes form part of these financial statements

Exchange rate : as at 31 March 2022 is £= Rs 99.53

Exchange rate : as at 31 March 2021 is £= Rs 100.73

Balance Sheet as at 31 March 2022

Particulars	NOTE	2022		2021	
		£	Rs Lacs	£	Rs Lacs
Fixed assets					
Property, Plant and Equipment	9	**7,088**	**7.05**	10,420	10.50
Current assets					
Inventories	10	**806,965**	**803.19**	502,690	506.37
Debtors	11	**6,119,817**	**6,091.16**	2,405,520	2,423.11
Cash at bank and in hand		**829,193**	**825.31**	4,168,893	4,199.38
		7,755,975	**7,719.65**	7,077,103	7,128.86
Creditors:					
Amounts falling due within one year	12	**(1,415,148)**	**(1,408.52)**	(761,909)	(767.48)
Net current assets		**6,340,827**	**6,311.13**	6,315,194	6,361.38
Total assets less current liabilities		**6,347,915**	**6,318.19**	6,325,614	6,371.88
Provision for liabilities	15	**1,347**	**1.34**	1,980	1.99
Net Assets		**6,346,568**	**6,316.85**	6,323,634	6,369.89
Capital and reserves					
Called up share capital	16	**200,000**	**199.06**	200,000	201.46
Retained Earnings	17	**6,146,568**	**6,117.78**	6,123,634	6,168.42
Shareholders' funds		**6,346,568**	**6,316.85**	6,323,634	6,369.89

The financial statements were approved by the Board of Directors on 10 May, 2022 and were signed on its behalf by:

Sandeep Mandke

Director

Cash Flow Statement for the year ended 31 March 2022

Particulars	NOTE	2022		2021	
		£	Rs Lacs	£	Rs Lacs
Cash flow from operating activities					
Cash generated from operations	1	**(3,276,778)**	**(3,261.43)**	1,052,683	1,060.38
Tax Paid		**(77,203)**	**(76.84)**	(33,814)	(34.06)
Net cash from operating activities		**(3,353,981)**	**(3,338.27)**	1,018,869	1,026.32
Cash flow from investing activities					
Purchase of tangible fixed asset		**(2,412)**	**(2.40)**	(11,531)	(11.62)
Interest received		**15,421**	**15.35**	9,345	9.41
Sale of tangible fixed assets		**1,272**	**1.27**	-	-
Net cash from investing activities		**14,281**	**14.21**	(2,186)	(2.20)
Cash flow from financing activities					
Loan repayment in year		**-**	**-**	1,222,422	1,231.36
Net cash from financing activities		**-**	**-**	1,222,422	1,231.36
(Decrease)/Increase in cash and cash equivalents		**(3,339,700)**	**(3,324.06)**	2,239,105	2,255.48
Cash and cash equivalents at the beginning of the year	2	**4,168,893**	**4,149.37**	1,929,788	1,943.90
Cash and cash equivalents at the end of the year	2	**829,193**	**825.31**	4,168,893	4,199.38

Other Comprehensive Income for the year ended 31 March 2022

Particulars	NOTE	2022		2021	
		£	Rs Lacs	£	Rs Lacs
Profit for the Year		**22,934**	**22.83**	384,430	387.24
Other Comprehensive Income		**-**	**-**	-	-
Total Comprehensive Income For The Year		**22,934**	**22.83**	384,430	387.24

Statement of Changes in Equity For the Year Ended March 31, 2022

Particulars	Capital		Accumulated losses		Total Equity	
	£	Rs Lacs	£	Rs Lacs	£	Rs Lacs
Balance at 1 April 2020	200,000	199.06	5,739,204	5,712.33	5,939,204	5,911.39
Change in Equity:						
Total comphrensive income	-	-	384,430	382.63	384,430	382.63
Balance at 31 March 2021	200,000	199.06	6,123,634	6,094.96	6,323,634	6,294.02
Changes in Equity:						
Total comphrensive income	-	-	22,934	22.83	22,934	22.83
Balance at 31 March 2022	200,000	199.06	6,146,568	6,117.78	6,346,568	6,316.85

Notes to the Cash Flow Statement
For the year ended 31 March 2022

1. Reconciliation of profit before taxation to cash generated from operations

	2022	2021
	£	£
Profit before taxation	28,256	474,691
Depreciation charges	4,598	5,345
Loss on disposal of fixed assets	95	-
Finance income	(15,421)	(9,345)
	17,528	470,691
Increase in inventories	(304,275)	(96,755)
(Increase)/decrease in trade and other debtors	(3,254,411)	1,053,568
Increase/(decrease) in trade and other creditors	264,380	(374,821)
Cash generated from operations	(3,276,778)	1,052,683

2. Cash and cash equivalents

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts

Year ended 31 March 2022

	2022	2021
	£	£
Cash and cash equivalents	829,193	4,168,893

Year ended 31 March 2021

	2022	2021
	£	£
Cash and cash equivalents	4,168,893	1,929,788

3. Analysis of changes in net funds

	At 1.4.21	Cash flow	At 31.3.22
	£	£	£
Net cash			
Cash at bank and in hand	4,168,893	(3,339,700)	829,193
	4,168,893	(3,339,700)	829,193
Total	4,168,893	(3,339,700)	829,193

Notes to Financial Statement
For the year ended 31 March 2022

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 £.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues: The disclosure requirements of paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b), and 12.29A.
- Section 33 'Related Party Disclosures': Compensation for key management personnel

The financial statements of the company are consolidated in the financial statements of Thermax Limited. These consolidated financial statements are available from its registered office Thermax House, 14 Mumbai Pune Road, Wakdewadi, Pune 411 003 India.

Turnover

Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant & machinery - 20% on cost

Fixtures and fittings - 20% on cost

Computer equipment - 33.33% on cost

Stocks

Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Financial instruments

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provision of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic Financial Assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised costs using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is a contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors and loans from related companies are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised costs, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

3. 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. REVENUE

The revenue and profit before taxation are attributable to the one principal activity of the company. An analysis of revenue by geographical market is given below:

	2022	2021
	£	£
United Kingdom	**444,476**	201,567
Europe	**4,601,214**	6,470,642
Jordan	**274,301**	-
	5,319,991	6,672,209

5. EMPLOYEES AND DIRECTORS

	2022	2021
	£	£
Wages and salaries	**268,579**	328,397
Social security costs	**28,730**	32,276
Other pension costs	**15,134**	12,115
	312,443	372,788

The average number of employees during the year was as follows:

	2022	2021
Director	**2**	2
Admin	**7**	8
	9	10

	2022	2021
	£	£
Directors' remuneration	**-**	-

Notes to Financial Statements March 31, 2022 and 2021

6. OPERATING PROFIT

The operating profit is stated after charging:

	2022	2021
	£	£
Other operating leases	**12,572**	12,148
Depreciation - owned assets	**4,377**	5,344
Loss on disposal of fixed assets	95	-
Foreign exchange differences	100,556	102,300
Vehicle operating leases	-	15,781
Overseas office lease	-	5,793

7. AUDITORS' REMUNERATION

	2022	2021
	£	£
Fees payable to the company's auditors and their associates for the audit of the company's financial statements	**12,825**	9,663

8. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2022	2021
	£	£
Current tax:		
UK corporation tax	**5,955**	89,047
Deferred tax	**(633)**	1,214
Tax on profit	**5,322**	90,261

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2022	2021
	£	£
Profit before tax	**28,256**	474,691
Profit multiplied by the standard rate of corporation tax in the UK of (2021 - 19%)	**5,369**	90,191
Effects of:		
Expenses not deductible for tax purposes	**111**	69
Capital allowances in excess of depreciation	-	(1,213)
Depreciation in excess of capital allowances	**475**	-
Deferred tax	**(633)**	1214
	5,322	90,261

9. PROPERTY, PLANT AND EQUIPMENT

	Plant & machinery	Fixtures and fittings	Computer equipment	Totals
			£	£
COST				
At 1 April 2021	1,717	12,395	13,852	27,964
Additions	-	559	1,853	2,412
Disposals	-	(5,435)	(6,951)	(12,386)
At 31 March 2022	**1,717**	**7,519**	**8,754**	**17,990**
DEPRECIATION				
At 1 April 2021	586	7,513	9,445	17,544
Charge for year	293	1,357	2,727	4,377
Eliminated on disposal	-	(5,433)	(5,586)	(11,019)
At 31 March 2022	879	3,437	6,586	10,902
NET BOOK VALUE				
At 31 March 2022	**838**	**4,082**	**2,168**	**7,088**
At 31 March 2021	1,131	4,882	4,407	10,420

10. INVENTORIES

	2022	2021
	£	£
Stocks and consumables	**806,965**	502,690

Stock has been impaired by £61,812 (2021: £49,402) due to obsolescence.

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Trade debtors	**3,215,606**	1,909,256
Amounts owed by group undertakings	**76,642**	473,815
Loans & Advances to Associates	**2,542,373**	-
Other Debtors	**237,940**	7,525
Tax	**37,309**	-
Prepayments	**9,947**	14,924
	6,119,817	2,405,520

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Trade creditors	**82,369**	49,958
Amounts owed to group undertakings	**704,329**	281,531
Tax	-	33,939
Social security and other taxes	9,461	11,987
VAT	**6,773**	5,564
Customer advance payments	**488,613**	97,289
Accrued expenses	**123,603**	281,641
	1,415,148	761,909

Notes to Financial Statements March 31, 2022 and 2021

13. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2022	2021
	£	£
Within one year	24,031	23,865
Between one and five years	13,643	16,446
	37,674	40,311

14. FINANCIAL INSTRUMENTS

The carrying amount for each category of financial instruments is as follows:

Financial instruments that are debt instruments measured at amortised cost

	2022	2021
	£	£
Financial instruments that are debt instruments measured at amortised cost	5,834,622	2,383,071

Financial liabilities measured at amortised cost

Financial instruments that are debt instruments measured at amortised cost

	2022	2021
	£	£
Financial liabilities measured at amortised cost	786,699	331,489

15. PROVISIONS FOR LIABILITIES

	2022	2021
	£	£
Deferred tax	1,347	1,980

	Deferred tax
	£
Balance at 1 April 2021	1,980
Utilised during year	(633)
Balance at 31 March 2022	1,347

Carrying value of each category of financial instruments is as follows:

16. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2022	2021
200,000	Ordinary	£1	200,000	200,000

17. RESERVES

	Retaining earnings
	£
At 1 April 2021	6,123,634
Profit for the year	22,934
At 31 March 2022	6,146,568

18. PENSION COMMITMENTS

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund.

The amount recognised in the profit or loss as an expense in relation to the defined contribution plan was £15,134 (2021: £12,115)

Contributions totalling £1,606 (2021: £2,046) were payable to the fund at the balance sheet date and are included in creditors.

19. CONTINGENCY

An amount of £778,528 (2021: £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.

20. 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 £83,081 (2021:£160,052) from Thermax Limited.

During the year Thermax Europe Limited made sales amounting to £98,223 (2021: £99,547) to Danstoker A/S.

Purchases were made in the year from Thermax Limited of £4,095,577 (2021: £4,903,096), Danstoker A/S £4,103 (2021: £Nil), Danstoker SP Z.O.O £Nil (2021: £Nil) and Rifox-Hans Richter Gmbh £202,996 (2021: £210,676).

At 31/03/2022 Thermax Europe Limited was owed £75,837 (2021: £253,790) from Thermax Limited and £805 (2021: £220,025) from Danstoker A/S.

Thermax Europe Limited also owed £704,329 (2021: £281,531) to Thermax Limited and £Nil (2021: £9,297) to Danstoker A/S.

On 26th August 2021 a loan of 3,000,000 Euros (£2,586,207) was made to Danstoker A/S at an interest rate of EURIBOR plus 1%. No repayments have been made against this loan during the financial year. The closing balance as at 31/03/2022 owed to Thermax Europe Limited was 3,000,000 Euros (£2,542,373).

21. 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 2022.

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 set out on page 2.

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 2022.

for Anex Management Services Ltd

Corporate Secretary

Date: 02 May 2022

THERMAX INTERNATIONAL LIMITED

Independent auditors' report

To the member 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 2022, 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 25 give a true and fair view of the financial position of the Company 31 March 2022, 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: 02 May 2022

Statement of Financial Position
As at 31 March 2022

	Note	2022		2021	
		USD	Rs Lacs	USD	Rs Lacs
ASSETS					
Non-current assets					
Investments	6	**900,498**	**682.46**	639,048	467.18
		900,498	**682.46**	639,048	467.18
Current assets					
Trade & other receivables		**1,633**	**1.24**	1,632	1.19
Cash and cash equivalent	7	**433,334**	**328.41**	715,418	523.01
Other receivables	8	**322**	**0.24**	-	-
		435,289	**329.89**	717,050	524.20
Total assets		**1,335,787**	**1,012.36**	**1,356,098**	**991.38**
EQUITY AND LIABILITIES					
Capital and reserves					
Stated Capital	9	**3,442,300**	**2,608.83**	3,442,300	2,516.49
Accumulated losses		**(2,612,188)**	**(1,979.71)**	(2,591,877)	(1,894.79)
		830,112	**629.12**	850,423	621.70
Current liabilities					
Trade and other payable	10	**5,675**	**4.30**	5,675	4.15
Accruals	10	**500,000**	**378.94**	500,000	365.53
		505,675	**383.24**	505,675	369.67
Total equity and liabilities		**1,335,787**	**1,012.36**	1,356,098	991.38

Approved by the Board of Directors on 2nd May 2021 and signed on its behalf by:

Farhana Alimohamed
Director

Nundan Sharma Doorgakant
Director

The notes on page 12 to 25 form an integral part of these financial statements.

Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 March 2022

	2022		2021	
	USD	Rs Lacs	USD	Rs Lacs
INCOME				
Dividend	-	-	-	-
Interest	**33**	**0.03**	510	0.37
	33	**0.03**	510	0.37
EXPENSES				
Management Fees	-	-	3,500	2.56
Licence Fees	**2,860**	**2.17**	2,890	2.11
Bank charges	**3,405**	**2.58**	3,450	2.52
Audit Fees	**2,000**	**1.52**	2,000	1.46
Accountancy Fees	**2,675**	**2.03**	2,675	1.96
Professional Fees	**8,404**	**6.37**	3,200	2.34
Taxation Fees	**1,000**	**0.76**	1,000	0.73
Impairment	-	-	195,250	142.74
Bad Debts	-	-	475	0.35
Other expense	-	-	615,509	449.97
	20,344	**15.42**	829,949	606.73
(Loss) / Profit before taxation	**(20,311)**	**(15.39)**	(829,439)	(606.36)
Taxation	-	-	-	-
Profit / (Loss) for the year	**20,311)**	**(15.39)**	(829,439)	(606.36)
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	**(20,311)**	**(15.39)**	(829,439)	(606.36)

Exchange Rate : as at 31 March 2022 is 1 US $ = Rs 75.79

Exchange Rate : as at 31 March 2021 is 1 US $ = Rs 73.11

The notes on page 12 to 25 form an integral part of these financial statements.

Statement of Changes in Equity
For the Year Ended 31 March 2022

	Stated Capital		Accumulated Losses		Total	
	USD	Rs Lacs	USD	Rs Lacs	USD	Rs Lacs
Balances at 1st April 2020	3,442,300	2,608.83	(1,762,438)	(1,335.71)	1,679,862	1,273.13
Profit for the year	-	-	(829,439)	(628.61)	(829,439)	628.61)
Balances as at 31st March 2021	3,442,300	2,608.83	(2,591,877)	(1,964.32)	850,423	644.51
Balances at 1st April 2021	**3,442,300**	**2,608.83**	**(2,591,877)**	**(1,964.32)**	**850,423**	**644.51**
Profit for the year	**-**	**-**	**(20,311)**	**(15.39)**	**(20,311)**	**(15.39)**
Balances as at 31st March 2022	**3,442,300**	**2,608.83**	**(2,612,188)**	**(1,979.71)**	**830,112**	**629.12**

Statement of Financial Position
As at 31 March 2022

	2022		2021	
	USD	Rs Lacs	USD	Rs Lacs
Cash flows from operating activities				
(Loss)/Profit for the year	**(20,311)**	**(15.39)**	(829,439)	(606.36)
Adjustment for:				
Increase/ decrease in receivables and prepayments	**(323)**	**(0.24)**	505	0.37
(Increase)/ Decrease in accounts payables	**-**	**-**	493,603	360.85
Net cash from operating activities	**(20,634)**	**(15.64)**	(335,331)	(245.14)
Cash flows from investing activities				
Loan receivable	**-**	**-**	31,270	22.86
Investment in subsidiary	**(261,450)**	**(198.15)**	195,250	142.74
Net cash outflow from investing activities	**(261,450)**	**(198.15)**	226,520	165.60
Net Increase/(Decrease) in cash and cash equivalents	**(282,084)**	**(213.78)**	(108,811)	(79.55)
Cash and cash equivalents at beginning of the year	**715,418**	**542.20**	824,229	602.55
Cash and cash equivalents at end of year	**433,401**	**328.41**	715,418	523.01
Cash and cash equivalents made up of:				
Cash in hand	**67**	**0.05**	67	0.05
Bank balance	**433,267**	**328.36**	715,351	522.96
	433,401	**328.41**	715,418	523.01

Notes to the financial statements
For the year 31 March 2022

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

In the current year, the following new and revised standards and interpretation issued by the IASB became mandatory for the first time:

Particulars	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 and interpretations not yet effective

There are certain standards and interpretations which apply for the first time to financial reporting periods commencing on or after 01 January 2022. These relevant standards and interpretations are being evaluated by management as to their impact on the financial statements.

Standard / Interpretation:	Effective date: Years beginning on or after	Expected impact:
1. Classification of Liabilities as current or non –current – Amendment to IAS 1	01 January 2022 (possibly deferred to 01 January 2023)	The impact of the standard is not material.
2. Property, Plant and Equipment: Proceeds before intended use- Amendments to IAS 16	01 January 2022	The impact of the standard is not material
3. Onerous Contracts – cost of fulfilling a contract - Amendment to IAS 37	01 January 2022	The impact of the standard is not material
4. Annual improvements to IFRS Standards 2018-2020	01 January 2022	The impact of the standard is not material
5. Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2	01 January 2023	The impact of the standard is not material
6. Definition of Accounting Estimates – Amendments to IAS 8	01 January 2023	The impact of the standard is not material

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:

	31-03-2022	31-03-2021
	USD	USD
Profit before taxation	(20,311)	(829,439)
Add: Unauthorised deduction		
Penalty	-	-
Impairment	-	195,250
Group expenses	-	615,509
Less: Exempt Income	-	-
Interest income		-
Loss adjusted for tax purpose	(20,311)	(18,680)
Loss brought forward	(18,680)	-
Tax loss carried forward	(38,991)	(18,680)
Tax for the year calculated @ 15%	-	-
Deemed tax credit of 80%	-	-
Tax charge for the period	-	-

6. Investment in subsidiaries

	31-03-2022	31-03-2021
	USD	USD
Investment at start	639,048	834,298
Acquisition during the year	261,450	(195,250)
Investment at end	900,498	639,048

Notes to Financial Statements March 31, 2022 and 2021

Name of entity	Country of incorporation	% Holding	Carrying amount 2022	Carrying amount 2021
Thermax Senegal SARL	SENEGAL	100%	-	-
Thermax International Tanzania	Tanzania	100%	261,450	-
Thermax Inc.	U. S. A	100%	500,000	500,000
PT Thermax Indonesia	INDONESIA	0.005%	773	773
Thermax Nigeria Ltd	NIGERIA	99.9996%	138,275	138,275
			900,498	639,048

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 2022.

7. Cash and cash equivalent

	31-03-2022	31-03-2021
	USD	USD
Cash in hand	67	67
Bank	433,267	715,351
	433,334	715,418

8. Other receivables

	31-03-2022	31-03-2021
	USD	USD
Deposit	-	-
Receivable from subsidiary	322	-
	322	-

9. Stated capital

	31-03-2022	31-03-2021
	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

	31-03-2022	31-03-2021
	USD	USD
Trade payables	5,675	5,675
Accruals	500,000	500,000

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 2022	**Financial liabilities 2022**	Financial assets 2021	Financial liabilities 2021
	USD	**USD**	USD	USD
Senegal XOF	**-**	**500,000**	-	500,000
Indonesian Rupiah	**773**	**-**	773	-
United States Dollars	**933,334**	**5,675**	1,215,418	5,675
Nigeria Naira	**138,275**	**-**	138,275	-
TITL (TANZANIA)	**261,450**		-	
	1,333,832	**505,675**	1,354,466	505,675

(c) Financial risks

(i) Foreign currency risk

The Company invest in securities denominated in currencies other than its reporting currency. Consequently, the Company is exposed to the risk that the exchange rate of the USD relative to those currencies may change in a manner which has a material effect on the reported values of that portion of the company's assets which are denominated in those currencies.

(ii) Credit risk

Financial assets that potentially expose the Company to credit risk consist principally of loans receivables and cash and cash equivalents. The extent of the Company's exposure to credit risk in respect of these financial assets approximates their carrying values as recorded in the Company's statement of financial position.

(iii) Market risk

Market risk represents the potential loss that can be caused by a change in the market value of financial instruments. The Company's exposure to market risk is determined by a number of factors, including interest rates, foreign currency exchange rates and market volatility. The Company conducts its investment operations in a manner that seeks to exploit the potential gains in the market, while limiting its exposure to market declines.

(iv) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of the financial liabilities.

The table below illustrates the aged analysis of the Company's financial liabilities.

Liabilities Accruals	31 March 2022		
	Less than 1 year	Over 1 year	Total
	USD	USD	USD
Accruals	505,675	-	505,675

Liabilities Accruals	31 March 2021		
	Less than 1 year	Over 1 year	Total
	USD	USD	USD
Accruals	505,675	-	505,675

(i) 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.

(ii) Concentration risk

At 31 March 2022 the directors consider that the Company is not exposed to any concentration risk.

(v) 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 2022, 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 2022 and into 2023 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 2022 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 P.O. Box 307 3000 Town Center, Suite 100 Southfield, MI 48075	JP Morgan Chase

Independent Auditor's Report

To the Board of Directors

Thermax Inc.

Opinion

We have audited the financial statements of Thermax Inc. (the "Company"), which comprise the balance sheet as of March 31, 2022 and 2021 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2022 and 2021 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audits of the Financial Statements section of our report. We are required to be independent of the Company and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audits 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 absolute assurance and, therefore, is not a guarantee that audits conducted in accordance with GAAS will always detect a material misstatement when it exists. 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. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing audits in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits 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. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Plante and Moran, PLLC

May 10, 2022

THERMAX INC

Balance Sheet Year Ended March 31, 2022 and 2021

	2022		2021	
	USD	**Rs Lacs**	USD	Rs Lacs
ASSETS				
Current Assets				
Cash and Cash Equivalents	**4,227,748**	**3,204.10**	5,448,160	3,982.88
Restricted cash and cash equivalents	**1,813,890**	**1,374.70**	-	-
Certificates of deposit	**-**	**-**	1,000,000	731.05
Accounts Receivable				
Trade accounts receivable	**2,401,494**	**1,820.03**	2,663,865	1,947.42
Trade receivable from related parties (Note 6)	**58,365**	**44.23**	244,839	178.99
Inventory (Note 4)	**6,833,428**	**5,178.88**	2,907,784	2,125.74
Advances to affiliates	**178,975**	**135.64**	561,300	410.34
Other Current Assets:				
Refundable Tax (Note 10)	**248,950**	**188.67**	144,991	106.00
Other Current Assets	**75,174**	**56.97**	76,377	55.84
Total Current Assets	**15,838,024**	**12,003.24**	13,047,316	9,538.24
Leased Assets - Operating lease (Note 7)	**60,064**	**45.52**	121,632	88.92
Property And Equipment, Net (Note 5)	**35,667**	**27.03**	37,473	27.39
Other Assets				
Loan to Affiliate (Note 6)	**1,500,000**	**1,136.81**	-	-
Deferred tax recovery (Note 10)	**106,000**	**80.33**	103,000	75.30
Total Assets	**17,539,755**	**13,292.94**	13,309,421	9,729.85

LIABILITIES AND STOCKHOLDER'S EQUITY	2022		2021	
	USD	**Rs Lacs**	USD	Rs Lacs
CURRENT LIABILITIES				
Accounts Payable:				
Trade accounts Payable	**517,230**	**392.00**	163,797	119.74
Trade payables to related parties (Note 6)	**6,029,034**	**4,569.25**	2,643,909	1,932.83
Short term lease liability (Note 7)	**53,967**	**40.90**	82,311	60.17
Accrued and other current liabilities:				
Contract obligations (Note 8)	**163,500**	**123.91**	188,250	137.62
Customer Deposits and advances	**874,280**	**662.59**	842,795	616.13
Other accrued liabilities	**280,340**	**212.46**	224,913	164.42
Total Current Liabilities	**7,918,351**	**6,001.12**	4,145,975	3,030.92
Long-term Lease liability (Note 7)	**-**	**-**	34,512	25.23
Stockholder's Equity				
Common Stock - $10 Par Value				
50,000 shares Authorized, issued and Outstanding	**500,000**	**378.94**	500,000	365.53
Retained Earnings	**9,121,404**	**6,912.88**	8,628,934	6,308.18
Total Stockholder's Equity	**9,621,404**	**7,291.82**	9,128,934	6,673.71
Total Liabilities And Stockholder's Equity	**17,539,755**	**13,292.94**	13,309,421	9,729.85
See notes to financial statements				

Statement of Operations for the years ended March 31, 2022 and 2021

	2022		2021	
	USD	**Rs Lacs**	USD	Rs Lacs
Revenue				
Operating Revenues	**21,699,597**	**16,445.58**	20,763,059	15,178.83
Other Revenues	**148,903**	**112.85**	84,391	61.69
Total Revenue	**21,848,500**	**16,558.43**	20,847,450	15,240.53
Costs of Revenue -Production	**18,281,683**	**13,855.23**	16,500,946	12,063.02
Gross Profit	**3,566,817**	**2,703.20**	4,346,504	3,177.51
Selling General and Administrative Expenses	**2,899,526**	**2,197.48**	2,236,671	1,635.12
Income- Before income taxes	**667,291**	**505.72**	2,109,833	1,542.39
Income Tax Expense (Note 10)	**174,821**	**132.49**	465,230	340.11
Net Income	**492,470**	**373.23**	1,644,603	1,202.29

Exchange Rate : as at 31 March 2022 is 1 US $ = Rs 75.79

Exchange Rate : as at 31 March 2021 is 1 US $ = Rs 73.11

See notes to financial statements

Statement of Cash flows for the years ended March 31, 2022 and 2021

	2022		2021	
	USD	**Rs Lacs**	USD	Rs Lacs
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	**492,470**	**373.23**	1,644,603	1,202.29
Adjustment to reconcile net income to net cash from operating activities:				
Depreciation	**12,351**	**9.36**	11,977	8.76
Loss on disposal of assets	**-**	**-**	652	0.48
Bad debt expense	**2,000**	**1.52**	(210,170)	(153.64)
Amortisation of right of use asset	**83,216**	**63.07**	79,537	58.15
Deferred Income Taxes	**(3,000)**	**(2.27)**	33,000	24.12
Changes in operating assets and liabilities which provided (used) cash:				
Accounts receivable	**260,371**	**197.33**	514,350	376.02
Accounts receivable - Related parties	**186,474**	**141.32**	(114,969)	(84.05)
Inventory	**(3,925,644)**	**(2,975.15)**	(269,389)	(196.94)
Other Assets	**(102,756)**	**(77.88)**	83,931	61.36
Accounts payable	**353,433**	**267.86**	57,190	41.81
Accounts payable- Related Parties	**3,385,125**	**2,565.50**	678,006	495.66
Customer advances	**31,485**	**23.86**	330,880	241.89
Provision for warranty and start-up costs	**(24,750)**	**(18.76)**	(7,500)	(5.48)
Other liabilities	**55,427**	**42.01**	64,732	47.32
Lease liability	**(84,504)**	**(64.04)**	(86,826)	(63.47)
Advances to affiliates	**382,325**	**289.75**	(561,300)	(410.34)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	**1,104,023**	**836.71**	2,248,704	1,643.92
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of property and equipment	**(10,545)**	**(7.99)**	(6,354)	(4.65)
Purchase of certificates of deposit	**1,000,000**	**757.88**	(1,000,000)	(731.05)
Issuance of loan to affiliate	**(1,500,000)**	**(1,136.81)**	-	-
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	**(510,545)**	**(386.93)**	(1,006,354)	(735.70)
NET INCREASE IN CASH & CASH EQUIVALENTS	**593,478**	**449.78**	1,242,350	908.22
Cash & cash Equivalents - Beginning of year	**5,448,160**	**4,129.02**	4,205,810	3,074.66
Cash & cash Equivalents - End of year	**6,041,638**	**4,578.81**	5,448,160	3,982.88
Classification of Cash and cash equivalents				
Cash and cash equivalents	**4,227,748**	**3,204.10**	5,448,160	3,982.88
Restricted cash and cash equivalents	**1,813,890**	**1,374.70**	-	-
Total cash and cash equivalents	**6,041,638**	**4,578.81**	5,448,160	3,982.88
Supplemental Cash Flow Information - Cash paid for Income Taxes	**255,154**	**193.37**	471,897	344.98
Significant Noncash Transactions - Recognition of right-of-use assets related to leased facilities	**21,648**	**16.41**	39,026	28.53

See notes to financial statements

Exchange Rate : as at 31 March 2022 is 1 US $ = Rs 75.79

Exchange Rate : as at 31 March 2021 is 1 US $ = Rs 73.11

Statement of Stockholder's Equity
Year ended March 31, 2022 and 2021

	Common Stock		Retained Earnings		Total	
	USD	**Rs Lacs**	**USD**	**Rs Lacs**	**USD**	**Rs Lacs**
Balance - April 1, 2020	500,000	378.94	6,984,331	5,293.25	7,484,331	5,672.19
Net Income	-	-	1,644,603	1,246.40	1,644,603	1,246.40
Balance - March 31, 2021	500,000	378.94	8,628,934	6,539.65	9,128,934	6,918.59
Net Income	-	-	492,470	373.23	492,470	373.23
Balance - March 31, 2022	**500,000**	**378.94**	**9,121,404**	**6,912.88**	**9,621,404**	**7,291.82**

THERMAX INC

Notes to Financial Statements March 31, 2022 and 2021

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 a corporate office 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 two customers of $1,764,699 and sales to one customer of $2,645,176 during the years ended March 31, 2022 and 2021, respectively. Accounts receivable from these customers totaled $43,550 and $409,597 at March 31, 2022 and 2021, respectively.

The Company's chemical business segment includes sales to two customers totaling $7,861,051 and $8,743,800 for the years ended March 31, 2022 and 2021, respectively. Accounts receivable from these customers totaled $898,134 and $1,085,600 at March 31, 2022 and 2021, 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, 2022 and 2021 were $26,499 and $2,509, 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.

Restricted Cash

Under the terms of its letter of credit agreement with a bank, effective December 10, 2021, the Company has agreed to maintain a compensating balance equal to $1,813,890. At March 31, 2022, $1,813,890 of cash is held in a separate account that is restricted for that purpose. At March 31, 2021, there was no restricted cash balance.

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, 2022.

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 $24,117 and $22,117 at March 31, 2022 and 2021, 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.

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.

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.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The financial statements and related disclosures include evaluation of events up to and including May 10, 2022, 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, 2022 and 2021, the Company recognized revenue from contracts with customers as follows:

	2022	2021
Absorption chillers	$ 3,533,033	$ 5,218,693
Absorption chillers - Services/ Maintenance	274,763	243,560
Absorption chillers - Spare parts	263,661	287,604
Ion exchange resins	17,628,140	15,013,202
Total revenue from contracts with customers	$ 21,699,597	$ 20,763,059

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, 2022 and 2021 was $63,000 and $67,000, respectively.

The Company recognized impairment losses of $2,000 and impairment recoveries of $210,170 on its trade receivables for the years ended March 31, 2022 and 2021, respectively. Accounts receivable were $2,459,859, $2,908,704, and $3,097,915 as of March 31, 2022; March 31, 2021; and April 1, 2020, 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, 2022; March 31, 2021; or April 1, 2020.

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 3 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 $874,280 and $842,795 as of March 31, 2022 and 2021, respectively. Customer advances totaled $511,915 as of April 1, 2020.

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 cost rather than an additional promised service.

Note 4 - Inventory

Inventory, net of reserves, at March 31, 2022 and 2021 consists of the following

	2022	2021
Traded goods - Ion exchange resins and spare parts	$ 1,190,546	$ 704,570
Goods in transit - Ion exchange resins and chemicals	4,146,262	1,509,514
Goods in transit - Chillers	1,496,620	693,700
Total revenue from contracts with customers	$ 6,833,428	$ 2,907,784

The Company maintains inventory of ion exchange resins and spare parts at third-party warehouses located in various states. At March 31, 2022 and 2021, net inventory valued at $1,190,546 and $704,570, respectively, was located at third-party warehouses.

At March 31, 2022 and 2021, the Company maintained a reserve for inventory obsolescence of $90,688 and $89,688, respectively.

Note 5 - Property and Equipment

Property and equipment at March 31, 2022 and 2021 are summarized as follows:

		2022		2021
Office equipment	$	59,211	$	50,051
Furniture and fixtures		35,045		35,045
Leasehold improvements		9,379		9,379
Total cost		103,635		94,475
Accumulated depreciation		67,968		57,002
Net property and equipment	$	35,667	$	37,473

Depreciation expense was $12,351 and $11,977 for the years ended March 31, 2022 and 2021, 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, 2022 and 2021, the Company had accounts receivable from related parties totaling $58,365 and $244,839, respectively, related to expenses paid by the Company on behalf of the related parties.

At March 31, 2022 and 2021, the Company had advances to related parties totaling $178,975 and $561,300, respectively. The advances are related to the purchase of chillers for sale to the Company's customers.

Accounts Payable

At March 31, 2022 and 2021, the Company had accounts payable to related parties totaling $6,029,034 and $2,643,909, respectively.

Loan to Affiliate

The Company has one loan receivable totaling $1,500,000 due from an affiliate bearing an interest rate of 2 percent, maturing in January 31, 2024. The note is unsecured.

Purchases

For the years ended March 31, 2022 and 2021, the Company had purchases of ion exchange resins, absorption chillers, and spare parts from Thermax Ltd. totaling $18,757,937 and $14,855,282, respectively.

Note 7 - Leases

The Company is obligated under operating leases primarily for office space and vehicles, expiring at various dates through March 2023. 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 $88,403 and $89,343 for the years ended March 31, 2022 and 2021, respectively.

The Company has made a policy election not 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 during the year ended March 31, 2023 total $55,554, of which $1,579 represents interest. There are no future minimum annual commitments thereafter.

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 $163,500 and $188,250 at March 31, 2022 and 2021, respectively, for estimated chiller startup costs.

Note 9 - Line of Credit

The Company maintained a line of credit with maximum borrowings of $2,000,000 that matured 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. Effective January 12, 2022, the line of credit was closed.

The Company has entered into a standby letter of credit with a bank 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 cash collateral. There were no claims under the letter of credit at March 31, 2022. 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:

		2022		2021
Current income tax expense	$	177,821	$	432,230
Deferred income tax (recovery) expense		(3,000)		33,000
Total income tax expense	$	174,821	$	465,230

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:

		2022		2021
Income tax expense - Computed at 21 percent of pretax income	$	140,131	$	434,897
State income taxes - Net of federal tax benefit		23,822		30,729
Nondeductible expenses and adjustments to prior year estimate - Net		10,868		(396)
Total income tax expense	$	174,821	$	465,230

The details of the net deferred tax asset are as follows:

	2022	2021
Deferred tax assets:		
Inventory reserve	$ 19,000	$ 19,000
Section 263A	13,000	7,000
Accrued bonuses	13,000	465,230
Other	69,000	72,000
Gross deferred tax assets	114,000	111,000
Deferred tax liabilities - Depreciation	8,000	8,000
Net deferred tax asset	$ 106,000	$ 103,000

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, 2018. 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 selling 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. For the year ended March 31, 2022, all corporate expenses have been allocated to reportable segments based on their predetermined share of operating activities, which was 65 percent to the chemical segment and 35 percent to the energy segment. For the year ended March 31, 2021, the allocation was based on each reportable segments proportionate share of operating activities, which was 72 percent to the chemical segment and 28 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, 2022 and 2021:

	2022	2021
Chemical Segment		
Revenue from external customers	$ 17,628,140	$ 15,013,202
Other revenue	141,429	81,045
Segment pretax profit	1,118,844	1,869,984
Segment assets	7,371,486	4,287,342
Segment liabilities	5,016,055	2,050,980
Energy Segment		
Revenue from external customers	4,071,457	5,749,857
Other revenue	7,474	3,346
Segment pretax (loss) profit	-451,554	239,851
Segment assets	2,138,379	2,093,717
Segment liabilities	2,761,876	1,943,637

The following are reconciliations from the segment information above to the amounts reported in the accompanying financial statements for the years ended March 31, 2022 and 2021:

	2022	2021
Revenue by Country		
United States	$ 18,062,446	$ 16,529,736
Mexico and South America	38,619	382,373
Canada	444,015	309,680
Other	3,303,420	3,625,661
Total revenue	$ 21,848,500	$ 20,847,450
Assets		
Total assets for reportable segments	$ 9,509,865	$ 6,381,059
Unallocated amounts	8,029,890	6,928,364
Total assets	$ 17,539,755	$ 13,309,423
Liabilities		
Total liabilities for reportable segments	$ 7,777,931	$ 3,994,617
Unallocated amounts	140,420	185,870
Total liabilities	$ 7,918,351	$ 4,180,487

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, 2022 and 2021, the Company made matching contributions totaling $32,954 and $23,228, 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, 2022 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, 2022, 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, 29, 2022

Statement of Income
For the year ended March 31, 2022

	2022		2021	
	BRL	**Rs Lacs**	BRL	Rs Lacs
GROSS INCOME				
Sale of services	**152,683**	**24.42**	126,352	16.40
	152,683	**24.42**	126,352	16.40
DEDUCTION FROM GROSS INCOMES				
Tax incident on sales	**(21,891)**	**(3.50)**	(22,904)	(2.97)
Gross profit	**130,792**	**20.92**	103,447	13.43
OPERATING EXPENSES				
General and administrative expenses	**(82,334)**	**(13.17)**	(85,391)	(11.08)
Financial (expenses)/ income	**(2,808)**	**(0.45)**	13,809	1.79
	(85,142)	**(13.62)**	(71,583)	(9.29)
Net Profit/Loss before Taxes	**45,650**	**7.30**	31,865	4.14
Taxes on income	**-**	**-**	-	-
Net Profit/(Loss)	**45,650**	**7.30**	31,865	4.14

Exchange Rate : As at 31 Mar 22 is 1 BRL = Rs 15.99

Exchange Rate : As at 31 Mar 21 is 1 BRL = Rs 12.98

Balance Sheet Year Ended March 31, 2022

	2022		2021	
	BRL	**Rs Lacs**	BRL	Rs Lacs
SOURCES OF FUNDS				
Shareholders' Funds :				
Share Capital	**1,087,130**	**173.86**	1,087,130	141.12
Accumulated losses	**(710,616)**	**(113.64)**	(756,266)	(98.17)
Total Funds Employed	**376,514**	**60.21**	330,864	42.95
APPLICATION OF FUNDS				
Fixed Assets				
Gross Block	**-**	**-**	-	-
Less: Depreciation	**-**	**-**	-	-
Net Block	**-**	**-**	-	-
Current Assets:				
Cash & Banks	**107,493**	**17.19**	167,423	21.73
Trade receivables	**130,195**	**20.82**	76,726	9.96
(-) Provision for doubtful Debts	**(25,284)**	**(4.04)**	(25,284)	(3.28)
Recoverable taxes	**11,743**	**1.88**	11,743	1.52
(-) Provision for losses	**(10,941)**	**(1.75)**	(10,941)	(1.42)
Account Receivable (Intercompany)	**192,057**	**30.71**	136,466	17.72
Less : Current Liabilities & Provisions	**405,264**	**64.81**	356,134	46.23
Taxes payable	**28,486**	**4.56**	26,497	3.44
Other accounts payable	**10,192**	**1.63**	8,701	1.13
(-) Reversal Taxes (Bad Debts)	**(9,928)**	**(1.59)**	(9,928)	(1.29)
	28,750	**4.60**	25,270	3.28
Net Current Assets	**376,514**	**60.21**	330,864	42.95
Total Funds Applied	**376,514**	**60.21**	330,864	42.95

Statement of Changes in Quotaholders' Equity Year Ended March 31, 2022

	Capital		Accumulated losses		Total	
	BRL	Rs Lacs	BRL	Rs Lacs	BRL	Rs Lacs
Balances at April 1, 2021	1,087,130	173.86	(756,266)	(120.94)	330,864	52.91
Net Profit/ (Loss) for the period	-	-	45,650	7.30	45,650	7.30
Balances at March 31, 2022	**1,087,130**	**173.86**	**(710,616)**	**(113.64)**	**376,514**	**60.21**

See the accompanying notes to the financial statements

Statement of Changes in Financial Position
Year ended March 31, 2022

Sources	2022		2021	
	BRL	**Rs Lacs**	BRL	Rs Lacs
From Operations				
Net Profit/(loss) for the period	**45,650**	**7.30**	31,865	4.14
Expenses (incomes) that do not affect net working capital:				
Depreciation	**-**	**-**	-	-
Advance to Capital	**-**	**-**	-	-
Total sources	**45,650**	**7.30**	31,865	4.14
Applications	-	-	-	-
Reduction in net working capital	**45,650**	**7.30**	31,865	4.14

Statement of variation in net working capital

Sources	31 March 2022		31 March 2021		Variation 2021	
	BRL	Rs Lacs	BRL	Rs Lacs	BRL	Rs Lacs
Current Assets	**405,264**	**64.81**	356,134	56.95	49,129	7.86
Current Liabilities	**28,750**	**4.60**	25,270	4.04	3,480)	(0.56)
Net working capital	**376,514**	**60.21**	330,864	52.91	45,650	7.30

THERMAX DO BRASIL – ENERGIA E EQUIPAMENTOS LTDA.

Notes to the Financial Statements Year Ended March 31, 2022
(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	2022
Accounts receivable	120.194,93
(-) Provision for Doubtful Debts	(25.283,53)
Net accounts receivable	**104.911,40**

The Company decided to make a provision for accounts receivables due the uncertainty of recovery of receivables from Consulthermos.

The outstanding amounts of the company De Millus in the amount of R$ 59,179.92 were negotiated for settlement and do not require a provision for doubtful accounts.

5. **Accounts Receivable - Intercompany**

Description	2022
Accounts receivable	192.057,16
Net accounts receivable	**136.465,93**

The amount of R$ 192.057,16 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	2022
IRPJ – 2005	89,28
CSLL – 2005	10.851,37
IRRF – Authorized	802,03
Net accounts receivable	**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	2022
PIS	4.368,11
COFINS	22.717,32
ISS – SALES	1.400,40
(-)Reversal – Taxes – Bad Debts	(9.927,66)
Net Taxes and Contributions payable	**18.558,17**

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	2022
Rent	1.800,00
Reimbursment – Mr.Felipe	8.391,88
TOTAL	**10.191,88**

9. **Capital Social**

The paid-in Capital is represented by R$ 1.087.130,00 with nominal value of R$ 1,00 (one real) each.

10. **Services**

The company's total sales from services amounted to R$ 126.351,66 as presented below:

Description	2022
Services Sales	152.683,32
Net sales	**152.683,32**

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$ 21.891,32, as presented below:

Description	2022
ISS - SALES	7.681,18
COFINS – SALES	11.675,36
PIS – SALES	2.534,78
TOTAL	**21.891,32**

12. **Operating Expenses**

The composition of the "Operating Expenses" account is presented below:

Description	2022
Rents/Condominium	23.747,03
Accounting Outsourcing	39.600,00
Third Part Services	16.636,21
Auditory	2.000,00
Others	350,46
Total	**82.333,70**

13. **Financial (expenses) income**

The balance of the Financial (expenses) income and exchange variation income account is presented below:

Description	2022
Bank Expenses	(2.809,97)
Finance Income	1,53
Exchange Variation	-0-
Total	**(2.808,44)**

14 . **Identified Contingencies**

There are no identified tax and accounting contingencies for the year ended on March 31, 2022 (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, 29, 2022

THERMAX NETHERLANDS B.V.

Board of Directors	***Registered Office***	***Audiors***	***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

Balance sheet as at 31 March, 2022

(Before appropriation of result)

	Note No	As at March 31, 2022		As at March 31, 2021	
		Euro	**Rs Lacs**	Euro	Rs Lacs
FIXED ASSETS:					
Financial fixed assets:					
Participations in group companies	1	**3,246,306**	**2,722.32**	1,736,306	1,488.67
		3,246,306	**2,722.32**	1,736,306	1,488.67
CURRENT ASSETS:					
Receivable					
Prepaid expenses		**16,153**	**13.55**	14,512	12.44
Cash and cash Equivalents	2	**124,035**	**104.01**	103,973	89.14
		3,386,494	**2,839.88**	1,854,791	1,590.25
SHAREHOLDER'S EQUITY AND LIABILITIES					
SHAREHOLDERS' EQUITY:	3				
Issued Share capital		**32,410,000**	**27,178.67**	30,750,000	26,364.28
Accumulated result		**(28,994,132)**	**(24,314.16)**	(19,609,854)	(16,813.00)
Result for the year		**(64,074)**	**(53.73)**	(9,384,278)	(8,045.85)
		3,351,794	**2,810.78**	1,755,868	1,505.44
Short-term liabilities					
Trade creditors		**28,114**	**23.58**	64,570	55.36
Payables to group company		**-**	**-**	8,829	7.57
Accruals and deferred income	4	**6,586**	**5.52**	25,524	21.88
		34,700	**29.10**	98,923	84.81
		3,386,494	**2,839.88**	**1,854,791**	1,590.25

Exchange Rate as on 31 March 2022 is 1 Euro = 83.8589

Exchange Rate as on 31 March 2021 is 1 Euro = 85.7375

Profit and loss account for the year ended March 31, 2022

	Note No	01-04-21/31-3-2022		01-04-20/31-3-2021	
		Euro	**Rs Lacs**	Euro	Rs Lacs
General and administration expenses	5	**(64,074)**	**(53.73)**	(80,584)	(69.09)
Operating result		**(64,074)**	**(53.73)**	(80,584)	(69.09)
Impairment participation	6	**-**	**-**	(9,303,694)	(7,976.75)
Result from operational activities before taxation		**(64,074)**	**(53.73)**	(9,384,278)	(8,045.85)
Taxation	7	**-**	**-**	-	-
Net result after taxation		**(64,074)**	**(53.73)**	(9,384,278)	(8,045.85)

Statement of Changes in Equity for the period ended March 31, 2022

	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 2021	30,750,000	25,786.61	(19,609,854)	(16,444.61)	(9,384,278)	(7,869.55)	1,755,868	1,472.45
Issue of shares	1,660,000	1,392.06	-	-	-	-	1,660,000	1,392.06
Result for the year	-	-	-	-	(64,074)	(53.73)	(64,074)	(53.73)
Appropriation of result	-	-	(9,384,278)	(7,869.55)	9,384,278	7,869.55	-	-
Balance as at 31 March 2022	**32,410,000**	**27,178.67**	**(28,994,132)**	**(24,314.16)**	**(64,074)**	**(53.73)**	**3,351,794**	**2,810.78**

THERMAX NETHERLANDS B.V.

Cash flow statement for the period 01-04-2021 until 31-03-2022

	01-04-21/31-3-2022		01-04-20/31-3-2021	
	Euro	**Rs Lacs**	Euro	Rs Lacs
Total of cash flows (used in) from Operating activities				
Operating results	**(64,074)**	**(53.73)**	(9,384,278)	(8,045.85)
Adjustments for:				
Impairment in participation	**-**	**-**	9,303,694	7,976.75
Changes in working capital:				
(Increase) decrease in receivables	**(1,641)**	**(1.38)**	(1,770)	(1.52)
(Decrease) increase in payables	**(64,223)**	**(53.86)**	60,702	52.04
	(65,864)	**(55.23)**	58,932	50.53
Total of cash flows (used in) from Operating activities	**(129,938)**	**(108.96)**	(21,652)	(18.56)
Total of cash flows (used in) from Investment activities				
Investments in Participation	**(1,510,000)**	**(1,266.27)**	(2,850,000)	(2,443.52)
Total of cash flows (used in) from Financing activities				
Capital contributions received	**1,660,000**	**1,392.06**	2,850,000	2,443.52
Total of increase (decrease) in cash and cash equivalents	**20,062**	**16.82**	(21,652)	(18.56)
Movement in cash and cash equivalents				
Cash and cash equivalents at the beginning of the period	**103,973**	**87.19**	125,625	107.71
Increase (decrease) in cash and cash equivalents	**20,062**	**16.82**	(21,652)	(18.56)
Cash and cash equivalents at the end of the period	**124,035**	**104.01**	103,973	89.14

1.4 Notes to the financial statements

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 qualifies as a micro-sized entity but applies the requirements of a small-sized entity in its annual report.

Since the Company qualifies as a micro-sized entity, it is consequently not required to have its accounts audited. Hence an audit has not been conducted.

The Company has made use of the exemption 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.

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').

Conversion of amounts denominated in foreign currency

All monetary assets and liabilities expressed in currencies other than Euro ('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.

(All amounts in Rupees lakh, unless otherwise stated)

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.

1.5 Notes to the balance sheet as at 31 March 2022

1 Investment in participation

At balance sheet date, the Company owned 100% in Thermax Denmark ApS, Herning, Denmark (2020/2021: 100%).

The movements in this balance during the year under review are as follows:

Thermax Denmark ApS, Herning, Denmark (100%)

	01-04-2021 / 31-03-2022	01-04-2020/ 31-03-2021
	EUR	EUR
Balance as at 1 April	**1,736,306**	8,190,000
Investments	**1,510,000**	2,850,000
Impairment participation	**-**	(9,303,694)
Balance as at 31 March	**3,246,306**	1,736,306

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.
- Investment of EUR 1,010,000 on 9 April 2021.
- Investment of EUR 500,000 on 16 September 2021.

The total amount invested in the participation as at 31 March 2022 was EUR 31,781,767 (31 March 2021: EUR 30,271,767).

Every financial year Management compares the carrying amount of the investment in Thermax Denmark ApS with its recoverable amount based on future cash flows. No impairment indicators were identified during the financial year ended 31 March 2022.

Although Management is confident that Thermax Denmark ApS can achieve positive results, in view of the losses made by Thermax Denmark ApS in the financial year ended 31 March 2021, as well as the challenging business climate, it was decided to undertake a more conservative valuation of the investment's recoverable amount during the prior financial year. Since the recoverable amount was lower than the investment's carrying amount, Management decided to book an impairment of EUR 9,303,694 resulting in the year-end value of EUR 1,736,306 as at 31 March 2021.

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 2022 amounted to EUR 32,410,000, consisting of 32,410,000 shares of EUR 1 each (31 March 2021: 30,750,000 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 2021	30,750,000	(19,609,854)	(9,384,278)	1,755,868
Result for the year	-	-	(64,074)	(64,074)
Appropriation of prior year result	-	(9,384,278)	9,384,278	-
Issue of shares	1,660,000	-	-	1,660,000
Balance as at 31 March 2022	**32,410,000**	**(28,994,132)**	**(64,074)**	**3,351,794**

The Company amended its articles of association on 30 March 2021 by a Deed of Amendment in order to change its authorised share capital from 30,000,000 shares of EUR 1 each to unlimited authorised capital in accordance with current Dutch legislation.

On 8 April 2021 the Company received a share capital contribution from Thermax Limited of EUR 1,060,000. This increase in share capital was reflected in the shareholder's register on 30 June 2021.

On 9 September 2021, the Company received a share capital contribution from Thermax Limited of EUR 600,000. This increase in share capital was reflected in the shareholder's register on 1 November 2021.

These contributions, totalling EUR 1,660,000 (2020/2021: EUR 2,850,000), were made for the Company to be able to make further investments in its subsidiary, Thermax Denmark ApS as referred to in note 1.

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 Accrued expenses

	31-03-2022	31-03-2021
	EUR	EUR
Accrued accounting fees	**-**	114
Accrued tax advisory fees	**3,086**	6,171
Accrued audit fees	**3,500**	19,239
	6,586	25,524

Notes to financial statements for the year ended March 31, 2022

1.6 Notes to the profit and loss account for the period 01-04-2021 until 31-03-2022

5 General and administrative expenses

	1-4-2021/ 31-03-2022	1-4-2020/ 31-03-2021
	EUR	EUR
General and administrative expenses	64,074	80,584

General and administrative expenses

	1-4-2021/ 31-03-2022	1-4-2020/ 31-03-2021
	EUR	EUR
Accounting fees	44,718	38,579
Management fee	5,400	5,536
Notarial expenses	5,346	4,468
Tax advisory fees	3,848	6,110
Audit fees	2,217	23,478
Bank charges	2,545	2,413
General and administrative expenses	**64,074**	**80,584**

6 Impairment participation

	1-4-2021/ 31-03-2022	1-4-2020/ 31-03-2021
	EUR	EUR
Provision for impairment on investment in Thermax Denmark ApS, Herning, Demark (100%)	-	(9,303,694)

Refer to note 1 for details on the impairment levied during the previous financial year.

7 Income tax expense

At balance sheet date the Company had accumulated losses carried forward of EUR 28,994,132 (2020/2021: EUR 19,609,854). 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 (2020/2021: two).

During the year under review TMF Netherlands B.V. invoiced the Company EUR 50,118 (2020/2021: EUR 44,115), which amongst other services rendered, includes the fees for 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 the year under review or during the prior year.

Subsequent events

To date, no subsequent events have occurred which may have an effect on the financial position of the Company after balance sheet date of 31 March 2022.

Amsterdam,

30 May 2022

TMF Netherlands B.V.	Mr. R. Arunachalam
Director A	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.

THERMAX DENMARK APS

Board of Directors	***Registered Office***	***Auditors***	***Bankers***
Bill Shukla 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 Board of Directors and the Executive Board have discussed and approved the annual report of Thermax Denmark ApS for the financial year 1 April 2021 - 31 March 2022.

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 2022 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 2021 - 31 March 2022.

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 June 2022

Executive Board:

Rajendran Arunachalam

Board of Directors:

Bill Jayesh Shukla
Chair

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 2021 - 31 March 2022, 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 2022, 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 2021 - 31 March 2022 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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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:

Independent auditor's report

- 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 June 2022
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Morten Østergaard Koch	Claes J ensen
State Authorised Public	State Authorised Public
Accountant mne35420	Accountant mne44108

Management's review

Company details

Name	Thermax Denmark ApS
Address, Postal code, City	Industrivej Nord 13, 7400 Herning
CVR no.	33 25 57 48
Established	29 October 2010
Registered office	Herning
Financial year	1 April 2021 - 31 March 2022
Board of Directors	Bill Jayesh Shukla , Chair
Executive Board	Rajendran Arunachalam
Auditors	EY Godkendt Revisionspartnerselskab Bavnehøjvej 5, 6700 Esbjerg, Denmark

Financial highlights for the Group

DKKm	2021/ 22	2020/ 21	2019/ 20	2018/ 19	2017/ 18
Key figures					
Profit before interest and tax (EBIT)	8	-38	-30	-23	-3
Operating profit/loss	8	-39	-29	-84	-16
Net financials	-2	-2	-3	-4	-3
Profit/loss before tax	6	-40	-30	-88	-18
Profit/ loss for the year	5	-38	-26	-82	-17
Fixed assets	45	48	84	95	154
Non-fixed assets	98	94	97	111	106
Total assets	143	142	181	206	260
Equity	28	19	29	57	99
Provisions	3	8	5	10	16
Non-current liabilities other than provisions	31	11	19	34	45
Current liabilities other than provisions	81	105	128	105	99
Cash flows from operating activities	-3	-22	-14	-1	-24
Net cash flows from investing activities	-1	-2	3	-10	-27
Amount relating to investments in property, plant and equipment	-1	0	-1	-6	-26
Cash flows from financing activities	2	25	9	32	28
Total cash flows	-2	1	-2	21	-23
Financial ratios					
Equity ratio	19.60%	13.40%	16.00%	27.70%	38.10%
Return on equity	21.90%	-160.00%	-60.50%	-105.10%	-17.00%
Average number of full-time employees	212	253	281	255	260

For terms and definitions, please see the accounting policies.

THERMAX DENMARK APS

Management's review

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 subsidiaries Danstoker A/S, Boilerworks A/S and Ejendomsanpartsselskabet Industrivej Nord 13 (estate company). All operational activities take place within these respective subsidiaries.

Danstoker A/S is the parent company of 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 in line with the budget.

Result for the year before tax of DKK 5,792 thousand and after tax of DKK 5,135 thousand, respectively, is deemed 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 higher level of activity than last year and in level with the expectations. 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 electrical 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

The service activities in Boilerworks were sold at 1 November 2020. Only few projects need to be finally closed.

Ejendomsanpartsselskabet Industrivej Nord 13

The activity of the company remains unchanged compared to 2020/21.

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 higher than last year due to increased order intake in the second half of 2021/22.

Thermax Denmark Group will continue to focus on Lean optimizations, 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 and production 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 utilization of the production facilities.

The Management of Thermax Denmark is of the opinion that the Group is not facing special risks in the long term, neither in its markets nor otherwise.

The growing, necessary global political focus on CO2 will in the long term contribute to making our CO2 neutral products within biofuels and electrical boilers even more relevant and will contribute to securing the Thermax Denmark Group's continued positive development.

Profit for the financial year 2022/23 is expected to be in line with 2021/22.

Consolidated financial statements and parent company financial statements for the period 1 April 2021 - 31 March 2022

Balancesheet	Notes	2021/22		2020/21		2021/22		2020/21	
		Consolidated		Consolidated		Parent Company		Parent Company	
		DKK'000	Rs. Lacs	DKK'000	Rs. Lacs	DKK'000	Rs. Lacs	DKK'000	Rs. Lacs
ASSETS									
Fixed Assets									
Intangible assets	5								
Completed Development Projects		483	54.46	1,002	115.55	-	-	-	-
Licences, software		514	57.96	974	112.32	-	-	-	-
Goodwill		-	-	-	-	-	-	-	-
		997	112.42	1,976	227.88	-	-	-	-
Property, plant and equipment	6								
Land and buildings		38,215	4,309.09	39,545	4,560.41	-	-	-	-
Plant and machinery		5,030	567.18	6,283	724.57	-	-	-	-
Fixtures and fittings, tools and equipment		349	39.35	577	66.54	-	-	-	-
		43,594	4,915.62	46,405	5,351.52	-	-	-	-
Investments	7								
Investments in group enterprises		-	-	-	-	67,786	7,643.48	61,696	7,114.91
		-	-	-	-	67,786	7,643.48	61,696	7,114.91
Total fixed assets		44,591	5,028.04	48,381	5,579.40	67,786	7,643.48	61,696	7,114.91
Current assets									
Inventories									
Raw materials and consumables		22,663	2,555.46	16,079	1,854.26	-	-	-	-
Semi-finished goods		2,816	317.53	2,482	286.23	-	-	-	-
Finished goods and goods for resale		1,091	123.02	523	60.31	-	-	-	-
		26,570	2,996.01	19,084	2,200.81	-	-	-	-
Receivables									
Trade receivables		18,589	2,096.08	19,186	2,212.57	-	-	-	-
Work in progress for third parties	8	45,148	5,090.84	41,513	4,787.37	-	-	-	-
Receivables from group enterprises		1,143	128.88	7,757	894.55	4,320	487.12	12,460	1,436.91
Deferred Tax assets	11	-	-	-	-	380	42.85	289	33.33
Corporation tax receivable		39	4.40	-	-	39	4.40	-	-
Other receivables		3,291	371.09	1,035	119.36	-	-	-	-
Prepayments	9	1,167	131.59	930	107.25	-	-	-	-
		69,377	7,822.88	70,421	8,121.10	4,739	534.36	12,749	1,470.24
Cash at bank and in hand		2,305	259.91	4,398	507.19	178	20.07	184	21.22
Total non-fixed assets		98,252	11,078.80	93,903	10,829.09	4,917	554.44	12,933	1,491.46
Total assets		142,843	16,106.83	142,284	16,408.49	72,703	8,197.92	74,629	8,606.37

EQUITY AND LIABILITIES

	Notes	DKK'000	Rs. Lacs	DKK'000	Rs. Lacs	DKK'000	Rs. Lacs	DKK'000	Rs. Lacs
Equity									
Share capital	10	130,000	14,658.67	130,000	14,991.88	130,000	14,658.67	130,000	14,991.88
Translation reserve		(946)	(106.67)	(865)	(99.75)	-	-	-	-
Hedging reserve		620	69.91	245	28.25	-	-	-	-
Retained earnings		(101,647)	(11,461.61)	(110,500)	(12,743.09)	(101,973)	(11,498.37)	(111,121)	(12,814.71)
Total equity		28,027	3,160.30	18,880	2,177.28	28,027	3,160.30	18,879	2,177.17
Provisions									
Deferred tax	11	762	85.92	-	-	-	-	-	-
Other provisions	12	1,816	204.77	7,933	914.85	-	-	-	-
Total provisions		2,578	290.69	7,933	914.85	-	-	-	-

THERMAX DENMARK APS

	NOTE	**2021/22**		2020/21		**2022**		2021	
		Consolidated		Consolidated		**Parent Company**		Parent Company	
		DKK'000	**Rs. Lacs**	DKK'000	Rs. Lacs	**DKK'000**	**Rs. Lacs**	DKK'000	Rs. Lacs
Liabilities other than provisions									
Non-current liabilities other than provisions	13								
Mortgage debt		**7,706**	**868.92**	9,154	1,055.66	**-**	**-**	-	-
Payable to group entities		**22,314**	**2,516.10**	-	-	**-**	**-**	-	-
Lease liabilites		**909**	**102.50**	1,386	159.84	**-**	**-**	-	-
		30,929	**3,487.52**	10,540	1,215.50	**-**	**-**	-	-
Current liabilities other than provisions									
Short-term part of long-term liabilities other than provisions	13	**2,292**	**258.44**	8,023	925.23	**-**	**-**	5,577	643.15
Bank debt		**12,262**	**1,382.65**	34,577	3,987.49	**-**	**-**	-	-
Work in progress for third parties	8	**14,849**	**1,674.36**	15,184	1,751.05	**-**	**-**	-	-
Trade payables		**21,888**	**2,468.07**	15,985	1,843.42	**-**	**-**	-	-
Payable to group companies		**2,279**	**256.98**	4,272	492.66	**44,620**	**5,031.31**	49,729	5,734.85
Corporation tax payable		**-**	**-**	390	44.98	**-**	**-**	378	43.59
Other payables		**27,739**	**3,127.82**	26,500	3,056.04	**56**	**6.31**	66	7.61
		81,309	**9,168.32**	104,931	12,100.87	**44,676**	**5,037.62**	55,750	6,429.21
Total liabilities other than provisions		**112,238**	**12,655.84**	115,471	13,316.36	**44,676**	**5,037.62**	55,750	6,429.21
Total equity and liabilities		**142,843**	**16,106.83**	142,284	16,408.61	**72,703**	**8,197.92**	74,629	8,606.37

1 Accounting policies
2 Special items
14 Derivative financial instruments and disclosure of fair values
15 Staff costs
16 Contractual obligations and contingencies, etc.
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18 Related parties
19 Appropriation of profit/loss

Exchange rate: as at 31 March 2022 is 1 DKK = Rs 11.2759
Exchange rate: as at 31 March 2021 is 1 DKK = Rs 11.5322

Income Statement

	Notes	**2021/22**		2020/21		**2021/22**		2020/21	
		Consolidated		Consolidated		**Parent Company**		Parent Company	
		DKK'000	**Rs. Lacs**	DKK'000	Rs. Lacs	**DKK'000**	**Rs. Lacs**	DKK'000	Rs. Lacs
Gross profit		**38,311**	**4,319.91**	9,610	1,108.25	**-**	**-**	-	-
Distribution costs		**(16,665)**	**(1,879.13)**	(18,491)	(2,132.42)	**-**	**-**	-	-
Administrative expenses		**(13,656)**	**(1,539.84)**	(28,749)	(3,315.40)	**(123)**	**(13.87)**	(112)	(12.92)
		7,990	**900.94**	(37,630)	(4,339.57)	**(123)**	**(13.87)**	(112)	(12.92)
Other operating expenses		**-**	**-**	(30)	(3.46)	**-**	**-**	-	-
Profit/loss before net financials		**7,990**	**900.94**	(37,660)	(4,343.03)	**(123)**	**(13.87)**	(112)	(12.92)
Income from investments in group enterprise		**-**	**-**	-	-	**5,409**	**609.91**	(37,920)	(4,373.01)
Financial income		**584**	**65.85**	1,891	218.07	**-**	**-**	74	8.53
Financial expenses	3	**(2,782)**	**(313.70)**	(3,920)	(452.06)	**(293)**	**(33.04)**	(501)	(57.78)
Profit before tax		**5,792**	**653.10**	(39,689)	(4,577.02)	**4,993**	**563.01**	(38,459)	(4,435.17)
Tax on profit for the year	4	**(657)**	**(74.08)**	1,297	149.57	**142**	**16.01**	67	7.73
Profit for the year		**5,135**	**579.02**	(38,392)	(4,427.45)	**5,135**	**579.02**	(38,392)	(4,427.45)

Statement Of Changes In Equity for the period 1st April 2021 to 31st March 2022

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 2021	130,000	14,658.67	(865)	(97.54)	245	27.63	(110,500)	(12,459.87)	18,880	2,128.89
Transfer through appropriation of loss	-	-	-	-	-	-	5,135	579.02	5,135	579.02
Adjustment of investments through forreign exchange adjustments	-	-	(81)	(9.13)	-	-	-	-	(81)	(9.13)
Adjustment of hedging instruments at fair value	-	-	-	-	480	54.12	-	-	480	54.12
Tax on items recognised directly in equity	-	-	-	-	(105)	(11.84)	-	-	(105)	(11.84)
Capital contribution	-	-	-	-	-	-	3,718	419.24	3,718	419.24
Equity at 31 March 2022	**130,000**	**14,658.67**	**(946)**	**(106.67)**	**620**	**69.91**	**(101,647)**	**(11,461.61)**	**28,027**	**3,160.30**

Parent Company

	Share capital		Retained earnings		Total	
	DKK'000	Rs Lacs	DKK'000	Rs Lacs	DKK'000	Rs Lacs
Equity at 1st April 2021	130,000	14,658.67	(111,121)	(12,529.89)	18,879	2,128.78
Transfer see "Proposed profit / loss appropriation	-	-	5,135	579.02	5,135	579.02
Other value adjustments of equity	-	-	295	33.26	295	33.26
Capital contribution	-	-	3,718	419.24	3,718	419.24
Equity at 31 March 2022	**130,000**	**14,658.67**	**(101,973)**	**(11,498.37)**	**28,027**	**3,160.30**

The share capital comprises 129,999,545 shares of DKK 1 each. All shares rank equally.

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.

Cash flow statement

	Note	2021/22		2020/21	
		DKK'000	Rs Lacs	DKK'000	Rs Lacs
Profit / loss for the year		**5,135**	**579.02**	(38,392)	(4,427.45)
Adjustments	20	**(627)**	**(70.70)**	40,340	4,652.09
Cash flows from operations (operating activities)		**4,508**	**508.32**	1,948	224.65
Changes in working capital	21	**(7,332)**	**(826.75)**	(23,987)	(2,766.23)
Cash flows from operations (operating activities)		**(2,824)**	**(318.43)**	(22,039)	(2,541.58)
Income tax paid/received		**(425)**	**(47.92)**	157	18.11
Cash flows from operations		**(3,249)**	**(366.35)**	(21,882)	(2,523.48)
Acquisition of intangible asset		**-**	**-**	(2,023)	(233.30)
Acquisition of property, plant and equipment		**(980)**	**(110.50)**	(77)	(8.88)
Disposal of property, plant and equipment		**344**	**38.79**	3	0.35
Cash flows from investing activities		**(636)**	**(71.71)**	(2,097)	(241.83)
Proceeds from bank debts		**-**	**-**	4,577	527.83
Proceeds of debt, group enterprises		**22,314**	**2,516.10**	-	-
Repayments, long term liabilities		**(1,925)**	**(217.06)**	(8,588)	(990.39)
Repayments, debt to credit institutions		**(22,315)**	**(2,516.22)**	-	-
Cash capital contribution		**3,718**	**419.24**	28,729	3,313.09
Cash flows from financing activities		**1,792**	**202.06**	24,718	2,850.53
Net cash flow		**(2,093)**	**(236.00)**	739	85.22
Cash and cash equivalents at 1 April		**4,398**	**495.91**	3,659	421.96
Cash and cash equivalents at 31 March		**2,305**	**259.91**	4,398	507.19

Exchange rate: as at 31 March 2022 is 1 DKK = Rs 11.2759

Exchange rate: as at 31 March 2021 is 1 DKK = Rs 11.5322

Notes to the Financial Statements

1 Accounting policies

The annual report of Thermax Denmark ApS for 2021/22 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.

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.

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

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 expenses

Other 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.

Investments in subsidiaries with negative book values are measured at DKK 0, and any receivables from these companies are written down if the receivables are incoverable. If the parent company has any legal or constructive obligation to cover a deficit exceeding the receivables, the remaining amount is recognized under provisions.

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.

Cash

Cash comprise cash.

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. J oint 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.

Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

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.

THERMAX DENMARK APS

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
Equity ratio	Equity, year-end x 100 / Total equity and liabilities, year-end
Return on equity	Profit/loss after tax x 100 / Average equity

2 Special items

Group

Special items compromises significant income and expenses of a special nature relative to the Groups revenue-generating operating activities. Special items are specified below just as the items under which they are recognised in the income statement.

Special items in last year comprises costs related to impairment of goodwill, governmental 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 counterpart and costs for legal counselling. There are no special items in 2021/22.

DKK'000	Group		Parent company	
	2021/22	2020/21	**2021/22**	2020/21
Income				
Governmental grants related to COVID-19	**0**	1,000	**0**	1,000
	0	1,000	**0**	1,000
Expenses				
Costs related to the sale of assets	**0**	-7,718	**0**	-7,718
Impairment of goodwill	**0**	-24,580	**0**	-24,580
	0	-32,298	**0**	-32,298
Special items are recognised in the below items of the financial statements				
Production costs	**0**	-25,385	**0**	0
Administration expenses	**0**	-6,913	**0**	0
Other operation income	**0**	1,000	**0**	0
Income from investments in group enterprises	**0**	0	**0**	31,298
Net profit/loss on special items	**0**	-31,298	**0**	-31,298

3 Financial expenses

DKK'000	Group		Parent company	
	2021/22	2020/21	**2021/22**	2020/21
Interest expenses, group entities	**131**	45	**257**	340
Other financial expenses	**2,651**	3,875	**36**	161
	2,782	3,920	**293**	501

4 Tax for the year

DKK'000	Group		Parent company	
	2021/22	2020/21	2021/22	2020/21
Estimated tax charge for the year	**0**	308	**-52**	-124
Deferred tax adjustments in the year	**657**	-1,605	**-90**	57
	657	-1,297	**-142**	-67

5 Intangible assets

DKK'000	Group			
	Completed development projects	**Acquired intangible assets**	**Goodwill**	**Total**
Cost at 1 April 2021	4,690	6,562	141,569	152,821
Cost at 31 March 2022	4,690	6,562	141,569	152,821
Impairment losses and amortisation at 1 April 2021	3,688	5,588	141,569	150,845
Amortisation for the year	519	460	0	979
Impairment losses and amortisation at 31 March 2022	4,207	6,048	141,569	151,824
Carrying amount at 31 March 2022	483	514	0	997

Completed development projects

Development costs are recognized based on expectations for future earnings generated from development projects.

6 Property, plant and equipment

DKK'000	Group			
	Land and buildings	**Plant and machinery**	**Other fixtures and fittings, tools and equipment**	**Total**
Cost at 1 April 2021	50,768	21,533	207	72,508
Foreign exchange adjustments	-9	0	0	-9
Additions	133	559	288	980
Disposals	0	-3,508	-664	4,172
Cost at 31 March 2022	50,892	18,584	-169	69,307
Impairment losses and depreciation at 1 April 2021	11,223	15,250	-370	26,103
Foreign exchange adjustments	-2	0	0	-2
Depreciation	1,456	1,803	313	3,572
Reversal of accumulated depreciation and impairment of assets disposed	0	-3,499	-461	-3,960
Impairment losses and depreciation at 31 March 2022	12,677	13,554	-518	25,713
Carrying amount at 31 March 2022	38,215	5,030	349	43,594
Property, plant and equipment include finance leases with a carrying amount totalling leases with a carrying amount totalling	0	1,751	0	1,751

7 Investments

DKK'000	Parent Company Investments in group enterprises
Cost at 1 April 2021	298,896
Cost at 31 March 2022	298,896
Value adjustments at 1 April 2021	-237,200
Foreign exchange adjustments	-81
Profit/loss for the year	5,409
Changes in equity	375
Offset against receivables from group enterprises	387
Value adjustments at 31 March 2022	231,110
Carrying amount at 31 March 2022	67,786

Parent Company

Name	Domicile	Interest
Subsidiaries		
Danstoker A/S	Herning, Denmark	100%
Danstoker Poland Sp. Z.o.o.	Poland	100%
Ejendomsanpartsselskabet Industrivej Nord 13	Herning, Denmark	100%
Boilerworks Properties ApS under frivillig likvidation	Herning, Denmark	100%
Boilerworks A/S	Herning, Denmark	100%

8 Work in progress for third parties

DKK'000	Group		Parent company	
	2021/22	2020/21	**2021/22**	2020/21
Selling price of work performed	**200,414**	181,435	**0**	0
Progress billings	**-170,115**	-155,106	**0**	0
	30,299	26,329	**0**	0
recognised as follows:				
Work in progress for third parties (assets)	**45,148**	41,513	**0**	0
Work in progress for third parties (liabilities)	**-14,849**	-15,184	**0**	0
	30,299	26,329	**0**	0

9 Prepayments

Group

Prepayments include accrual of expenses relating to subsequent financial years, insurance policies and other prepaid costs.

10 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	2021/22	2020/21	2019/20	2018/19	2017/18
Opening balance	**130,000**	130,000	130,000	89,829	75,000
Capital increase	**0**	0	0	40,171	14,829
	130,000	**130,000**	**130,000**	**130,000**	**89,829**

11 Deferred tax

DKK'000	Group		Parent company	
	2021/22	2020/21	**2021/22**	2020/21
Deferred tax at 1 April	**0**	1,448	**-289**	-378
Deferred tax adjustment, previous years	**0**	157	**0**	0
Deferred tax adjustment for the year	**657**	-1,605	**-91**	89
Deferred tax adjustment on hedging	**105**	**0**	**0**	0
Deferred tax at 31 March	**762**	0	**-380**	-289
Analysis of the deferred tax				
Deferred tax assets	**0**	0	**-380**	-289
Deferred tax liabililties	**762**	0	**0**	0
	762	0	**-380**	-289

12 Provisions

Other provisions consists of custom warranties, DKK 1,744 thousand (2020/21: DKK 3,975 thousand) and provision for guarantee obligations and other costs DKK 72 thousand (2020/21: DKK 3,958 thousand).

13 Non-current liabilities other than provisions

DKK'000	Group			
	Total debt at 31/3/22	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Mortgage debt	9,155	1,449	7,706	1,911
Lease liabilities	1,753	844	909	0
Payables to group entities	22,314	0	22,314	0
	33,222	2,293	30,929	1,911

14 Derivative financial instruments and disclosure of fair values Group

Interest rate risks

The Group has entered into interest rate swap contracts concerning a loan amounting to totally DKK 6,034 thousand maturing in 2027.

The interest rate swap has identical critical conditions to the loan and the group uses cash flow hedging of the future interest payments.

Fair value disclosures

The Group has the following assets and liabilities measured at fair value:

DKK'000	Derivative financial instruments
Group	
Fair value at year end	-525
Changes recognised in the hedging reserve	477

15 Staff costs

DKK'000	Group		Parent company	
	2021/22	2020/21	**2021/22**	2020/21
Wages/salaries	**65,644**	80,537	**0**	0
Pensions	**3,679**	4,561	**0**	0
Other social security costs	**641**	716	**0**	0
	69,964	85,814	**0**	0
Average number of full-time employees	**212**	253	**0**	0

Remuneration to members of Management:

Executive Board	**60**	60	0	0
	60	60	0	0

16 Contractual obligations and contingencies, etc.

Other contingent liabilities Group

Lease obligations (operating leases) falling due within three years total DKK 982 thousand, hereof DKK 546 thousand fall due 2022/23.

Parent company

The company is jointly taxed with the Danish subsidiaries. The companies included in the joint taxation have joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties.

17 Collateral

Group

Land and buildings with a carrying amount of DKK 22,978 thousand 31 March 2022 have been provided as collateral, nom. DKK 26,000 thousand, for bank loans of DKK 9,154 thousand.

Performance bonds and advance payment guarantees issued by guarantee insurers amount to DKK 21,983 thousand.

Parent company

The parent Company has not provided any security or other collateral in assets at 31 March 2022.

18 Related parties

Group

Thermax Denmark ApS' related parties comprise the following:

Parties exercising control

Related party	Domicile	Basis for control
Thermax Netherlands B.V.	Netherlands	Participating interest

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	2021/22	2020/21
Group		
Production costs	**1,634**	2,085
Financial expenses	**131**	45
Receivables from group enterprises	**1,143**	7,577
Payables to group enterprises	**24,592**	4,104
Equity contribution from parent	**0**	28,729
Capital contribution from parent	**3,718**	0
Parent Company		
Financial expenses	**257**	340
Receivables from group enterprises	**4,299**	12,460
Payables to group enterprises	**44,620**	49,729
Equity contribution from parent	**0**	28,729
Capital contribution from parent	**3,718**	0

19 Appropriation of profit/loss

	Parent Company	
	2021/22	2020/21
Recommended appropriation of profit/loss		
Retained earnings/accumulated loss	**5,135**	38,392
	5,135	-38,392

20 Adjustments

	Group	
DKK'000	**2021/22**	2020/21
Amortisation/depreciation and impairment losses	**4,551**	36,076
Gain/loss on the sale of non-current assets	**-132**	799
Provisions	**-6,117**	4,792
Tax for the year	**0**	308
Deferred tax	**657**	-1,605
Other adjustments	**414**	30
	-627	40,340

21 Changes in working capital

	Group	
DKK'000	**2021/22**	2020/21
Change in inventories	**-7,352**	1,677
Change in receivables and work in progress	**949**	2,540
Change in trade and other payables	**-929**	-28,204
	-7,332	-23,987

DANSTOKER A/S

Board of Directors
Bill Shukla (Chairman)
Rajendran Arunachalam (Vice chairman)
Holger Michael Diechmann Jepsen (Elected by Employees)
Kim Slumstrup (Elected by employees)

Registered Office
Industrivej Nord 13,
7400 Herning

Auditors
Ernst & Young
Godkendt Revisionspartnerselskab
Havnegade 33
DK 6700 Esbjerg

Executive Directors
Peter Overgaard (CEO)
Allan Nielsen (CFO)

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 2021 - 31 March 2022.

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 2022 and of the results of the Company's operations for the financial year 1 April 2021 - 31 March 2022.

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 June 2022

Executive Board:

Peter Overgaard	Allan Harritslev Nielsen

Board of Directors:

Bill Jayesh Shukla Chair	Rajendran Arunachalam Vice Chair
Sandeep Suresh Mandke	
Holger Michael Diechmann J epsen (Elected by the employees)	Kim Slumstrup (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 2021 - 31 March 2022, 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 2022 and of the results of the Company's operations for the financial year 1 April 2021 - 31 March 2022 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 ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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 June 2022

EY Godkendt Revisionspartnerselskab

CVR no. 30 70 02 28

Morten Østergaard Koch	Claes J ensen
State Authorised Public Accountant	State Authorised Public Accountant
mne35420	mne44108

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 2021 - 31 March 2022
Website	www.danstoker.com
E-mail	info@danstoker.com
Telephone	+45 99 28 71 00
Board of Directors	Bill Jayesh Shukla , Chair Rajendran Arunachalam, Vice Chair Sandeep Suresh Mandke Holger Michael Diechmann J epsen , (Elected by the employees) Kim Slumstrup, (Elected by the employees)
Executive Board	Peter Overgaard Allan Harritslev Nielsen
Auditors	EY Godkendt Revisionspartnerselskab Bavnehøjvej 5, 6700 Esbjerg, Denmark

Financial highlights

DKKm	2021/ 22	2020/ 21	2019/ 20	2018/ 19	2017/ 18
Key figures					
Gross profit	32	26	24	28	28
Operating profit/loss	6	-2	-12	-8	-8
Profit/loss before tax	6	-8	-9	-27	-14
Profit/loss for the year	5	-7	-8	-25	-12
Total assets	131	126	140	135	110
Investments in property, plant and equipment	0	0	0	5	1
Equity	39	34	42	50	35

Financial ratios

Equity ratio	29.8%	27.0%	30.0%	37.0%	31.8%
Return on equity	13.7%	-18.4%	-17.4%	-58.8%	-35.3%

Average number of full-time employees	99	106	117	115	121

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
- Electrical boiler market
- Waste heat recovery boiler 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. The 1st half of the year was impacted both with lower order intake and high sickness rate by employees. In 2nd half order intake was increasing and after start of the war in Ukraine we saw a high demand from customers as they wanted to become more flexible with the energy source.

Danstoker have been able to maintain its position as the absolute market leader within medium sized biofuel boilers in Scandinavia. 36% 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 are in the process of developing a stronger position in the eastern part of Europe. 32% of the turnover is within this segment.

The waste heat recovery boiler market consists primarily of stainless steel economizers and is 9% of turnover.

The market segments for electrical boilers are expected to increase significantly over the coming years. For now it represents 4% of turnover.

The market for Service of boilers has increased and is 19% of turnover.

Compared to last year the revenue has increased with 5% due to positive development in 2nd half of 2021/22. The achieved results of the primary operation are in line with the budget.

Also, the Polish facility have had higher activity than last year and are up with 25%. Order intake has during the year been higher than budget and are up with 40% compared to budget.

Profit for the year before tax amount DKK 6,045 thousand and after tax amounts to DKK 4,881 thousand.

The total number of employees by end of financial year is 97 in Denmark and 114 in Poland.

Environmental conditions

Danstoker A/S is devoted to environmental issues and is constantly striving to reduce the environmental impact resulting from the operations of the Company. The Company has no outstanding issues with the environmental authorities in complying with environmental permits and other environmental regulations. Danstoker A/S 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 utilization of the production facilities.

It is not yet known to what extent the war in Ukraine will impact the company. For now, we see extremely high energy prices and this together with the European decision to move away from Russian gas will most certainly make a change in boiler market. The market also experiences very high steel prices, so focus is now to ensure right pricing on the company's products. However, Danstoker Group 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, the profit for the financial year 2022/23 is expected to be in line with 2021/22.

DANSTOKER A/S

Financial Statments 1 April 2021 - 31 March 2022
Income Statement

	Note	2021/22		2020/21	
		DKK'000	Rs Lacs	DKK'000	Rs Lacs
Gross profit		**32,118**	**3,621.59**	26,314	3,034.59
Distribution costs		**(14,931)**	**(1,683.60)**	(14,641)	(1,688.43)
Administrative expenses		**(10,997)**	**(1,240.01)**	(13,575)	(1,565.50)
Operating Profit / Loss		**6,190**	**697.98**	(1,902)	(219.34)
Income from investments in group entities		**666**	**75.10**	(4,737)	(546.28)
Financial income	2	**655**	**73.86**	1,178	135.85
Financial expenses	3	**(1,466)**	**(165.30)**	(2,254)	(259.94)
Profit / Loss before tax		**6,045**	**681.63**	(7,715)	(889.71)
Tax on profit/loss for the year	4	**(1,164)**	**(131.25)**	243	28.02
Profit / Loss for the year		**4,881**	**550.38**	(7,472)	(861.69)

Balance Sheet

	NOTE	2021/22		2020/21	
		DKK'000	Rs Lacs	DKK'000	Rs Lacs
ASSETS					
Non-current assets					
Intangible assets	5				
Completed Development Projects		**483**	**54.46**	1,002	115.55
Acquired intangible assets		**514**	**57.96**	974	112.32
		997	**112.42**	1,976	227.88
Property, plant and equipment	6				
Plant and machinery		**2,130**	**240.18**	3,193	368.22
Other fixtures and fittings, tools and equipment		**349**	**39.35**	577	66.54
		2,479	**279.53**	3,770	434.76
Investments	7				
Investments in subsidiaries		**6,506**	**733.61**	5,842	673.71
Receivables from group companies		**17,672**	**1,992.68**	15,068	1,737.67
		24,178	**2,726.29**	20,910	2,411.39
Total non-current assets		**27,654**	**3,118.24**	26,656	3,074.03
Current assets					
Inventories					
Raw materials and consumables		**14,792**	**1,667.93**	9,694	1,117.93
Semi-finished goods		**2,816**	**317.53**	2,482	286.23
		17,608	**1,985.46**	12,176	1,404.16
Receivables					
Trade receivables		**15,575**	**1,756.22**	15,923	1,836.27
Work in progress for third parties	8	**33,762**	**3,806.97**	30,881	3,561.26
Receivables from group companies		**30,129**	**3,397.32**	36,159	4,169.93
Deferred tax assets	11	**-**	**-**	127	14.65
Other receivables		**3,038**	**342.56**	143	16.49
Prepayments	9	**1,826**	**205.90**	2,091	241.14
		84,330	**9,508.97**	85,324	9,839.74
Cash at bank and in hand		**1,255**	**141.51**	1,468	169.29
Total current assets		**103,193**	**11,635.94**	98,968	11,413.20
Total assets		**130,847**	**14,754.18**	125,624	14,487.23

Financial Statement 1 April 2021 - 31 March 2022
Balance Sheet

	NOTE	2021/22		2020/21	
		DKK'000	Rs. Lacs	DKK'000	Rs. Lacs
EQUITY AND LIABILITIES					
Equity					
Share capital	10	**10,001**	**1,127.70**	10,001	1,153.34
Reserve for development cost		**405**	**45.67**	781	90.07
Hedging reserve		**-**	**-**	(47)	(5.42)
Retained earnings		**28,344**	**3,196.04**	23,169	2,671.90
Total equity		**38,750**	**4,369.41**	33,904	3,909.88
Provisions					
Deferred tax	11	**1,050**	**118.40**	-	-
Other provisions		**1,384**	**156.06**	4,683	540.05
Total provisions	12	**2,434**	**274.46**	4,683	540.05
Liabilities other than provisions					
Non-current liabilities	13				
Lease liabilities		**587**	**66.19**	1,282	147.84
Payables to group entities		**22,314**	**2,516.10**	-	-
		22,901	**2,582.29**	1,282	147.84
Current liabilities					
Current portion of long-term liabilities	13	**695**	**78.37**	904	104.25
Bank loans		**12,202**	**1,375.89**	34,504	3,979.07
Work in progress for third parties	8	**8,796**	**991.83**	11,653	1,343.85
Trade payables		**15,992**	**1,803.24**	11,423	1,317.32
Payables to group entities		**7,837**	**883.69**	6,592	760.20
Other payables		**21,240**	**2,395.00**	20,679	2,384.75
		66,762	**7,528.02**	85,755	9,889.45
Total liabilities other than provisions		**89,663**	**10,110.31**	87,037	10,037.29
Total equity and liabilities		**130,847**	**14,754.18**	125,624	14,487.23

1 Accounting policies
14 Staff costs
15 Contractual obligations and contingencies, etc.
16 Related parties
17 Appropriation of profit/loss

Statement of Changes in Equity for the period 1 April 2021 - 31 March 2022

	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 2021		10,001	1,127.70	781	88.06	(47)	(5.30)	23,169	2,612.51	33,904	3,822.98
Appropriation of profit/loss	17	-	-	(376)	(42.40)	-	-	5,257	592.77	4,881	550.38
Exchange rate adjustment in investments		-	-	-	-		-	(82)	(9.25)	(82)	(9.25)
Adjustments of hedging instruments at fair value		-	-	-	-	60	6.77	-	-	60	6.77
Tax on items recognised directly in equity		-	-	-	-	(13)	(1.47)	-	-	(13)	(1.47)
Equity at 31 March 2022		**10,001**	**1,127.70**	**405**	**45.67**	**-**	**-**	**28,344**	**3,196.04**	**38,750**	**4,369.41**

The share capital consists of 1 share at a nominal amount of DKK 10,001,000.

Financial statements 1 April 2021 - 31 March 2022

Notes to the financial statements

1 Accounting policies

The annual report of Danstoker A/S for 2021/22 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 and impairment

The item comprises amortisation/depreciation and impairment 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 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 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.

Cash

Cash comprise cash.

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

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
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 Financial income

DKK'000

	2021/22	2020/21
Interest income, group entities	**285**	290
Other financial income	**370**	888
	655	1,178

3 Financial expenses

	2021/22	2020/21
Interest expenses, group entities	**274**	98
Other financial expenses	**1,192**	2,156
	1,466	2,254

4 Tax for the year

	2021/22	2020/21
Estimated tax charge for the year	**0**	39
Deferred tax adjustments in the year	**1,164**	282
	1,164	-243

5 Intangible assets

DKK'000	Completed development projects	Acquired intangible assets	Total
Cost at 1 April 2021	1,556	3,918	5,474
Cost at 31 March 2022	1,556	3,918	5,474
Impairment losses and amortisation at 1 April 2021	554	2,944	3,498
Depreciation in the year	519	460	979
Impairment losses and amortisation at 31 March 2022	1,073	3,404	4,477
Carrying amount at 31 March 2022	483	514	997

6 Property, plant and equipment

DKK'000	Plant and machinery	Other fixtures and fittings, tools and equipment	Total
Cost at 1 April 2021	29,455	2,048	31,503
Additions in the year	88	288	376
Disposals in the year	-3,431	-450	3,881
Cost at 31 March 2022	26,112	1,886	27,998
Impairment losses and depreciation at 1 April 2021	26,262	1,471	27,733
Depreciation in the year	1,151	313	1,464
Reversal of depreciation of disposals	-3,431	-247	3,678
Impairment losses and depreciation at 31 March 2022	23,982	1,537	25,519
Carrying amount at 31 March 2022	2,130	349	2,479
Property, plant and equipment include finance leases with a carrying amount totalling	1,364	0	1,364

7 Investments

DKK'000	Investments in group enterprises	Receivables from	Total
Cost at 1 April 2021	30,379	15,436	45,815
Additions in the year	0	2,683	2,683
Cost at 31 March 2022	30,379	18,119	48,498
Value adjustments at 1 April 2021	-24,537	-368	-24,905
Exchange adjustment	-2	-79	-81
Share of the profit/loss for the year	666	0	666
Value adjustments at 31 March 2022	-23,873	-447	-24,320
Carrying amount at 31 March 2022	**6,506**	**17,672**	**24,178**

Name	Domicile	Interest
Subsidiaries		
Danstoker Poland Sp. Z.o.o.	Poland	100%

8 Work in progress for third parties

DKK'000	2021/22	2020/21
Selling price of work performed	**123,476**	98,100
Progress billings	**-98,510**	-78,872
	24,966	19,228
recognised as follows:		
Work in progress for third parties (assets)	**33,762**	30,881
Work in progress for third parties (liabilities)	**-8,796**	-11,653
	24,966	19,228

9 Prepayments

Prepayments comprise prepaid insurance premium, prepaid rent and other prepaid costs.

10 Share capital

The Company's share capital has remained DKK 10,001 thousand over the past 5 years.

11 Deferred tax

DKK'000	2021/22	2020/21
Deferred tax at 1 April	**-127**	42
Defered tax adjustment, previous years	**0**	113
Defered tax adjustment for the year	**1,164**	-282
Deferred tax adjustment on hedging	**13**	0
Deferred tax at 31 March	**1,050**	-127

12 Provisions

Other provisions consists of customs warranties, DKK 1,312 thousand (2020/21; DKK 1,004 thousand) and provision for guarantee obligations and other costs DKK 72 thousand (2020/21: DKK 3,679 thousand).

13 Non-current liabilities other than provisions

DKK'000	Total debt at 31/3/22	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Lease liabilities	1,282	695	587	0
Payables to group entities	22,314	0	22,314	0
	23,596	695	22,901	0

14 Staff cost

DKK'000	2021/22	2020/21
Wages/salaries	**49,651**	51,442
Pensions	**3,679**	3,778
Other social security costs	**641**	546
	53,971	55,766
Average number of full-time employees	99	106
Remuneration to members of Management:		
Executive Board	**3,702**	2,964
Board of Directors	**60**	60
	3,762	3,024

15 Contractual obligations and contingencies, etc.

Contingent liabilities

Lease obligations (operating leases) falling due within 4 years total DKK 835 thousand, hereof DKK 399 thousand fall due 2022/23.

The Company has entered into lease contracts. Tenancy commitments in lease buildings amount to DKK 42,090 thousand, of this DKK 2,635 thousand concerns 2022/23.

The Company has undertaken guarantees whereby it has assumed primary liability for the affiliated companies' outstanding balances with mortgage credit institutions and banks, DKK 9,680 thousand.

Performance bonds and advance payment guarantees issued by guarantee insurers amount to DKK 21,983 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

16 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	2021/22	2020/21
Revenue	**3,638**	3,650
Production costs	**13,706**	31,286
Other expenses	**1,131**	1,500
Rent	**2,577**	4,583
Financial income	**285**	290
Financial expenses	**274**	98
Receivables from group companies	**47,801**	51,227
Payables to group companies	**30,150**	6,592

17 Appropriation of profit/loss

	2021/22	2020/21
Recommended appropriation of profit/loss		
Other statutory reserves	**-376**	-399
Retained earnings/accumulated loss	**5,257**	-7,073
	4,881	-7,472

EJENDOMSANPARTSSELSKABET INDUSTRIVEJ NORD 13

Board of Directors	***Registered Office***	***Auditors***	***Bankers***
Bill Shukla Rajendran Arunachalam	Industrivej Nord 13 DK - 7400 Herning	Ernst & Young Godkendt Revisionspartnerselskb Havnegade 33 DK - 6700 Esbjerg	Spar Nord 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 Ejendomsanpartsselskabet Industrivej Nord 13 for the financial year 1 April 2021 - 31 March 2022.

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 2022 and of the results of the Company's operations for the financial year 1 April 2021 - 31 March 2022.

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 June 2022

Executive Board:

Rajendran Arunachalam

Board of Directors:

Bill Jayesh Shukla
Chair

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 2021 - 31 March 2022, 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 2022 and of the results of the Company's operations for the financial year 1 April 2021 - 31 March 2022 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 ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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 June 2022

EY Godkendt Revisionspartnerselskab

CVR no. 30 70 02 28

Morten Østergaard Koch	Claes J ensen
State Authorised Public Accountant	State Authorised Public Accountant
mne35420	mne44108

Management's review

Company details

Name	Ejendomsanpartsselskabet Industrivej Nord 13 Address, Postal code, City Industrivej Nord 13, 7400 Herning
CVR no.	13 96 64 43
Established	9 J anuary 1990
Registered office	Herning
Financial year	1 April 2021 - 31 March 2022
Board of Directors	Bill Jayesh Shukla , Chair
Executive Board	Rajendran Arunachalam
Auditors	EY Godkendt Revisionspartnerselskab Bavnehøjvej 5, 6700 Esbjerg, Denmark

Business review

The Company's principal activity is to own and lease out the property Industrivej Nord 13, DK-7400 Herninq, 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 RDA Holdings Private Limited, Pune, India, which holds the majority through the listed company Thermax Ltd., Pune, India.

Financial review

The income statement for 2021/22 shows a profit of DKK 870 thousand against a profit of DKK 2,324 thousand last year, and the balance sheet at 31 March 2022 shows equity of DKK 29,037 thousand.

Management considers the result as satisfactory.

Events after the balance sheet date

No events have occured after the balance sheet date which may materially affect the Company's financial position.

Income Statement for the period 1st April 2021 to 31st March 2022

	Note	2021/22		2020/21	
		DKK'000	Rs Lacs	DKK'000	Rs Lacs
Gross profit		**2,485**	**280.21**	4,515	520.68
Depreciation of property, plant and equipment		**(901)**	**(101.60)**	(901)	(103.91)
Profit before net financials		**1,584**	**178.61**	3,614	416.77
Income from investments in group entities		**18**	**2.03**	43	4.96
Financial income	2	**324**	**36.53**	228	26.29
Financial expenses	3	**(816)**	**(92.01)**	(918)	(105.87)
Profit before tax		**1,110**	**125.16**	2,967	342.16
Tax on profit for the year	4	**(240)**	**(27.06)**	(643)	(74.15)
Profit for the year		**870**	**98.10**	2,324	268.01
Proposed profit appropriation					
Net revaluation reserve according to the equity method		**18**	**2.03**	42	4.84
Retained earnings		**852**	**96.07**	2,282	263.17
		870	**98.10**	2,324	268.01

Statement of Changes in Equity for the period 1st April 2021 to 31st March 2022

	Share Capital		Revaluation reserve		Net revaluation reserve according to the equity method		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	DKK'000	Rs Lacs
Equity at 1 April 2021	200	22.55	1,934	218.08	8,416	948.98	248	27.96	16,997	1,916.56	27,795	3,134.14
Transfer through appropriation of profit	-	-	-	-	18	2.03	-	-	852	96.07	870	98.10
Adjustment of hedging instruments at fair value	-	-	-	-	-	-	477	53.79	-	-	477	53.79
Reversal of revaluations	-	-	(83)	(9.36)	-	-	-	-	83	9.36	-	-
Tax on items recognised directly in equity	-	-	-	-	-	-	(105)	(11.84)	-	-	(105)	(11.84)
Equity at 31 March 2022	**200**	**22.55**	**1,851**	**208.72**	**8,434**	**951.01**	**620**	**69.91**	**17,932**	**2,021.99**	**29,037**	**3,274.18**

Exchange rate : as at 31st Mar 22 is 1 DKK = Rs 11.2759

Exchange rate : as at 31st Mar 21 is 1 DKK = Rs 11.5322

EJENDOMSANPARTSSELSKABET INDUSTRIVEJ NORD 13

Balance Sheet

	NOTE	2021/22		2020/21	
		DKK'000	**Rs. Lacs**	DKK'000	Rs. Lacs
ASSETS					
Fixed Assets					
Property, plant and equipment	5				
Land and buildings		**22,978**	**2,590.98**	23,878	2,753.66
Investments	6				
Investments in subsidiary		**9,434**	**1,063.77**	9,416	1,085.87
		9,434	**1,063.77**	9,416	1,085.87
Total Fixed Assets		**32,412**	**3,654.74**	33,294	3,839.53
Non-Fixed Assets					
Receivables					
Receivables from group entities		**21,762**	**2,453.86**	22,068	2,544.93
Cash at bank and in hand		**3**	**0.34**	-	-
Total Non-Fixed assets		**21,765**	**2,454.20**	22,068	2,544.93
Total Assets		**54,177**	**6,108.94**	55,362	6,384.46
EQUITY AND LIABILITIES					
Equity					
Share capital		**200**	**22.55**	200	23.06
Revaluation reserve		**1,851**	**208.72**	1,934	223.03
Net revaluation reserve according to the equity method		**8,434**	**951.01**	8,416	970.55
Hedging reserve		**620**	**69.91**	248	28.60
Retained earnings		**17,932**	**2,021.99**	16,997	1,960.13
Total equity		**29,037**	**3,274.18**	27,795	3,205.38
Provisions					
Provission for Deferred tax		**2,710**	**305.58**	2,657	306.41
Total provisions		**2,710**	**305.58**	2,657	306.41
Liabilities					
Non current liabilities other than provisions	7				
Mortgage debt		**7,706**	**868.92**	9,154	1,055.66
		7,706	**868.92**	9,154	1,055.66
Current liabilities other than provisions					
Current portion of long term liabilities	7	**1,449**	**163.39**	1,449	167.10
Bank debt		**60**	**6.77**	73	8.42
Payables to group entities		**10,047**	**1,132.89**	9,947	1,147.11
Other payables		**2,380**	**268.37**	3,015	347.70
Deferred income		**788**	**88.85**	1,272	146.69
		14,724	**1,660.26**	15,756	1,817.02
Total liabilities		**22,430**	**2,529.18**	24,910	2,872.67
Total equity and liabilities		**54,177**	**6,108.94**	55,362	6,384.46

1 Accounting policies

8 Derivative financial instruments and disclosure of fair values

9 Contractual obligations and contingencies, etc.

10 Related parties

Financial statements 1 April 2021 - 31 March 2022

Notes to the financial statements

1 Accounting policies

The annual report of Ejendomsanpartsselskabet Industrivej Nord 13 for 2021/22 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.

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

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 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

	2021/22	**2020/21**
Interest income, group entities	**324**	228
	324	228

3 Financial expenses

	2021/22	**2020/21**
Interest expenses, group entities	**100**	99
Other financial expenses	**716**	819
	816	918

4 Tax for the year

	2021/22	**2020/21**
Estimated tax charge for the year	**293**	590
Deferred tax adjustments in the year	**(53)**	53
	240	643

5 Property, plant and equipment

DKK'000	Land and buildings
Cost at 1 April 2021	41,408
Cost at 31 March 2022	41,408
Revaluations at 1 April 2021	4,080
Revaluations at 31 March 2022	4,080
Impairment losses and depreciation at 1 April 2021	21,610
Amortisation/depreciation in the year	900
Impairment losses and depreciation at 31 March 2022	22,510
Carrying amount at 31 March 2022	22,978
Carrying amount at 31 March 2022, if no revaluation had been made	20,605

6 Investments

DKK'000	Investments in group entities
Cost at 1 April 2021	1,000
Cost at 31 March 2022	1,000
Value adjustments at 1 April 2021	8,416
Share of the profit/loss for the year	18
Value adjustments at 31 March 2022	8,434
Carrying amount at 31 March 2022	9,434

Name	Domicile	Interest
Subsidiaries		
Boilerworks Properties ApS under frivillig likvidation	Herning	100%

7 **Non- Current liabities other than provisions**

DKK'000	Total debt at 31/3 /2022	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Mortgage debt	9,155	1,449	7,706	1,911
	9,155	1,449	7,706	1,911

8 **Derivative financial instruments and disclosure of fair values Interest rate risks**

The Company has entered into interest rate swap contracts concerning a loan amounting to totally DKK 6,034 thousand maturing in 2027.

The interest rate swap has identical critical conditions to the loan and the Company uses cash flow hedging of the future interest payments.

Fair value disclosures

The Company has the following assets and liabilities measured at fair value:

DKK'000	Derivative financial instruments
Fair value at year end	-525
Changes recognised in the hedging reserve	477

9 **Contractual obligations and contingencies, etc.**

Contingent liabilities

Land and buildings with a carrying amount of DKK 22,978 thousand at 31 March 2022 have been provided as collateral, nom. DKK 26,000 thousand, for bank loans of DKK 9,155 thousand.

The Company has a recourse guarantee commitment for performance and advance guarantees in group-related companies, DKK 1,982 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.

10 **Related parties**

Information about consolidated financial statements

Name	Domicile	Requisitioning of the parent company's consolidated financial statements
Thermax Denmark ApS	Denmark	www.cvr.dk

Rifox-Hans Richter GmbH Spezialarmaturen, Bremen (Germany)

Board of Directors	***Registered Office***	***Auditors***	***Bankers***
Mundt Holger - Managing Director Bill Shukla Sandeep Mandke	Bertha - von - suttner - str. 9 28207 Breman, Germany HRB 3148	SBR Siebolds Balion Rauber PartG Steuerberater Wirtschaftsprufer Friedrich-Ebert-StraBe 55 26954 Nordenham	Sydbank

Independent Auditor's Report

To Rifox-Hans Richter GmbH Spezialarmaturen

Audit Opinion

We have audited the annual financial statements of Rifox-Hans Richter GmbH Spezialarmaturen, which comprise the balance sheet, and the statement of profit and loss, for the financial year from April 01, 2021 to March 31, 2022, 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 finan-cial 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 finan-cial position of the Company, and of its financial performance for the financial year from April 01, 2021 to March 31, 2022 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 responsibili-ties 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 re-quirements. 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 busi-ness corporations and that the annual financial statements give a true and fair view of the assets, li-abilities, 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 disclos-ing, 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 Fi-nancial 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 deci-sions 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 au-dit 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 rea-sonableness 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 ac-counting 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, includ-ing 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.

Rauber

(Wirtschaftsprüfer)

(German Public Auditor)

Nordenham, April 14, 2022

Notes to the Financial Statements for the financial year

April 01, 2021 – March 31, 2022

A. General information on the annual financial statements

The annual financial statements as at 31 March 2022 were prepared in accordance with the provisions of Sections 242 et seq. of the German Commercial Code (HGB), in compliance with the supplemen-tary 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 imited 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 28).

Members of the board of management:

Mr. Holger Mundt, Bremen, Germany

Mr. Sandeep Mandke, Pune, India (since january 11, 2022)

Mr. Bill Shukla, Pune, India (since january 11, 2022)

Mr. Rabindranath Pillai, Pune, India (until december 22, 2021)

Mr. Rakesh Rampratap Tripathi, Pune, India (until december 22, 2021)

Related Party Disclosure

Transaction with related party

Particulars	Nature of Transaction	EUR (March 2022)	EUR (March 2021)
Thermax Ltd, Steam Division	Sale of Products and services	10,413.50	32,027.80
Thermax Ltd, Steam Division	Purchase of Products	47,082.05	14,722.88
Thermax Ltd, Corporate Division	Commission on corporate guarantee	1,350.00	0.00
Thermax Ltd, RTIC Division	Recovery of other expenses	385,003.33	600,252.61
Thermax Europe Limited	Employee cost recovered	236,532.40	235,664.06

Receivable / Payable to related party

Particulars	Nature of Transaction	EUR (March 2022)	EUR (March 2021)
Thermax Ltd, Steam Division	Receivable	3,469.00	4,188.00
Thermax Ltd, Steam Division	Payable	(18,641.95)	(5,400.00)
Thermax Ltd, RTIC Division	Receivable	0.00	167,466.00
Thermax Ltd, RTIC Division	Customer Advance	(446,010.00)	(400,000.00)

Bremen, April 14, 2022

Rifox-Hans Richter GmbH Spezialarmaturen
Holger Mundt, Sandeep Mandke, Bill Shukla
Managing Directors

Rifox-Hans Richter GmbH Spezialarmaturen, Bremen (Germany)

Balance Sheet as at 31 March 2022

	2021/22		2020/21	
	EUR	**Rs Lacs**	EUR	Rs Lacs
A. Fixed assets				
I. Intangible assets				
1. Concessions, industrial property and similar rights and assets and licences in such rights and assets	**2,949**	**2.47**	4,557	3.91
2. Advance payments	**9,941**	**8.34**	-	-
II. Tangible assets				
1. Land, similar rights and buildings, including buildings on third-party land	**2,755**	**2.31**	3,608	3.09
2. Other equipment, factory and office equipment	**303,463**	**254.48**	333,640	286.05
	306,218	**256.79**	337,247	289.15
B. Current assets				
I. Stocks				
1. Finished goods and unfinished goods	**920,443**	**771.87**	882,214	756.39
	920,443	**771.87**	882,214	756.39
II. Debtors and other assets				
1. Trade debtors	**380,011**	**318.67**	417,886	358.29
2. Other assets	**2,997**	**2.51**	40,449	34.68
	383,008	**321.19**	458,335	392.97
III. Cash-in-hand, postal giro balances and bank balances	**218,467**	**183.20**	1,302	1.12
C. Prepaid expenses	**8,975**	**7.53**	8,276	7.10
	1,850,001	**1,551.39**	1,691,932	1,450.62

Equity and Liabilities

	2021/22		2020/21	
	EUR	**Rs Lacs**	EUR	Rs Lacs
A. Equity				
I. Subscribed capital	**716,469**	**600.82**	716,469	614.28
II. Unappropriated profits brought forward	**61,725**	**51.76**	(43,808)	(37.56)
III. Net income for the year	**267,852**	**224.62**	105,533	90.48
	1,046,046	**877.20**	778,194	667.20
B. Provisions				
Other provisions	**234,799**	**196.90**	151,296	129.72
C. Creditors				
1. Liabilities to banks	**-**	**-**	136,692	117.20
2. Advance payment received	**446,010**	**374.02**	400,000	342.95
3. Trade creditors	**52,114**	**43.70**	159,188	136.48
4. Other creditors	**71,032**	**59.57**	66,562	57.07
	569,156	**477.29**	762,442	653.70
-of with taxes : EUR 35,190.83 (2020 : TEuro 19)				
	1 ,850,001	**1,551.39**	1,691,932	1,450.62

Exchange rate : as at 31st Mar 22 is 1 Euro = Rs 83.8589

Exchange rate : as at 31st Mar 21 is 1 Euro = Rs 85.7375

Income Statement for Financial Year 2021-2022

	2021/22		2020/21	
	EUR	**Rs Lacs**	EUR	Rs Lacs
1. Turnover	**3,800,889**	**3,187.38**	2,817,351	2,415.53
2. Inventory changes- finished and unfinished goods	**38,228**	**32.06**	(118,900)	(101.94)
3. Other operating income	**264,479**	**221.79**	261,743	224.41
	4,103,597	**3,441.23**	2,960,194	2,538.00
4. Cost of materials				
a) Cost of raw materials, consumables and goods for resale	**889,654**	**746.05**	599,374	513.89
b) Cost for purchased services	**120,127**	**100.74**	145,824	125.03
	1,009,781	**846.79**	745,197	638.91
5. Staff costs				
a) Wages and salaries	**1,570,849**	**1,317.30**	1,245,295	1,067.69
b) Social security, pension and other benefits	**383,136**	**321.29**	388,789	333.34
	1,953,985	**1,638.59**	1,634,084	1,401.02
6. Amortisation and depreciation of fixed intangible and tangible assets	**63,541**	**53.28**	50,477	43.28
7. Other operating charges	**804,945**	**675.02**	416,929	357.46
	2,822,470	**2,366.89**	2,101,489	1,801.76
8. Other interest receivable and similar income	**-**	**-**	-	-
9. Interest payable and other similar charges	**1,946**	**1.63**	6,974	5.98
10. Profit on ordinary activities	**269,400**	**225.92**	106,533	91.34
11. Other taxes	**1,548**	**1.30**	1,000	0.86
12. Profit for the year	**267,852**	**224.62**	105,533	90.48

Fixed Asset Movement Schedule to March 31, 2022

	Book value April 1, 2021	**Additions**	**Disposals**	**Depreciation**	**Book value March 31, 2022**
	EUR	**EUR**	**EUR**	**EUR**	**EUR**
I. Intangible assets					
1. Concessions, industrial property and similar rights and assets, and licences in such rights and assets	4,557	-	-	1,608	2,949
2. Payments on account	-	9,941	-	-	9,941
	4,557	9,941	-	1,608	12,890
II. Tangible assets					
1. Land, similar rights and buildings including buildings on third party land	3,608	-	-	853	2,755
2. Other equipment, factory and office equipment	333,640	30,909	6	61,080	303,463
	337,247	30,909	6	61,933	306,218
	341,804	40,850	6	63,541	319,108

THERMAX SDN. BHD.
(Malaysia)

Board of Directors
Sandeep Shirsat
Sandeep Mandke

Registered Office
Unit 23A-2, Level 23A,
Oval Tower, Menara Permata,
No. 685, Jalan Damansara,
60000 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

DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Company for the financial year ended 31 March 2022.

Principal Activity

The principal activity of the Company is that of undertaking market research and business development in Malaysia as well as provision of erection, commissioning and supervision services.

There has been no significant changes in the nature of this principal activity during the financial year.

Financial Results

	RM
Profit for the financial year	126,432

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

Directors' Interests in Shares or Debentures

According to the register of Directors' shareholdings required to be kept under Section 59 of the Companies Act, 2016, none of the Directors who held office at the end of the financial year held any shares or debentures in the Company or its holding company or subsidiaries of the holding company during the financial year except as follows:

	No. of ordinary shares			
	As at 1.4.2021	**Acquired**	**Disposed**	**As at 31.3.2022**
Interest in the intermediate holding company - Thermax Limited				
Direct interest				
Mandke Sandeep Suresh	75	-	-	75

Other than as disclosed above, according to the register of Directors' shareholdings, the Director in office at the end of the financial year did not hold any interest in shares or debentures in the Company or its holding company or subsidiaries of the holding company during the financial year.

Directors' Benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year which had the object of enabling the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' Remuneration

Details of Directors' remuneration are disclosed in Note 11 to the financial statements.

Auditors' Remuneration

Details of auditors' remuneration are disclosed in Note 11 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 Engineering Singapore Pte Limited, a company incorporated and domiciled in Singapore.

Intermediate Holding Company

The intermediate 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

HLB Ler Lum Chew PLT (201906002362 & AF0276) have indicated their willingness to accept appointment as auditors of the Company in place of the retiring auditors, HLB AAC PLT (202006000008 & AF001977).

Signed in accordance with a resolution of the Directors.

SHIRSAT SANDEEP MANOHAR MANDKE SANDEEP SURESH

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016

We, SHIRSAT SANDEEP MANOHAR and MANDKE SANDEEP SURESH, being the Directors of THERMAX SDN. BHD., do hereby state that, in the opinion of the Directors, the financial statements set out on pages 12 to 31 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 2022 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

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 set out on pages 12 to 31 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

on this date of 11 May 2022

SHIRSAT SANDEEP MANOHAR

Before me,

COMMISSIONER FOR OATHS

THERMAX SDN. BHD.
(Malaysia)

INDEPENDENT AUDITORS' 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 2022, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 12 to 31.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2022, 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 Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the Director's Report but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the Director's Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the Director's Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Companies Act, 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

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

- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Other Matters

This report is made solely to the member of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

HLB AAC PLT (202006000008 & AF001977) Chartered Accountants	TANG YAN YU Approved Number: 03452/10/2023 J Chartered Accountant

KUALA LUMPUR
11 MAY 2022

Statement of Profit or Loss and Other Comprehensive Income

For the Financial Year Ended 31 March 2022

	NOTE	2022		2021	
		RM	Rs Lacs	RM	Rs Lacs
Revenue		1,515,561	273.28	-	-
Cost of sales		(1,408,226)	(253.93)	-	-
Gross Profit		107,335	19.35	-	-
Other Operating income		1,678,625	302.69	1,361,868	240.19
Administration Expenses		(1,605,736)	(289.54)	(1,284,255)	(226.50)
Profit Before Taxation	11	180,224	13.14	77,613	13.69
Taxation	12	(53,792)	(9.70)	(38,583)	(6.80)
Profit / Total comprehensive income for the financial year		126,432	3.44	39,030	6.88

The accompanying notes form an integral part of the financial statements

Exchange Rate : as at 31 March 2022 is 1 RM = Rs 18.03

Exchange Rate : as at 31 March 2021 is 1 RM = Rs 17.64

STATEMENT OF FINANCIAL POSITION AS AT 31 March 2022

	NOTE	2022		2021	
		RM	Rs Lacs	RM	Rs Lacs
Non-Current assets					
Property, Plant and Equipment	3	3,938	0.71	349	0.06
Current Assets					
Other receivables	4	35,386	6.38	237,426	41.87
Amount owing by customers on contracts	5	515,261	92.91	-	-
Amount owing by immediate Holding Company	6	406,263	73.26	584,397	103.07
Amount owing by Director	7	920	0.17	8,271	1.46
Tax Recoverable		38,539	6.95	-	-
Cash & Bank Balance		1,728,542	311.69	177,859	31.37
		2,724,911	491.35	1,007,953	177.77
Current Liabilities					
Trade Payable	8	38,687	6.98	-	-
Other Payables	9	1,751,564	315.84	172,333	30.39
Provision for taxation			-	23,803	4.20
		1,790,251	315.84	196,136	34.59
Net Current assets		934,660	175.51	811,817	143.18
		938,598	176.22	812,166	143.24
Financed By:					
Share Capital	10	500,000	90.16	500,002	88.18
Retained Profits		438,598	79.09	312,164	55.06
Shareholder's fund		938,598	169.25	812,166	143.24

Approved by the Board of Directors on 11th May, 2022 and signed on its behalf by:

Sandeep Shirsat
Director

Sandeep Mandke
Director

Statement of Cash Flows

For the Financial Year Ended 31 March 2022

	2022		2021	
	RM	Rs Lacs	RM	Rs Lacs
Cash Flows From Operating Activities				
Profit before taxation	180,224	32.50	77,613	13.69
Adjustments for:-				
Depreciation of property, plant and equipment	561	0.10	77	0.01
Unrealised loss on foreign exchange	5,138	0.93	-	-
Operating profit before working capital changes	185,923	33.53	77,690	13.70
Changes in working capital				
Other receivables	202,040	36.43	(190,046)	(33.52)
Amount owing by customers on contracts	(515,261)	(92.91)	-	-
Amount owing by immediate holding company	178,134	32.12	(180,257)	(31.79)
Trade payables	33,549	6.05	-	-
Other Payables	1,579,231	284.76	137,783	24.30
Amount Owing to a Director	7,351	1.33	788	0.14
	1,485,044	267.78	(231,732)	(40.87)
Cash used in operations	1,670,967	301.31	(154,042)	(27.17)
Tax paid	(116,134)	(20.94)	(38,986)	(6.88)
Net cash used in operating activities	1,554,833	280.36	(193,028)	(34.04)
Cash flows from Investing Activities				
Purchase of property,plant and equipment	(4,150)	(0.75)	-	-
Net cash used in investing activities	(4,150)	(0.75)	-	-
Net decrease in cash and cash equivalents	1,550,683	279.62	(193,028)	(34.04)
Cash and cash equivalents at the beginning of the financial year	177,859	32.07	370,887	65.41
Cash and cash equivalents at end of the financial year	1,728,542	311.69	177,859	31.37
Cash and cash equivalents at end of the financial year comprises:				
Cash & Bank Balances	1,728,542	311.69	177,859	31.37

Statement of Changes in Equity For the Year Ended March 31, 2022

		Share Capital		Retained Profits		Total	
		RM	Rs Lacs	RM	Rs Lacs	RM	Rs Lacs
At 1 April 2021		500,002	90.16	312,164	56.29	812,166	146.45
Adjustment in share capital	10	(2)	(0.00)	2	0.00	-	-
Profit / Total comprehensive income for the year		-	-	126,432	22.80	126,432	22.80
At 31 March 2022		500,000	90.16	438,598	79.09	938,598	169.25
At 1 April 2020		500,002	90.16	273,134	49.25	773,136	139.41
Profit / Total comprehensive income for the year		-	-	39,030	7.04	39,030	7.04
At 31 March 2021		500,002	90.16	312,164	56.29	812,166	146.45

THERMAX SDN. BHD.
(Malaysia)

Notes to Financial Statements March 31, 2022

1. **Corporate Information**

The principal activity of the Company is that of undertaking market research and business development in Malaysia as well as provision of erection, commissioning and supervision services.

here has been no significant changes in the nature of this principal activity during the financial year.

The registered office of the Company is located at Unit 23A-2, Level 23A, Oval Tower, Menara Permata, No. 685, Jalan Damansara, 60000 Kuala Lumpur.

The 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 Engineering Singapore Pte Limited, a company incorporated and domiciled in Singapore.

The intermediate holding company is Thermax Limited, a company incorporated and domiciled in India.

The Directors regard RDA Holdings Pvt. Ltd., a company incorporated in India, as the ultimate holding company.

2. **Basis of Preparation and Significant Accounting Policies**

(a) Basis of preparation

The financial statements of the Company have been prepared in accordance with Malaysian Private Entities Reporting Standard ("MPERS") and the requirements of the Companies Act, 2016 in Malaysia.

The financial statements have been prepared under the historical cost convention except as disclosed in summary of significant accounting policies.

The preparation of financial statements in conformity with MPERS requires the use of certain critical accounting estimates and assumptions that affect the reported amount of assets, liabilities, income and expenses. It also requires Directors to exercise their judgement in the process of applying the Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2(b) to the financial statements.

b) Significant accounting estimates and judgements

Accounting estimates and assumptions concerning the future and judgements, are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key assumptions concerning the future and other key sources of estimation or uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Revenue recognition from construction contracts

The Company recognises revenue from construction contracts over the period of the contract by reference to the progress towards complete satisfaction of the performance obligation using the input method. The input method recognises revenue based on direct measurements of the value transferred by the Company to the customer and the Company's efforts or budgeted inputs to the satisfaction of the performance obligation. Significant judgement is required in determining:

- the completeness and accuracy of the budgets;
- the extent of the costs incurred.

Substantial changes in cost estimates in future period can have a significant effect on the Company's revenue recognised. In making the above judgement, the Company relies on past experience and work of specialists.

(c) Foreign currencies

(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 Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

(ii) Transaction and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. 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.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

(d) 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	5 -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.

(e) 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.

(f) Amount owing by customers on contracts

Amount owing by customers on contracts is the net amount of cost incurred for construction-in-progress plus attributable profit less progress billings and anticipated losses, if any. Contract costs incurred to date include:

(i) Costs directly related to the contract;

(ii) Costs attributable to contract activity in general and can be allocated to the contract; and

(iii) Other costs specifically chargeable to the customer under the terms of the contract.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

The aggregate of the costs incurred and the profit or loss recognised on each contract is compared against the progress billings up to the period end. Where costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is shown as amount owing from customers on contracts. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as amount owing to customers on contracts.

(g) 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.

(h) Financial instruments

(i) Initial recognition

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments are recognised in the statement of financial position when the Company has become a party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are recognised at transaction price, including transaction costs if the financial instrument is not measured at fair value through profit or loss. For financial instruments measured at fair value through profit or loss, transaction costs are expensed to profit or loss when incurred. For financial instruments that constitute a financing transaction, the financial instrument is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

(ii) Subsequent measurement

Gains and losses

Debt instruments that meet the following conditions are measured at amortised cost using the effective interest method:

(a) returns to the holder are fixed or determinable;

(b) there is no contractual provision that could result in the holder losing the principal amount or any interest attributable to the current or prior periods; and

(c) prepayment option, if any, is not contingent on future events.

Investments in non-puttable ordinary shares, and investments in non- convertible and non-puttable preference shares are measured at cost less impairment, unless the shares are publicly traded or their fair value can otherwise be measured reliably, in which case the investments are measured at fair value with changes in fair value recognised in profit or loss.

All other financial assets or financial liabilities not measured at amortised cost or cost less impairment are measured at fair value with changes recognised in profit or loss.

Impairment of financial assets

Other than financial assets measured at fair value through profit or loss, all other financial assets are subject to impairment review.

At the end of each reporting period, the Company examines whether there is any objective evidence that a financial asset indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. An impairment loss is recognised in profit or loss when they arise.

An impairment loss in respect of an instrument measured at amortised cost is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of unquoted equity instrument that is carried at cost less impairment is measured as the difference between the financial asset's carrying amount and the best estimate of the amount that the entity would receive for the asset if it were to be sold at the reporting date.

If, in a subsequent period, the amount of an impairment loss decreases and the decrease can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

(iii) Derecognition of financial instruments

Financial assets are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Financial liabilities are de-recognised when it is extinguished, that is when the obligation specified in the contract is discharged, cancelled or expired. A substantial modification in the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Any difference between the carrying amount of a financial liability extinguished or transferred to another party and the considerable paid, including any non- cash assets transferred or liabilities assumed, is recognised in profit or loss.

(i) 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.

(j) 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.

(k) 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.

(l) 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.

(m) Revenue and income recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of products and rendering of services net of returns, duties, discounts and rebates.

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction would flow to the Company, and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be reliably measured and specific recognition criteria have been met for each of the activities of the Company.

Construction contracts

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue and contract cost are recognised in profit or loss in proportion to the stage of completion of the contract. Contract expenses are recognised as incurred unless they create an asset related to future contract activity.

The stage of completion is assessed by reference to the proportion that contract costs incurred for work performed to-date bear to the estimated total contract costs.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

(n) 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 1.4.2021	770
Addition	4,150
At 31.3.2022	4,920
Accumulated depreciation	
At 1.4.2021	421
Charge for the financial year	561
At 31.3.2022	982
Carrying amount	
At 31.3.2022	3,938
At 31.3.2021	349
Depreciation charge for the financial year ended 31.3.2021	77

4. Other Receivables

	2022	2021
	RM	RM
Other receivables	**13,363**	22,153
Prepayment	**-**	193,250
Deposits	**22,023**	22,023
	35,386	237,426

5. Amount Owing by Customers on Contracts

	2022	2021
	RM	RM
Aggregate costs incurred to date	**1,315,957**	-
Add: Attributable profit	**199,604**	-
	1,515,561	-
Less: Progress billings	**(1,000,300)**	-
	515,261	-
Represented by:		
Amount owing by customers on contracts	**515,261**	-

6. Amount Owing by Holding Company

This represent non trade, unsecured, interest free advances repayable on demand owing by intermediate holding company (2021: immediate holding company).

7. Amount Owing by a Director

This represents unsecured, interest-free advances to a Director for carrying out his duties.

8. Trade Payable

The normal trade credit terms granted to the Company is 30 days (2021: Nil).

The trade payables of the Company is denominated is US Dollar (2021: Nil) and amounting to RM38,687 (2021: Nil).

9. Other Payables

	2022	2021
	RM	RM
Other payables	**16,977**	2,629
Advances received from customers	**1,709,265**	150,821
Accruals	**25,322**	18,883
	1,751,564	172,333

Included in other payables of the Company are advances of RM1,709,265 (2021: RM150,821) received from customers prior to commencement of construction projects

10. Share Capital

	Number of ordinary shares		Amount	
	2022	2021	2022	2021
	Units	Units	RM	RM
Issued and fully paid				
At 1 April	**500,002**	500,002	**500,002**	500,002
Adjustment	**(2)**	-	**(2)**	-
At 31 March	**500,000**	500,002	**500,000**	500,002

The Company has reviewed the annual return and noticed a variance of RM2. As the amount is immaterial, it is adjusted to retained earnings.

11. Profit Before Taxation

Profit before taxation is derived after charging/(crediting):

	2022	2021
	RM	RM
Auditors' remuneration	**4,800**	5,200
Directors' remuneration:		
- Salary and allowances	**221,131**	197,351
- Benefits in kind	**88,842**	112,069
Depreciation of property, plant and equipment	**561**	77
Office rental	**18,000**	16,500
Unrealised loss on foreign exchange	**5,138**	-

12. Taxation

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2022	2021
	RM	RM
Current taxation:		
- Current year	**58,162**	38,931
- Over provision in prior years	**(4,370)**	(348)
	53,792	38,583

Income tax is calculated at the statutory rate of 24% (2021: 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:

	2022	2021
	RM	RM
Profit before taxation	**180,224**	77,613
Taxation on statutory tax rate of 24% (2021: 24%)	**43,254**	18,627
Expenses not deductible for tax purposes	**14,908**	20,304
Over provision of taxation in prior years	**(4,370)**	(348)
Taxation for the financial year	**53,792**	38,583

13. Staff Information

	2022	2021
	RM	RM
Staff costs (excluding Directors)	**1,015,503**	830,720

Included in staff costs of the Company (excluding Directors) is contributions made to the Employees Provident Fund under a defined contribution plan amounting to RM33,921 (2021: RM19,375).

The total number of employees of the Company (excluding Directors) at the end of the financial year was 6 (2021: 5).

14. 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:

	2022	2021
	RM	RM
Administration fee charged to intermediate/immediate holding company	**1,678,625**	1,361,868
Purchase of equipment from intermediate/immediate holding company	**441,261**	-

15. Financial Instruments

	2022	2021
	Amortised costs	Amortised costs
	RM	RM
Financial assets		
Other receivables	**35,386**	44,176
Amount owing by customers on contracts	**515,261**	-
Amount owing by holding company	**406,263**	584,397
Amount owing by a Director	**920**	8,271
Cash and bank balances	**1,728,542**	177,859
	2,686,372	814,703
Financial liabilities		
Trade payable	**38,687**	-
Other payables	**1,751,564**	172,333
	1,790,251	172,333

16. Date of Authorisation for Issue

The financial statements of the Company for the financial year ended 31 March 2022 were authorised for issue in accordance with a resolution of the Board of Directors on 11 May 2022.

BOILERWORKS A/S

Board of Directors	Registered Office	Auditors
Bill Shukla (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 2021 - 31 March 2022.

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 2022 and of the results of the Company's operations for the financial year 1 April 2021 - 31 March 2022.

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 June 2022

Executive Board:

Peter Overgaard

Board of Directors:

Bill Jayesh Shukla Chair	Rajendran Arunachalam	Peter Overgaard

Independent Auditor's Report

To the shareholder of Boilerworks A/S

Opinion

We have audited the financial statements of Boilerworks A/S for the financial year 1 April 2021 - 31 March 2022, 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 2022 and of the results of the Company's operations for the financial year 1 April 2021 - 31 March 2022 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 ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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 June 2022

EY Godkendt Revisionspartnerselskab

CVR no. 30 70 02 28

Morten Østergaard Koch	Claes J ensen
State Authorised Public Accountant	State Authorised Public Accountant
mne35420	mne44108

Management's review

Company details

Name	Boilerworks A/S
Address, Postal code, City	Industrivej Nord 13, 7400 Herning
CVR no.	35 22 67 88
Established	12 April 2013
Registered office	Herning
Financial year	1 April 2021 - 31 March 2022
Telephone	+45 73 64 48 50
Board of Directors	Bill Jayesh Shukla, Chair
	Rajendran Arunachalam
	Peter Overgaard
Executive Board	Peter Overgaard
Auditors	EY Godkendt Revisionspartnerselskab Bavnehøjvej 5, 6700 Esbjerg, Denmark

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

The service activities in Boilerworks were sold at 1st November 2020. Only few projects need to be finally closed.

The loss for the year before tax is DKK 950 thousand and loss after tax DKK 342 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.

Financial Statement 1 April 2021-31 March 2022
Balance Sheet

	NOTE	2021/22		2020/21	
		DKK'000	Rs Lacs	DKK'000	Rs Lacs
ASSETS					
Non-fixed assets		-	-	-	-
Current assets					
Inventories					
Raw materials and consumables		-	-	2,179	251.29
		-	-	2,179	251.29
Receivables					
Trade receivables		**103**	**11.61**	336	38.75
Work in progress for third parties		**2,409**	**271.64**	10,790	1,244.33
Receivables from group entities		**3,827**	**431.53**	-	-
Deferred Tax Assets		**2,618**	**295.20**	2,240	258.32
Other receivables		**14**	**1.58**	57	6.57
		8,971	**1,011.56**	13,423	1,547.97
Cash at bank and in hand		**154**	**17.36**	1,065	122.82
Total current assets		**9,125**	**1,028.93**	16,667	1,922.07
Total assets		**9,125**	**1,028.93**	16,667	1,922.07
EQUITY AND LIABILITIES					
Equity					
Share capital		**500**	**56.38**	500	57.66
Hedging reserve		-	-	44	5.07
Retained earnings		**(4,849)**	**(546.77)**	(4,507)	(519.76)
Total equity		**(4,349)**	**(490.39)**	(3,963)	(457.02)
Provisions					
Other provisions		**432**	**48.71**	2,971	342.62
Total provisions	6	**432**	**48.71**	2,971	342.62
Liabilities					
Non-current liabilities other than provisions	7				
Lease liabilities		**43**	**4.85**	104	11.99
		43	**4.85**	104	11.99
Current liabilities					
Current portion of long term liabilities	7	**85**	**9.58**	93	10.72
Work in progress for third parties		-	-	67	7.73
Trade payables		**14**	**1.58**	841	96.99
Payables to group entities		**8,196**	**924.17**	11,592	1,336.81
Other payables		**4,704**	**530.42**	4,962	572.23
		12,999	**1,465.75**	17,555	2,024.48
Total liabilities		**13,042**	**,470.60**	17,659	2,036.47
Total Equity And liabilities		**9,125**	**1,028.93**	16,667	1,922.07

1 Accounting policies
2 Capital resources
8 Staff costs
9 Contractual obligations and contingencies, etc.
10 Collateral
11 Related parties
12 Appropriation of profit/loss

Statement of Profit or Loss and Other Comprehensive Income for the Financial Year Ended 31 March 2022

	2021/22		2020/21	
	DKK'000	**Rs Lacs**	DKK'000	Rs Lacs
Gross profit	**592**	**66.75**	3,660	422.08
Distribution costs	**(626)**	**(70.59)**	(2,911)	(335.70)
Administrative expenses	**(639)**	**(72.05)**	(10,198)	(1,176.06)
Operating (Loss)/ Profit	**(673)**	**(75.89)**	(9,449)	(1,089.68)
Financial income	**121**	**13.64**	649	74.84
Financial expenses	**(398)**	**(44.88)**	(561)	(64.70)
Profit / (Loss) before tax	**(950)**	**(107.12)**	(9,361)	(1,079.53)
Tax on profit / (loss) for the year	**608**	**68.56**	1,642	189.36
Profit / (Loss) for the year	**(342)**	**(38.56)**	(7,719)	(890.17)

Statement of Changes in Equity

	Share Capital		Hedging reserve		Retained earnings		Total Equity	
	DKK'000	Rs Lacs	DKK'000	Rs Lacs	DKK'000	Rs Lacs	DKK'000	Rs Lacs
Equity at 1 April 2021	500	56.38	44	4.96	(4,507)	(508.20)	(3,963)	**(446.86)**
Transfer through appropriation of loss	-	-	-	-	(342)	(38.56)	(342)	**(38.56)**
Adjustment of hedging instruments at fair value	-	-	(57)	(6.43)	-	-	(57)	**(6.43)**
Tax on items recognised directly in equity	-	-	13	1.47	-	-	13	**1.47**
Equity at 31 March 2022	**500**	**56.38**	**-**	**-**	**(4,849)**	**(546.77)**	**(4,349)**	**(490.39)**

The contributed capital consists of 1 share at a nominal value of DKK'000 500.
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 22 is 1 DKK = Rs 11.2759
Exchange rate : as at 31st Mar 21 is 1 DKK = Rs 11.5322

BOILERWORKS A/S

Financial Statement 1 April 2021-31 March 2022
Notes to the Financial Statements

1 Accounting policies

The annual report of Boilerworks A/S for 2021/22 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 (last year: medium-sized 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).

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.

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

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".

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.

Cash

Cash comprise cash.

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.

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.

2 Capital resources

The Company is financed by payables to group companies. Group companies have declared that such payables will not be withdrawn unless

Notes to the Financial Statements

sufficient cash resources in the company is available.

3 Financial income

DKK'000	2021/22	2020/21
Interest receivable, group entities	**10**	-
Other financial income	**111**	649
	121	649

4 Financial expenses

Interest expenses, group entities	**-**	40
Other financial expenses	**398**	521
	398	561

5 Tax for the year

Estimated tax charge for the year	**-243**	-181
Deferred tax adjustments in the year	**-365**	-1,461
	-608	-1,642

6 Provisions

Other provisions consists of custom warranties commitments.

7 Non-current liabilities other than provisions

Of the long-term liabilities, DKK 0 falls due for payment after more than 5 years after the balance sheet date.

8 Staff costs

Wages/salaries	**-**	10,675
Pensions	**-**	783
Other social security costs	**-**	170
	-	11,628
Average number of full-time employees	-	20

9 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.

10 Collateral

Performance bonds and advance payment guarantees issued by guarantors' amount to DKK 6,749 thousand.

11 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

12 Appropriation of profit/loss Recommended appropriation of profit/loss

	2021/22	2020/21
Other statutory reserves	**-**	-1,030
Retained earnings/accumulated loss	**-342**	-6,689
	-342	-7,719

THERMAX ENGINEERING SINGAPORE PTE. LTD.

Board of Directors	***Registered Office***	***Auditors***	***Bankers***
Rajendran Arunachalam Ha Ling-Ling Pheroz Naswanjee Pudumjee Shukla Bill Jayesh	80, Robinson road, #25-00, Singapore- 068898	Paul Wan Co. 10 Anson Road, #35-07/08, International Plaza, Singapore 079903	Citi Bank, Singapore

Directors' Statement

For the financial year ended 31 March 2022

1. Opinion of the directors

In the opinion of the directors,

(a) the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2022 and the financial performance, changes in equity and cash flows of the Company for the financial year ended; 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.

2. Directors

The directors of the Company in office at the date of this statement are:

Shukla Bill Jayesh (Appointed at 4 October 2021)

Ha Ling-Ling

Pheroz Naswanjee Pudumjee

Rajendran Arunachalam

3. Arrangements to enable directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, 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.

4. Directors' interests in shares or debentures

According to the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act 1967 (the "Act"), the directors of the Company who held office at the end of the financial year had no interest in the shares or debentures of the Company or its related corporations, except as stated below:

Name of directors	**Direct interest**	
	At beginning of financial year	**At end of financial year**
Pheroz Naswanjee Pudumjee		
-Thermax Limited	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
Rajendran Arunachalam		
-Thermax Limited	500	500

5. Share options

There were no share options granted during the financial year to subscribe for unissued shares of the Company.

There were no shares 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.

6. Independent auditor

The independent auditor, Paul Wan & Co has expressed its willingness to accept re-appointment as auditor.

On behalf of the Board of Directors

Rajendran Arunachalam — Director

Shukla Bill Jayesh — Director

16 May 2022

THERMAX ENGINEERING SINGAPORE PTE. LTD.

Independent Auditor's Report to the Member of Thermax Engineering Singapore Pte. Ltd.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Thermax Engineering Singapore Pte. Ltd. (the "Company"), which comprise the statement of financial position as at 31 March 2022, 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 notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Singapore Companies Act 1967 (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 2022 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

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 are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of the Company for the year ended 31 March 2021 were audited by another firm of auditors who expressed an unmodified opinion on those statements on 30 June 2021.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement.

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

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

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

PAUL WAN & CO

Public Accountants and

Chartered Accountants

Singapore

16 May 2022

Statement of Profit or Loss and Other Comprehensive Income
For the Financial Year Ended 31 March 2022

	NOTE	**For the financial year ended 31 March 2022**		For the financial year ended 31 March 2021	
		USD	**Rs Lacs**	USD	Rs Lacs
Revenue	4	**2,305,441**	**1,747.24**	-	-
Cost of Sales		**(1,989,993)**	**(1,508.17)**	-	-
Gross Profit		**315,448**	**239.07**	-	-
Administrative Expenses		**(350,159)**	**(265.38)**	(316,597)	(231.45)
Finance cost	5	**(4,150)**	**(3.15)**	(7,111)	(5.20)
Other expenses	6	**(3,933)**	**(2.98)**	(23,800)	(17.40)
		(358,242)	**(271.50)**	(347,508)	(254.05)
- Impairment loss on investment in subsidiaries		**(2,660,000)**	**(2,015.95)**	(4,628,809)	(3,383.89)
Loss Before tax	7	**(2,702,794)**	**(2,048.38)**	(4,976,317)	(3,637.94)
Income tax expenses	8	**-**	**-**	-	-
Loss for the year, representing total comprehensive income for the year		**(2,702,794)**	**(2,048.38)**	(4,976,317)	(3,637.94)

Exchange Rate : as at 31 March 2022 is 1 USD = Rs 75.7875

Exchange Rate : as at 31 March 2021 is 1 USD = Rs 73.1050

Statement of Financial Position
For the Financial year ended 31 March 2022

	NOTE	**2022**		2021	
		USD	**Rs Lacs**	USD	Rs Lacs
ASSETS					
Non-current assets					
Property, plant and equipment	9	**186,575**	**141.40**	316,330	231.25
Investments in a subsidiaries	10	**15,392,815**	**11,665.83**	16,439,365	12,018.00
Financial Asset, at FVOCI	11	**1**	**0.00**	1	0.00
Current assets					
Trade and other receivables	12	**675,872**	**512.23**	10,481	7.66
Cash & cash equivalents		**722,417**	**547.50**	1,271,476	929.51
		1,398,289	**1,059.73**	1,281,957	937.17
Total assets		**16,977,680**	**12,866.96**	18,037,653	13,186.43
EQUITY AND LIABILITIES					
Equity					
Share capital	13	**22,984,356**	**17,419.27**	22,984,356	16,802.71
Accumulated losses		**(7,883,171)**	**(5,974.46)**	(5,180,377)	(3,787.11)
		15,101,185	**11,444.81**	17,803,979	13,015.60
Non Current Liabilities					
Lease Liability	14	**-**	**-**	95,271	69.65
Current liabilities					
Trade and Other payables	15	**1,777,854**	**1,347.39**	11,432	8.36
Lease Liability	14	**98,641**	**74.76**	126,971	92.82
		1,876,495	**1,422.15**	138,403	101.18
Total Liabilities		**1,876,495**	**1,422.15**	233,674	170.83
Total Equity and Liabilities		**16,977,680**	**12,866.96**	18,037,653	13,186.43

THERMAX ENGINEERING SINGAPORE PTE. LTD.

Statement of Changes in Equity
For the Financial year ended 31 March 2022

2022	Share Capital		Retained earnings		Total Equity	
	USD	Rs Lacs	USD	Rs Lacs	USD	Rs Lacs
Beginning of financial year	**22,984,356**	**17,419.27**	**(5,180,377)**	**(3,926.08)**	**17,803,979**	**13,493.19**
Loss for the year, representing total comprehensive income for the year	-	-	(2,702,794)	(2,048.38)	(2,702,794)	(2,048.38)
End of financial year	**22,984,356**	**17,419.27**	**(7,883,171)**	**(5,974.46)**	**15,101,185**	**11,444.81**

2021	Share Capital		Retained earnings		Total Equity	
	USD	Rs Lacs	USD	Rs Lacs	USD	Rs Lacs
Beginning of financial year	**22,984,356**	**17,419.27**	**(204,060)**	**(154.65)**	**22,780,296**	**17,264.62**
Loss for the year, representing total comprehensive income for the year	-	-	(4,976,317)	(3,771.43)	(4,976,317)	(3,771.43)
End of financial year	**22,984,356**	**17,419.27**	**(5,180,377)**	**(3,926.08)**	**17,803,979**	**13,493.19**

Statement of Cash Flow
For the Financial year ended 31 March 2022

	Notes	For the financial year ended 31 March 2022		For the financial year ended 31 March 2021	
		USD	Rs Lacs	USD	Rs Lacs
Cash flow from operating activities					
Loss after tax		**(2,702,794)**	**(2,048.38)**	(4,976,317)	(3,637.94)
Adjustments for:					
-Interest expense		**4,150**	**3.15**	7,111	5.20
-Depreciation of Property, plant & equipment	9	**129,755**	**98.34**	108,271	79.15
-Impairment Loss on investment in subsidiaries	10	**2,660,000**	**2,015.95**	4,628,809	3,383.89
		91,111	**69.05**	(232,126)	(169.70)
Changes in working capital:					
- Trade and other receivables		**(665,391)**	**(504.28)**	2,196	1.61
- Trade and other payables		**1,766,422**	**1,338.73**	(16,074)	(11.75)
Net cash used in operating activities		**1,192,142**	**903.49**	(246,004)	(179.84)
Cash flows from investing activities					
Purchase of Property, plant & equipment		**-**	**-**	(43,516)	(31.81)
Investments in subsidiaries		**(1,613,450)**	**(1,222.79)**	(1,105,020)	(807.82)
Net cash used in investing activities		**(1,613,450)**	**(1,222.79)**	(1,148,536)	(839.64)
Cash flows from financing activities					
Principal repayment of lease liability		**(127,751)**	**(96.82)**	(107,233)	(78.39)
Net cash provided by financing activity		**(127,751)**	**(96.82)**	(107,233)	(78.39)
Net increase/(decrease) in cash and cash equivalents		**(549,059)**	**(416.12)**	(1,501,773)	(1,097.87)
Cash and cash equivalents at beginning of financials year		**1,271,476**	**963.62**	2,773,249	2,027.38
Effects of currency translation on cash and cash equivalents		**-**	**-**	-	-
Cash and cash equivalents at end of financial year		**722,417**	**547.50**	1,271,476	929.51

NOTES TO THE FINANCIAL STATEMENTS

1. General

Thermax Engineering Singapore Pte.Ltd. (the "Company") is incorporated in Singapore with its registered office and principal place of business is located at 80 Robinson Road, #25-00, Singapore 068898.

The principal activity of the Company is that of an investment holding company and selling of industrial machinery and equipment to customers.

The immediate holding company is Thermax Limited, a company incorporated in India.

The financial statements of the Company for the year ended 31 March 2022 were authorised for issue in accordance with a resolution of the directors on the date of the Directors' Statement.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Company have been drawn up in accordance with Financial Reporting Standards in Singapore ("FRSs"). The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in United States dollars ("US$"), which is the Company's functional currency.

2.2 Adoption of new and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Company has adopted all the new and amended standards which are relevant to the Company and are effective for annual financial periods beginning on or after 1 April 2021.The adoption of these standards did not have any material effect on the financial performance or position of the Company.

2.3 Standards issued but not yet effective

The Company has not adopted the following standards that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to FRS 16 Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
Amendments to FRS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual improvements to FRSs 2018-2020	1 January 2022
Amendments to FRS 103: Business Combinations (Reference to the Conceptual Framework)	1 January 2022
Amendments to FRS 117: Insurance Contracts	1 January 2023
Amendments to FRS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to FRS 1 Presentation of Financial Statements and FRS Practice Statement 2: Disclosure of Accounting Policies	1 January 2023
Amendments to FRS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	1 January 2023
Amendments to FRS 12 Income tax: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to FRS 110 Consolidated Financial Statements and FRS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the year of initial application.

2.4 Exemption from preparing consolidated financial statements

These financial statements are the separate financial statements of the Company. The Company is exempted from the preparation of consolidated financial statements as the Company is a wholly-owned subsidiary of Thermax Limited, which produces consolidated financial statements available for public use. The registered office of Thermax Limited where those consolidated financial statements can be obtained is as follows: D-13, MIDC Industrial Area, R D Aga Road, Chinchwad, Pune 411019, India.

2.5 Foreign currency transactions and balances

Transactions in foreign currencies are measured in the functional currency of the Company and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. 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.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

2.6 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of property, plant and equipment includes its purchase price and any costs 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. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

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
Lease building	- Over lease period
Office equipment	- 15 years
Computer	- 6 years
Furniture and fixture	- 15 years

The residual values, useful life and depreciation method are reviewed at each reporting period, and adjusted prospectively, if appropriate.

An item of 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 derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

Fully depreciated assets are retained in the financial statements until they are no longer in use and no further change for depreciation is needed in respect of these assets.

2.7 Subsidiaries

Subsidiaries are entities (including structured entities) over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Investment in subsidiaries is carried at cost less accumulated impairment losses in the Company's statement of financial position.

2.8 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, where applicable, when an annual impairment testing for an asset is required), the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

A previously recognised impairment loss 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. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.9 Financial instruments

Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

Investment in debt instrument

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are amortised cost, fair value through other comprehensive income ("FVOCI") and FVPL.

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through the amortisation process.

Investments in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in other comprehensive income which will not be reclassified subsequently to profit or loss. Dividends from such investments are to be recognised in profit or loss when the Company's right to receive payments is established. For investments in equity instruments which the Company has not elected to present subsequent changes in fair value in other comprehensive income, changes in fair value are recognised in profit or loss.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at FVPL, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at FVPL are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

Offsetting of financial instruments

A financial asset and a financial liability shall be offset and the net amount presented in the statement of financial position when, and only when, an entity:

(a) currently has a legally enforceable right to set off the recognised amounts; and

(b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.10 Impairment of financial assets

The Company recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVPL. 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, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises 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 which could affect debtors' ability to pay.

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.

2.11 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks which are subject to an insignificant risk of changes in value.

2.12 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 the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.13 Employee benefits

Defined contribution plan

The Company makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

Short-term employee benefits

Short-term employee benefit obligations 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 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.

2.14 Leases

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.

As 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 recognises lease liabilities representing the obligations to make lease payments and right-of-use assets representing the right to use the underlying leased assets.

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2.8. The Company's right-of-use assets are presented within property, plant and equipment (Note 9).

Lease liabilities

At the commencement date of the lease, the Company recognises 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 recognised 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. The Company's lease liabilities are included in lease liabilities (Note 14).

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of assets (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 assets that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

2.15 Revenue

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

Revenue from sale of goods

The Company is involved in selling of industrial machinery and equipment to customers. Revenue from sales of these products is recognised at a point in time when the products are delivered to customers. There is no element of significant financing component in the Company's revenue transaction as customers are required to pay within credit term of 30 to 90 days.

2.16 Taxes

Current income 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 authority. 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 taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income 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 at the end of the reporting date between the bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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 rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

Goods and Service Tax ("GST")

Revenues, expenses and assets are recognised net of the amount of sales tax except:

(i) where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

(ii) receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.17 Share capital

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.18 Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Company if that person:

- (i) has control or joint control over the Company;
- (ii) has significant influence over the Company; or
- (iii) is a member of the key management personnel of the Company or of a parent of the Company.

(b) An entity is related to the Company if any of the following conditions applies:

- (i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) both entities are joint ventures of the same third party.
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
- (vi) the entity is controlled or jointly controlled by a person identified in (a).
- (vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

3. Significant accounting judgements and estimates

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Judgments made in applying accounting policies

Management is of the opinion that there are no significant judgements (rather than those involving estimates as disclosed in Note 3.2 below) that have a significant effect on the amounts recognised in the financial statements.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed 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 beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Impairment of investment in subsidiaries

The Company follows the guidance of FRS 36 Impairment of Assets on determining whether investment in subsidiaries is impaired. This determination requires significant judgement. The Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost and the financial health of the 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 carrying amount of the Company's investment in a subsidiary as at 31 March 2022 was US$15,392,815(2021: US$16,439,365).

4. REVENUE

	2022	2021
	US$	US$
At a point in time		
Sales of goods	2,305,441	-

5. Finance cost

	2022	2021
	US$	US$
Interest expense on lease liabilities (Note 14)	4,150	7,111

6. Other expense

	2022	2021
	US$	US$
Foreign exchange difference, net	3,933	23,800

NOTES TO THE FINANCIAL STATEMENTS

7. Loss before tax

Loss before tax has been arrived at after charging:

	2022	2021
	US$	US$
Depreciation of property, plant and equipment	129,755	108,271
Employee benefits expense	153,784	132,252
Professional fees	40,726	59,445

8. Income tax expense

The major components of income tax expense recognised in profit or loss for the years ended 31 March 2022 and 2021were:

	2022	2021
	US$	US$
Current income tax		
- current year	-	-

Relationship between accounting loss and tax expense

A reconciliation between tax expense and the product of accounting loss multiplied by the applicable corporate tax rate for the financial years ended 31 March 2022 and 2021 were as follows:

	2022	2021
	US$	US$
Loss before tax	**(2,702,794)**	(4,976,317)
Tax at the applicable tax rate of 17% (2021: 17%)	**(459,475)**	(845,974)
Expenses not deductible for income tax purpose	**453,455**	845,974
Income not subject to tax	**(401)**	-
Temporary differences not recognised	**6,421**	-
Income tax expense	**-**	-

As at 31 March 2022, the Company has unutilised tax losses amounting to approximately US$37,000 (2021:NIL), which are available for offset against future taxable profits, subject to agreement by the tax authorities in the Singapore. The tax losses have no expiry date.

Deferred tax assets have not been recognised as there is no certainty that there will be sufficient future taxable profits to realise these future benefits. Accordingly, the deferred tax assets have not been recognised in the financial statements.

9. Property, plant and equipment

	Leasehold building	Office equipment	Computer	Furniture & fixture	Work-in-progress	Total
	US$	US$	US$	US$	US$	US$
Cost						
At 1 April 2020	346,818	-	-	-	58,721	405,539
Additions	-	-	1,037	9,953	32,526	43,516
Reclassification	-	899	-	90,348	(91,247)	-
At 31 March 2021 and 31 March 2022	346,818	899	1,037	100,301	-	449,055
Accumulated depreciation						
At 1 April 2020	24,454	-	-	-	-	24,454
Depreciation	103,646	56	111	4,458	-	108,271
At 31 March 2021	128,100	56	111	4,458	-	132,725
Depreciation	122,836	60	173	6,686	-	129,755
At 31 March 2022	250,936	116	284	11,144	-	262,480
Carrying amount						
At 31 March 2022	**95,882**	**783**	753	89,157	-	186,575
At 31 March 2021	**218,718**	**843**	926	95,843	-	316,330

Right-of-use assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such assets are disclosed in Note 14.

10. Investment in a subsidiaries

	2022	2021
	US$	**US$**
Unquoted shares, at cost		
At the beginning of the financial year	**21,068,174**	19,963,154
Addition	**1,613,450**	1,105,020
	22,681,624	21,068,174
Less: Allowance for impairment losses	**(7,288,809)**	(4,628,809)
At the end of the financial year	**15,392,815**	16,439,365

The movement in allowance for impairment losses of investment in subsidiaries was as follows:

11. DEPRECIATION AND AMORTIZATION

	2022	2021
	US$	**US$**
At 1 April	**4,628,809**	-
Addition	**2,660,000**	4,628,809
At 31 March	**7,288,809**	4,628,809

The details of the subsidiaries at are as follow:-

Name of Subsidiary (Country of incorporation)	Principal activities	Proportion of equity held by the Company	
		2022 %	2021 %
PT Thermax International Indonesia (Indonesia)	Manufacture of component parts	**99.99**	99.99
Thermax Energy & Environment Philippines Corporation (Philippines)*	Marketing and sales of component parts	**100**	100
Thermax Energy & Environment Lanka (Private) Limited (Sri Lanka)	Marketing and sales of component parts	**100**	100
Thermax Sdn Bhd (Malaysia)	Marketing and sales of component parts	**100**	-
Thermax (Thailand) Limited	Marketing and sales of component parts	**99.99**	-

*100% beneficial owner of Thermax energy & Environment Philippines Corporation is Thermax Engieering Pte. Ltd. 5 individual are holding 1 share each in trust for beneficial owner to fulfil the local law requirement to have minimum 5 natural persons as members.

At 14 October 2020, the Company increased the investment in PT Thermax International Indonesia by way of subscribing to additional 16,000 ordinary shares at IDR1,000,000 each amounted to IDR16,000,000,000 which equivalent to US$ 1,105,020.

At 1 October 2021, the Company increased the investment in PT Thermax International Indonesia by way of subscribing to additional 13,000 ordinary shares at IDR1,000,000 each amounted to IDR13,000,000,000 which equivalent to US$ 913,450.

At 7 December 2021, the Company have purchased 500,000 ordinary shares of Thermax Sdn Bhd from Thermax Limited amounting to MYR500,000 which equivalent to US$230,000.

At 7 December 2021, the Company has purchased 25% paid up equity shares of Thermax (Thailand) Limited from Thermax Limited at price of USD 130,000.Number of equity shares purchased are 149,997 having paid up value of THB 25 per share.

Further, on 13 December 2021, the Company has infused remaining equity of USD 340,000 (equivalent to THB 11,250,000) to make partly paid equity shares of Thermax (Thailand) Limited to fully paid up (i.e. balance 75% is paid)

11. Financial assets, at FVOCI

	2022	2021
	US$	US$
At beginning and end of financial year	1	1

Name of Subsidiary (Country of incorporation)	Principal activities	Proportion of equity held by the Company	
		2022 %	2021 %
Thermax Nigeria Limited	Marketing and sales of component parts	**0.0004**	0.0004

12. Trade Receivable

	2022	2021
	US$	**US$**
Trade receivables		
- third parties	**440,791**	-
Other receivables		
- holding company	**212,577**	-
Deposits	**5,664**	9,209
GST receivables, net	**2,591**	-
Prepayments	**14,249**	1,272
	675,872	10,481

Trade receivables are unsecured, non-interest bearing and generally on 30 to 90 (2021: NIL) days' credit terms.

The non-trade amount due to holding companies are unsecured, non-interest bearing and repayable on demand,

The currency profile of the Company's trade and others receivables as at the end of the reporting period is United State dollar.

13. Share capital

	2022	2021	2022	2021
	Number of ordinary shares	Number of ordinary shares	**US$**	US$
Issued and paid-up capital				
At beginning and end of the financial year	**22,984,356**	22,984,356	**22,984,356**	22,984,356

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company.

14. Lease liabilities

Company as lessee

The Company has lease contracts for office premise in Singapore. The Company's obligations under these leases are secured by the lessor's title to the leased assets. The Company is restricted from assigning and subleasing the leased assets.

Carrying amount of right-of-use assets classified within property, plant and equipment

	Leasehold buildings
	US$
At 1 April 2020	322,364
Depreciation	(103,646)
At 31 March 2021	218,718
Depreciation	(122,836)
At 31 March 2022	95,882

Lease liabilities

	2022	2021
	US$	US$
Non-current	-	95,271
Current	**98,641**	126,971
	98,641	222,242

The carrying amount and movement for lease liabilities during the year is disclosed in the financial statements and the maturity analysis of lease liabilities is disclosed in Note 17.

Amount recognised in profit or loss

	2022	2021
	US$	US$
Depreciation of right-of-use assets	**122,836**	103,646
Interest expense on lease liabilities (Note 6)	**4,150**	7,111
	126,986	110,757

Total cash outflows

The Company had total cash outflows for leases of US$126,702 (2021: US$124,971).

The currency profile of the Company's lease liabilities as at the end of the reporting period is Singapore dollar.

15. Trade and other payables

	2022	2021
	US$	US$
Trade payables		
- third parties	**92,288**	-
- holding company	**398,190**	-
	490,478	-
Other payables		
- third parties	**17,818**	-
- holding company	**1,000,000**	288
Advance from customers	**253,478**	-
Accrual	**16,080**	11,144
	1,777,854	11,432

Trade payables are unsecured, non-interest bearing and normally settled within 30 (2021:NIL) days' credit terms.

The non-trade amount due to holding company are unsecured, non-interest bearing and repayable on demand.

The currency profile of the Company's trade and other payables as at the end of the reporting period are as follows:

	2022	2021
	US$	US$
United States dollar	**1,685,566**	11,432
Euro	**92,288**	-
	1,777,854	11,432

16. Significant related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following transactions with related parties took place at terms agreed between the parties during the financial year:

	2022	2021
	US$	US$
Holding company		
Purchase of goods	**977,654**	-
Share Application money	**1,000,000**	-

Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

The Directors of the company are considered key management personnel of the company and they did not receive any remuneration from the Company during the financial year.

17. Financial risk management

The Company's activities expose it to a variety of financial risks from its operations. The key financial risks include credit risk and liquidity risk.

The directors review and agree policies and procedures for the management of these risks, which are executed by the management team. It is, and has been throughout the current and previous financial year, the Company's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Company's exposure to these financial risks or the manner in which it manages and measures the risks.

Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Company. The Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash), the Company minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company has adopted a policy of only dealing with creditworthy counterparties. The Company performs ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Company has determined the default event on a financial asset to be when internal and/or external information indicates that the financial asset is unlikely to be received, which could include default of contractual payments due for more than 360 days, default of interest due for more than 30 days or there is significant difficulty of the counterparty.

To minimise credit risk, the Company has developed and maintained the Company's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by publicly available financial information and the Company's own trading records to rate its major customers and other debtors. The Company considers available reasonable and supportive forward-looking information which includes the following indicators:

- Internal credit rating
- External credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- Actual or expected significant changes in the operating results of the debtor

- Significant increases in credit risk on other financial instruments of the same debtor
- Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtors in the group and changes in the operating results of the debtor.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making contractual payment.

The Company determined that its financial assets are credit-impaired when:

- There is significant difficulty of the debtor
- A breach of contract, such as a default or past due event
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- There is a disappearance of an active market for that financial asset because of financial difficulty

The Company categorises a receivable for potential write-off when a debtor fails to make contractual payments more than 720 days past due. Financial assets are written off when there is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.

The Company's current credit risk grading framework comprises the following categories:

Category	Definition of category	Basis for recognition of expected credit losses (ECL)
I	Counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
II	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
III	Amount is >360 days past due or there is evidence indicating the asset is credit-impaired (in default).	Lifetime ECL – credit-impaired
IV	There is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.	Amount is written off

The table below details the credit quality of the Company's financial assets, as well as maximum exposure to credit risk by credit risk rating categories:

	Category	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
			US$	US$	US$
31 March 2022					
Trade receivables	Note 1	Lifetime ECL (simplified)	440,791	-	440,791
Other receivables	I	12-month ECL	218,241	-	218,241
31 March 2021					
Other receivables	I	12-month ECL	9,209	-	9,209
				-	

For trade receivables, the Company has applied the simplified approach in FRS 109 to measure the loss allowance at lifetime ECL. The Company determines the ECL by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of trade receivables is presented based on their past due status in terms of the provision matrix.

	Days past due					
	Not past due	1 to 30	31 to 60	61 to 90	91 and above	Total
	US$	US$	US$	US$	US$	US$
31 March 2022						
Trade receivables	130	274,750	142,097	23,814	-	440,791

<u>Excessive risk concentration</u>

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

<u>Exposure to credit risk</u>

The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics except for outstanding trade receivables from 4 (2021: NIL) customers which represent 94% (2021: NIL) of total trade receivables balance as at 31 March 2022.

<u>Other receivables and amount due from holding company</u>

The Company assessed the latest performance and financial position of the counterparties, adjusted for the future outlook of the industry in which the counterparties operate in, and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the Company measured the impairment loss allowance using 12-month ECL and determined that the ECL is insignificant.

<u>Liquidity risk</u>

Liquidity risk refers to the risk that the Company will encounter difficulties in meeting its short-term obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. It is managed by matching the payment and receipt cycles. The Company finances its working capital requirements through a combination of funds generated from operations and financing from holding company, if necessary. The directors are satisfied that funds are available to finance the operations of the Company.

<u>Analysis of financial liabilities by remaining contractual maturities</u>

The table below summarises the maturity profile of the Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations.

	Less than 1 year	Between 2 and 5 years	Total
	US$	US$	US$
31 March 2022			
Trade and other payables	1,524,376	-	1,524,376
Lease liabilities	99,835	-	99,835
	1,624,211	-	1,624,211
31 March 2021			
Trade and other payables	11,432	-	11,432
Lease liabilities	126,657	100,267	226,924
	138,089	100,267	238,356

NOTES TO THE FINANCIAL STATEMENTS

18. Financial instruments by category

At the reporting date, the aggregate carrying amounts of financial assets and financial liabilities at amortised cost were as follows:

	2022	2021
	US$	US$
Financial assets measured at amortised cost		
Trade and other receivables (Note 12)	**659,032**	9,209
Cash and cash equivalents (Note 13)	**722,417**	1,271,476
Total financial assets measured at amortised cost	**1,381,449**	1,280,685
Financial assets measured at FVOCI		
Financial assets, at FVOCI (Note 11)	**1**	1
Financial liabilities measured at amortised cost		
Trade and other payables (Note 15)	**1,524,376**	11,432
Lease liabilities (Note 14)	**98,641**	222,242
Total financial liabilities measured at amortised cost	**1,623,017**	233,674

19. Fair value of financial instruments

Fair value hierarchy

The Company categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Company can access at the measurement date,

Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly, and

Level 3 – Unobservable inputs for the asset or liability

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Assets measured at fair value

The following table shows an analysis of each class of assets measured at fair value at the reporting date:

	Fair value measurements at the reporting date using			
	Quoted prices in active markets for identical nstruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
	US$	US$	US$	US$
31 March 2022				
Financial assets				
At FVOCI – non-listed equity instruments (Note 11)	-	-	1	1
31 March 2021				
Financial assets				
At FVOCI – non-listed equity instruments (Note 11)	-	-	1	1

The fair value of the financial assets, at FVOCI representing the investments, which are classified as Level 3 as management is able to obtain the observable data directly from the fund manager, such as financial statements on a yearly basis for the identification of the fair value for the financial assets, at FVOCI.

Fair value of financial instruments that are not carried at fair value

The carrying amount of the current financial assets and current financial liabilities that are not carried at fair value approximate their respective fair values as at the end of the reporting period due to the relatively short-term maturity of these financial instruments.

The fair value of non-current financial liabilities that is not carried at fair value in relation to the lease liabilities disclosed in Note 14 to the financial statements approximate its fair value as the lease liabilities is subject to interest rates close to market rate of interest for similar arrangements and frequent re-pricing by the financial institutions.

Fair value of financial instruments carried at fair value

The Company have no financial assets and financial liabilities carried at fair value as at 31 March 2022 and 2021.

20. Capital management

The primary objective of the Company's capital management is to safeguard the Company's ability to continue as a going concern and to maintain the Company at a net current asset position by means of funding and financial support from the shareholders, in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholder, return capital to shareholder or issue new shares. The Company is not subject to any externally imposed capital requirements. No changes were made to the objectives, policies or processes during the financial years ended 31 March 2022 and 31 March 2021.

PT THERMAX INTERNATIONAL INDONESIA

Board of Commissioner
Rajendran Arunachalam
Commissioner

Board of Directors
K P Hari Govind
Bill Shukla

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, Jl Jend Sudirman, Kav 52-53,
Jakarta 12190 - Indonesia.

Bankers
Citi Bank,NA.
PT- Mandiri Bank

STATEMENT OF DIRECTORS REGARDING

THE RESPONSIBILITY FOR THE FINANCIAL

STATEMENTS AS OF MARCH 31, 2022

PT THERMAX INTERNATIONAL INDONESIA

I, the undersigned below

K.P. Hari Govind
Menara Palma 9th floor Unit 9-02 B / 03,
Jl. HR. Rasuna Said Blok X Kav, 6,
South Jakarta - 12950
021-57957461
Director

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, 2022 have been prepared and presented in accordance with Indonesian Financial Accounting Standards;
3. a. All information in financial statements of the Company has been fully disclosed in a complete and truthly manner;

   b. The financial statements of the Company do not contain false material information or facts, nor do they omit any material information or facts;
4. I am responsible for the Company's internal control system

The statment is made truthfully.

K.P. Hari Govind

Director

Jakarta

May 17, 2022

INDEPENDENT AUDITORS' REPORT

Report no. 01212/2.1032/AU.1/10/0687-5/1/V/2022

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 2022, 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 2022, 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. AP. 0687
May 17, 2022

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022

	Note No	As at March 31, 2022		As at March 31, 2021	
		Rp'000	**Rs Lakhs**	Rp'000	Rs Lakhs
CURRENT ASSETS					
Cash and cash equivalents	4	**3,411,420**	**179.78**	18,914,594	952.31
Trade Receivables	5	**16,609,694**	**875.33**	25,831,559	1,300.57
Unbilled Receivables	6	**21,041,594**	**1,108.89**	19,600,156	986.83
Advances and prepayments		**3,594,015**	**189.40**	5,896,476	296.88
Inventory	7	**8,323,735**	**438.66**	10,701,018	538.77
Prepaid Taxes	13a	**3,568,589**	**188.06**	2,888,584	145.43
Other receivables		**239,747**	**12.63**	-	-
Total current assets		**56,788,794**	**2,992.77**	83,832,387	4,220.79
NON-CURRENT ASSETS					
Prepaid tax	13b	**2,090,751**	**110.18**	18,765,719	944.82
Advances and prepayments		**291,692**	**15.37**	308,258	15.52
Right of use	9	**1,395,834**	**73.56**	410,431	20.66
Intangible asset		**584,944**	**30.83**	1,746,247	87.92
Fixed assets	8	**170,825,626**	**9,002.51**	144,176,514	7,259.00
Total non-current assets		**175,188,847**	**9,232.45**	165,407,169	8,327.92
TOTAL ASSETS		**231,977,641**	**12,225.22**	249,239,556	12,548.71
CURRENT LIABILITIES					
Trade payables	10	**27,539,193**	**1,451.32**	31,648,925	1,593.46
Unearned revenue	11	**29,263,439**	**1,542.18**	30,887,957	1,555.15
Taxes Payables	13c	**248,249**	**13.08**	437,657	22.04
Accrued expenses and other payables	12	**19,293,235**	**1,016.75**	15,379,846	774.34
Leased Liabilities	9	**349,539**	**18.42**	281,216	14.16
Short term bank loan	14	**-**	**-**	29,144,000	1,467.34
Provision for warranties	15	**1,506,189**	**79.38**	-	-
Total current liabilities		**78,199,844**	**4,121.13**	107,779,601	5,426.49
NON-CURRENT LIABILITIES					
Long term employee benefit liabilities		**742,299**	**39.12**	701,060	35.30
Loans from related party	21c	**21,523,500**	**1,134.29**	-	-
Leased liability	9	**926,215**	**48.81**	-	-
Provision for warranties	15	**142,749**	**7.52**	1,597,132	80.41
Total non-current liabilities		**23,334,763**	**1,229.74**	2,298,192	115.71
TOTAL LIABILITIES		**101,534,607**	**5,350.87**	110,077,793	5,542.20
EQUITY					
Share capital					
Authorised: 280,000 shares					
Issued and fully paid up- 273,000 (2021: 260,000) shares, with par value of Rp 1,000,000 per share	16	**273,000,000**	**14,387.10**	260,000,000	13,090.48
Accumulated losses		**(142,556,966)**	**(7,512.75)**	(120,838,237)	(6,083.96)
Total equity		**130,443,034**	**6,874.35**	139,161,763	7,006.52
TOTAL LIABILITIES AND EQUITY		**231,977,641**	**12,225.22**	249,239,556	12,548.71

Exchange Rate: as at 31 March 2022 is 1 IDR = INR 0.00527

Exchange Rate: as at 31 March 2021 is 1 IDR = INR 0.00503

PT THERMAX INTERNATIONAL INDONESIA

Statement of Comprehensive Loss for the Year Ended 31 March 2022

	Note No	01-04-21/31-3-2022		01-04-20/31-3-2021	
		Rp'000	Rs Lakhs	Rp'000	Rs Lakhs
Revenue	18	**119,945,125**	**6,321.11**	101,967,574	5,133.86
Other Income		**4,499,416**	**237.12**	1,554,827	78.28
		124,444,541	**6,558.23**	103,522,401	5,212.15
Cost of raw materials and components consumed	19	**(89,680,049)**	**(4,726.14)**	(87,176,923)	(4,389.18)
(Increase) / decrease in inventories of finished goods, work in progress and traded goods	19	**(1,389,840)**	**(73.24)**	2,250,436	113.30
Employee benefits expense		**(23,028,705)**	**(1,213.61)**	(21,192,748)	(1,067.01)
Depreciation and amortisation expense		**(6,437,442)**	**(339.25)**	(6,718,799)	(338.28)
Selling and distribution expenses		**(4,703,799)**	**(247.89)**	(5,881,036)	(296.10)
Other operating expenses	20	**(20,079,472)**	**(1,058.19)**	(15,217,385)	(766.16)
Foreign exchange (loss)/gain, net		**(809,935)**	**(42.68)**	2,260,029	113.79
Total expenses		**(146,129,242)**	**(7,701.01)**	(131,676,426)	(6,629.64)
Loss before income tax		**(21,684,701)**	**(1,142.78)**	(28,154,025)	(1,417.50)
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		**(34,028)**	**(1.79)**	(46,642)	(2.35)
Total comprehensive loss for the year/period		**(21,718,729)**	**(1,144.58)**	(28,201,949)	(1,419.91)

Statement of Changes in Equity for the Year Ended 31 March 2022

	Share capital		Accumulated losses		Total	
	Rp'000	Rs Lakhs	Rp'000	Rs Lakhs	Rp'000	Rs Lakhs
Balance as at 31 March 2020	**244,000,000**	**12,858.80**	**(92,636,288)**	**(4,881.93)**	**151,363,712**	**7,976.87**
Share Issuance	16,000,000	843.20	-	-	16,000,000	843.20
Loss for the year	-	-	(28,155,307)	(1,483.78)	(28,155,307)	(1,483.78)
Remeasurement of post-empolyment benefit obligations	-	-	(46,642)	(2.46)	(46,642)	(2.46)
Balance as at 31 March 2021	**260,000,000**	**13,702.00**	**(120,838,237)**	**(6,368.18)**	**139,161,763**	**7,333.82**
Share Issuance	13,000,000	685.10	-	-	13,000,000	685.10
Loss for the year	-	-	(21,684,701)	(1,142.78)	(21,684,701)	(1,142.78)
Remeasurement of post-empolyment benefit obligations	-	-	(34,028)	(1.79)	(34,028)	(1.79)
Balance as at 31 March 2022	**273,000,000**	**14,387.10**	**(142,556,966)**	**(7,512.75)**	**130,443,034**	**6,874.35**

Statement of Cash Flows for the Year Ended 31 March 2022

	Note No	2022		2021	
		Rp'000	**Rs Lakhs**	Rp'000	Rs Lakhs
Loss before income tax expense		**(21,684,701)**	**(1,142.78)**	**(28,154,025)**	(1,417.50)
Adjustments for:					
Depreciation of fixed assets	8	**4,733,904**	**249.48**	4,995,198	251.50
Amortisation of intangible assets		**1,161,303**	**61.20**	1,176,358	59.23
Depreciation right of use asset	9	**537,325**	**28.32**	547,241	27.55
Employee benefit liabilities		**7,211**	**0.38**	264,693	13.33
Provision for Warranties	15	**51,806**	**2.73**	413,963	20.84
Allowance for impairment losses - of receivables	5	**344,630**	**18.16**	22,026	1.11
Allowance for impairment losses - of inventory	7	**(235,399)**	**(12.41)**	2,926,153	147.33
Interest Expenses		**1,615,028**	**85.11**	2,325,744	117.10
Operating cash flows before changes in working capital		**(13,468,893)**	**(709.81)**	(15,482,649)	(779.52)
Changes in working capital:					
Trade Receivables	5	**8,877,235**	**467.83**	(9,657,568)	(486.24)
Unbilled receivables		**(1,441,439)**	**(75.96)**	(2,300,292)	(115.82)
Advances and prepayments		**300,240**	**15.82**	1,696,364	85.41
Inventory	7	**2,612,682**	**137.69**	455,427	22.93
Prepaid Value Added Tax		**14,543,853**	**766.46**	(758,748)	(38.20)
Other receivables		**239,747**	**12.63**	-	-
Advance and prepayments - non current		**16,566**	**0.87**	-	-
Trade payables	10	**(4,109,732)**	**(216.58)**	4,170,893	210.00
Unearned Revenue	11	**(1,624,518)**	**(85.61)**	17,557,862	884.00
Taxes payable	13	**(189,408)**	**(9.98)**	67,412	3.39
Accrued expenses and other payables		**3,700,783**	**195.03**	(5,252,463)	(264.45)
Payment of corporate income tax	13	**(1,061,938)**	**(55.96)**	(668,483)	(33.66)
Refund of corporate income tax	13	**2,513,048**	**132.44**	482,999	24.32
Net cash flows used in operating activities		**10,908,226**	**574.86**	(9,689,246)	(487.83)
Cash flows from investing activities					
Acquisition of fixed assets	8.24	**(31,170,410)**	**(1,642.68)**	(331,437)	(16.69)
Net cash flows from investing activities		**(31,170,410)**	**(1,642.68)**	(331,437)	(16.69)
Cash flows from financing activities					
Proceeds from shares issuance	16	**13,000,000**	**685.10**	16,000,000	805.57
Payments of interest expense		**(1,615,028)**	**(85.11)**	(2,325,744)	(117.10)
Payment of lease liability		**994,538**	**52.41**	281,216	14.16
Proceeds from loan from related party	21c	**21,523,500**	**1,134.29**	-	-
Payment of bank loan	14	**(29,144,000)**	**(1,535.89)**	-	-
Payment of bank overdraft	14	**-**	**-**	(17,288,436)	(870.44)
Addition of bank loans	14	**-**	**-**	29,144,000	1,467.34
Net cash flows provided from financing activities		**4,759,010**	**250.80**	25,811,036	1,299.53
Net (decrease)/increase in cash and cash equivalents		**(15,503,174)**	**(817.02)**	15,790,353	795.01
Cash and cash equivalents at the beginning of the period		**18,914,594**	**996.80**	3,124,241	157.30
Cash and cash equivalents at the end of the period	4	**3,411,420**	**179.78**	18,914,594	952.31

PT THERMAX INTERNATIONAL INDONESIA

NOTES TO THE FINANCIAL STATEMENTS

As of March 31, 2022 and for the Year Then Ended

(Expressed in thousands of Rupiah, unless otherwise stated)

1. General notes

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 273,000 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-0452854.AH.01.03.TAHUN 2021 dated September 13, 2021 (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, 2022 and 2021, the Company's Commissioner and Board of Directors were as follows:

March 31, 2022

Mr. Rajendran Arunachalam	Commissioner
Mr. Katri Pulitakote Hari Govind	President Director
Mr. Shukla Bill Jayesh	Director

March 31, 2021

Mr. Rajendran Arunachalam	Commissioner
Mr. Jawahar Harinarayanan	President Director
Mr. Shukla Bill Jayesh	Director
Mr. Rakesh Rampratap Tripathi	Director
Mr. Katri Pulitakote Hari Govind	Director

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.

b. Changes in accounting principles

The Company made first time adoption of all the new and/or revised standards effective for the periods beginning on or after January 1, 2021, including the following revised standards that have affected the financial statements of the Company:

Amendments to Statement of Financial Accounting Standards ("PSAK") 22: Definition of a Business (IFRS 3)

The amendment to PSAK 22 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the financial statements of the Company, but may impact future periods should the Company enter into any business combinations.

Amendments to PSAK 55 (IAS 39), PSAK 60, (IFRS 7) PSAK 62 (IFRS 4), PSAK 71 (IFRS 9) and SAK 73 (IFRS 16) – Interest Rate Benchmark Reform (Phase 2)

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the (interest rate benchmark) reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest.
- Permit changes required by interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on the financial statements of the Company. The Company intends to use the practical expedients in future periods if they become applicable.

Amendments to PSAK 73 (IFRS 16): Leases - Covid-19 Related Rent Concessions After June 30, 2021

In light of the ongoing pandemic additional amendment was subsequently issued in March 2021 to extend the scope of the lease concession period, which is one of the conditions for applying the practical expedient, from June 30, 2021 in Covid-19 Related Rent Concessions - Amendments to PSAK 73: Leases issued in May 2020, to June 30, 2022.

If a lessee already applied the practical expedient in the May 2020 amendment, it is required to continue to apply the practical expedient consistently, to all lease contracts with similar characteristics and in similar circumstances, using the March 2021 amendment. If a lessee did not apply the practical expedient in the May 2020 amendment to eligible lease concessions, it is prohibited from applying the practical expedient in the March 2021 amendment.

The March 2021 amendment is to be applied retrospectively, recognizing the cumulative effect of initially applying that amendment as an adjustment to the opening balance of retained earnings at the beginning of the annual reporting period in which the lessee first applies the amendment.

(All amounts in Rupees lakh, unless otherwise stated)

However, the Company has not received Covid-19-related rent concessions but plans to apply the practical expedient if it becomes applicable within allowed period of application.

2021 Annual Improvement

The following summary provides information on the annual improvements of PSAKs that are effective for annual periods beginning on or after January 1, 2021. The annual improvements of PSAK are basically a set of narrow scope amendments that provide clarification so that there are no significant changes to existing principles or new principles.

- PSAK 1/IAS 1: Presentation of Financial Statements, some changes regarding consideration made by management in the process of applying accounting policies that significantly affect the amounts they recognize in the financial statements.
- PSAK 13/IAS 40: Investment Property, regarding disclosure of applying fair value model has been deleted.
- PSAK 48 (IAS 36): Impairment of Assets, regarding the scope of impairment of assets and deletion of the difference with IFRS in IAS 36 paragraph 04(a).
- ISAK 16: Service concession arrangement, regarding adjustment in several paragraphs in illustrative example to be consistent with PSAK 72: Revenue from Contracts with Customers.

c. 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, 2022 and 2021, the exchange rates used, were as follows (United States Dollars full amount):

	March 31, 2022	March 31, 2021
United States Dollars 1	**14.349**	14.572

d. 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

<u>Initial Recognition and Measurement</u>

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.

<u>Subsequent Measurement</u>

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.

<u>Derecognition</u>

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.

Financial liabilities

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.

e. 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.

f. 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.

g. 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.

h. Prepayments

Prepayments are amortised on a straight-line basis over the estimated beneficial periods of the prepayments.

i. 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.

j. 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
Furniture and fixture	4-8
Tools and equipment	4
Vehicles	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.

k. 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.

l. Leases

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.

m. 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.

n. Employment benefit liabilities

The Company provides provisions on employee benefits in order to meet and cover the minimum benefits required to be paid to the qualified employees under Collective Labor Agreement and Job Creation Law No. 11/2020 (the "Cipta Kerja Law", (UUCK)). The provisions are estimated using actuarial calculations using the "Projected Unit Credit" method.

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.

o. 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.

The Company recognizes project revenues over time by using the input method based on the project completion progress and cost review reports of the projects. Project revenues received in advance are presented as "Unearned revenue"

Revenue from sale of goods is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the equipment. The normal credit term is 30 to 90 days upon delivery.

Expenses are recognised as incurred on an accrual basis.

p. 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 recognizes 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.

q. 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.

r. Share capital

Ordinary shares are classified as equity

s. 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. Accordingly, the financial assets and financial liabilities are accounted for in accordance with the accounting policies disclosed in Note 2d.

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 Employeee Benefit

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, 2022	March 31, 2021
Cash on hand	65.468	15.125
Cash in banks		
Rupiah		
Citibank N.A., Indonesia	318.504	17.492.890
PT Bank Mandiri (Persero) Tbk	1.040.681	594.835
PT Bank Negara Indonesia (Persero) Tbk	46.659	8.485
United States Dollar		
Citibank N.A., Indonesia	1.940.108	803.259
Sub-total cash in banks	3.345.952	18.899.469
Total cash on hand and in banks	**3.411.420**	18.914.594

5. TRADE RECEIVABLES

	March 31, 2022	March 31, 2021
Related parties (Note 21a)	1.091.005	1.470.414
Third parties	16.287.233	24.785.059
	17.378.238	26.255.473
Allowance for impairment losses of receivables	(768.544)	(423.914)
	16.609.694	25.831.559

Movements in the provision for impairment of trade receivables for the year ended March 31, 2022 and 2021 is as follows:

	March 31, 2022	March 31, 2021
Beginning balance	423.914	401.888
Provision recognized during the year	344.630	301.456
Write-off	-	(279.430)
Ending balance	**768.544**	423.914

Based on a review of trade receivables at end of year, management believes that the allowance for impairment as of March 31, 2022 and 2021 is adequate to cover possible losses or uncollectible accounts.

The aging analysis of these trade receivable is as follows

	March 31, 2022	March 31, 2021
Current and not impaired	3.457.005	7.269.074
Overdue but not impaired		
0 - 30 days	5.661.350	8.594.990
31 - 60 days	1.237.633	2.994.424
> 61 days	6.253.706	6.973.071
Overdue and impaired	768.544	423.914
	17.378.238	26.255.473

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, 2022	March 31, 2021
Goods in transit	643.657	1.769.966
Raw materials	8.828.204	8.924.737
Work-in-progress	1.452.458	2.081.558
Finished goods	90.170	850.910
	11.014.489	13.627.171
Allowance for impairment losses of inventory	(2.690.754)	(2.926.153)
	8.323.735	10.701.018

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, 2022				
	Beginning balance	Additions	Disposals	Transfers	Ending balance
Acquisition costs					
Land	81.257.182	-	-	-	81.257.182
Buildings	51.005.104	-	-	-	51.005.104
Machinery	26.184.417	38.452	-	-	26.222.869
Furniture and fixture	1.686.187	61.400	(89.468)	-	1.658.119
Computers	814.818	132.776	-	-	947.594
Office equipment	285.451	-	-	-	285.451
Tools and equipment	1.176.563	8.100	(26.570)	-	1.158.093
Vehicles	622.000	-	-	-	622.000
Construction in progress	534.325	31.171.133	-	-	31.705.458
	163.566.047	31.411.861	(116.038)	-	194.861.870
Accumulated depreciation					
Buildings	(10.614.978)	(2.550.255)	-		(13.165.233)
Machinery	(5.510.052)	(1.637.528)	-	-	(7.147.580)
Furniture and fixture	(1.427.002)	(119.486)	68.499	-	(1.477.989)
Computers	(657.090)	(111.477)	-	-	(768.567)
Office equipment	(275.928)	(8.566)	-	-	(284.494)
Tools and equipment	(723.072)	(228.842)	18.694	-	(933.220)
Vehicles	(181.411)	(77.750)	-	-	(259.1671)
	(19.389.533)	(4.733.904)	87.193	-	(24.036.244
Net book value	**144.176.514**				**170.825.626**

	March 31, 2021				
	Beginning balance	Additions	Disposals	Transfers	Ending balance
Acquisition costs					
Land	81.257.182	-	-	-	81.257.182
Buildings	51.005.104	-	-	-	51.005.104
Machinery	26.184.417	-	-	-	26.184.417
Furniture and fixture	1.686.187	-	-	-	1.686.187
Computers	801.918	12.900	-	-	814.818
Office equipment	285.451	-	-	-	285.451
Tools and equipment	1.176.563	-	-	-	1.176.563
Vehicles	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)
Furniture and fixture	(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 equipment	(428.931)	(294.141)	-	-	(723.072)
Vehicles	(103.661)	(77.750)	-	-	(181.411)
	(14.394.335)	(4.995.198)		-	(19.389.533)
Net book value	**148.624.487**				**144.176.514**

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.

As of March 31, 2022, construction in progress represented the accumulated cost of manufacturing a steam boiler related to the steam supply project to PT Unilever Oleochemical Indonesia, the progress of the work was about 90% or equivalent to Rp31,530,801 and the accumulated cost of manufacturing other machines of Rp174,657.

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:

	March 31, 2022	March 31, 2021
Beginning balance	957.672	957.672
Addition	1.522.728	-
Ending balance	2.480.400	957.672
Accumulated depreciation:		
Beginning balance	(547.241)	-
Addition	(537.325)	(547.241)
Ending balance	(1.084.566)	(547.241)
Net book value	**1.395.834**	410.431

Movement of lease liabilities:

	March 31, 2022	March 31, 2021
Beginning balance	281.216	813.071
Addition of interest	30.163	46.545
Addition	1.522.728	-
Payments	(558.353)	(578.400)
Sub-total	1.275.754	281.216
Less current portion	349.539	281.216
Long-term portion	926.215	-

Amounts recognized in the statement of profit or loss and other comprehensive income:

	March 31, 2022	March 31, 2021
Depreciation expense of right-of-use asset	537.325	547.241
Interest expense on lease liabilities	30.163	46.545
Amount recognized in profit and loss statement	567.488	593.786

The Company had total cash outflows for leases of Rp558,353 and Rp578,400 including interest expenses of finance lease amounting to Rp30,163 and Rp46,545 for the year ended March 31, 2022 and 2021, respectively

10. TRADE PAYABLES

	March 31, 2022	March 31, 2021
Related party (Note 21a)	16.938.486	20.253.321
Third parties :		
PT Aneka Jasa Teknik Gresik	1.807.645	-
PT Bahtera Bersaudara	1.792.424	-
Decon Equipments And Systems Pvt. Ltd.	1.206.937	-
PT Rhenus Logistics Indonesia	1.162.966	63.878
Bollore Logistics India Private Limited	-	1.575.106
Others (below 1 billion)	4.630.735	9.756.620
	27.539.193	31.648.925

Refer to Note 21 for details of related party transactions.

11. UNEARNED REVENUE

	March 31, 2022	March 31, 2021
PT Tasma Bio Energy	9.141.325	13.386.784
PT Agro Murni	3.978.683	-
Victoria Milling Co. Inc. PT Kurnia Tunggal	2.156.700	-
PT Kurnia Tunggal Nugraha PT Kelapa Jaya	1.907.004	-
PT Kelapa Jaya Lestari	1.677.261	-
Dan Kaffe Sdn. Bhd.	1.381.024	-
PT Sinar Syno Kimia	1.270.000	-
PT Mentaya Coco Industri	1.262.457	-
PT Rich Products Manufacturing Indonesia	1.045.280	-
PT Wijaya Karya Rekonstruksi	-	4.793.250
PT Surya Pratista Hutama	-	4.092.900
Others (below 1 Billion)	5.443.705	8.615.023
Total	**29.263.439**	30.887.957

This account represents advances, which are received from customers.

12. ACCRUED EXPENSES AND OTHER PAYABLES

	March 31, 2022	March 31, 2021
Operational	17.525.462	14.085.634
Professional fees	491.583	318.000
Purchases of fixed assets (Note 24)	212.606	215.788
Others	1.063.584	760.424
	19.293.235	15.379.846

13. TAXATION

a. Prepaid taxes

	March 31, 2022	March 31, 2021
Current portion:		-
Value Added Tax (''VAT'')	3.568.589	2.888.584
Total	**3.568.589**	2.888.584

b. Estimated claim for refundable tax

	March 31, 2022	March 31, 2021
Non-current portion:		
Corporate income tax - 2021	1.061.938	-
Corporate income tax - 2020	1.028.813	1.028.813
Corporate income tax - 2019	-	2.513.048
Value added tax - 2020	-	15.223.858
	2.090.751	18.765.719

The balance of prepaid VAT (current portion) representing input VAT mainly comes from capital goods acquisitionand Business Activities

c. Taxes payable

	March 31, 2022	March 31, 2021
Income tax Article 21	116.008	87.591
Income tax Article 23	73.139	159.193
Income tax Article 4(2)	59.102	58.680
Income tax Article 26	-	132.193
	248.249	437.657

d. Income tax expense

For the year ended March 31, 2022 and 2021, 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, 2022	March 31, 2021
Loss before income tax	(21.684.701)	(28.154.025)
Income tax calculated at applicable		
tax rate 22%	4.770.634	6.193.886
Tax effects:		
- Non-deductible expenses	(3.506.488)	(2.801.379)
- Unrecognised deferred tax assets	(1.264.146)	(3.392.507)
- 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	966.814	841.472
Prepaid corporate income tax - Article 23	95.124	187.341
Corporate income tax refundable	**1.061.938**	**1.028.813**

As of March 31, 2022, the Company has an accumulated tax losses carried forward balance amounting to Rp63,693,611 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 2019

On May 4, 2021, the Company received tax demand letters of Withholding Tax Article 21 for periods May 2019 and January to March 2020, Withholding Tax Article 4 (2) for period March 2020, Withholding Tax Article 23 for period February 2020 and Value Added Tax for period January 2020 reflecting penalties totaling to Rp4,286 and also received tax assessment letter of Value Added Tax for period December 2019 reflecting underpayment of Rp65,708. On May 19, 2021, the Company received tax assessment letter of Prepaid Corporate Income Tax - Article 22 and Article 23 for 2019 period reflecting overpayment of Rp2,513,048. The Company accepted the tax demand letters along with tax assessment letter and received the refund amounting to Rp2,443,053, after being netted of with the tax penalties and tax underpayment.

Value added tax 2020

On May 19, 2021, the Company received an assessed Value Added Tax letter for the period December 2019 reflecting overpayment of Rp15,221,493. On May 20, 2021, the Company received the refund amounting to Rp15,221,493, the difference between the refund and the claim for the refund of the Value Added Tax is recorded in other expenses.

14. BANK LOAN

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, 2022	March 31, 2021
Short-term Bank Loan	-	29.144.000

As of March 31, 2022, the Company has utilised the bank facilities as follows:

- Amounted to Rp 30,996,550 (2021: Rp24,384,312) for performance guarantee bond for certain customer.

As of March 31, 2022, the Company does not utilise the short-term bank loan facility (2021: Rp29,144,000). During 2022, the bank facilities was subject to interest at the rate of Jibor + 2.5% per annum. During 2022, the effective interest rate, which was charged, was at the rate of 6.25% (2021: 7.2%) per annum.

The short-term bank loan have been settled by the Company on February 7, 2022

15. PROVISION FOR WARRANTIES

	March 31, 2022	March 31, 2021
Current portion	1.506.189	-
Non-current portion	142.749	1.597.132
	1.648.938	1.597.132

Provision for warranties provided by the Company to customers.

16. SHARE CAPITAL

The shareholders compositions as at 31 March 2022 and 2021 were as follows:

	March 31, 2022		
	Number of shares	Percentage of ownership	Issued and paid-up
Thermax Engineering Singapore Pte. Ltd.	272.990	99,99%	272.990.000
Thermax International Limited	10	0,01%	10.000
	273.000	**100,00%**	**273.000.000**

	March 31, 2022		
	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**

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 4, 2021 and was taken up by Thermax Engineering Singapore Pte., Ltd. in the amount of Rp13,000,000.

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, 2022, the Company had not yet established a general reserve as the Company was still in an accumulated losses position.

18. REVENUE

	March 31, 2022	March 31, 2021
Sales of products/projects:		
Over time	89.827.924	69.958.965
Point in time	28.488.810	30.320.419
Sales of services	1.628.391	1.688.190
	119.945.125	101.967.574

19. COST OF GOODS SOLD RECONCILIATION

	March 31, 2022	March 31, 2021
Raw materials		
At the beginning of the year -	7.768.550	13.400.567
Purchases -	88.692.607	81.544.906
	96.461.157	94.945.473
At the end of the year -	(6.781.108)	(7.768.550)
Raw materials used	89.680.049	87.176.923
Direct labour and manufacturing overhead	4.896.921	4.354.306
Allocated depreciation expense	2.234.242	546.015
Total production cost	96.811.212	92.077.244
Work in progress		
At the beginning of the year -	2.081.558	313.028
At the end of the year -	(1.452.458)	(2.081.558)
	629.100	(1.768.530)
Total cost of goods manufactured	97.440.312	90.308.714
Finished goods		
At the beginning of the year -	850.910	369.004
At the end of the year -	(90.170)	(850.910)
	760.740	(481.906)
Total cost of goods sold	**98.201.052**	89.826.808

20. OTHER OPERATING EXPENSES

	March 31, 2022	March 31, 2021
Consumables	2.231.405	1.706.729
Travelling and conveyance	2.144.611	1.222.774
Labour	1.880.516	1.095.032
Repairs and maintenance	1.620.811	1.587.961
Interest	1.615.028	2.325.744
Security charges	939.190	865.409
Utilities	836.065	806.601
Communication	696.329	514.713
Legal and professional fees	446.493	291.670
Insurance	271.575	328.877
Sales commissions	200.000	326.513
Rent and service charges	162.700	116.362
Advertising and exhibitions	130.164	74.336
Others	6.904.585	3.954.664
	20.079.472	15.217.385

21. RELATED PARTY TRANSACTIONS

The nature of relationships and transactions with related parties are as follows:

Related parties	Relationship	Nature of transaction
Thermax Limited	Holding Company of Thermax Engineering Singapore Pte. Ltd.	Purchases of raw material, Sales of finished goods and services Expenses reimbursement Other operating income
Thermax (Zhejiang) Cooling and Heating Engineering	Under common control entity	Expenses reimbursement
Thermax Inc.	Under common control entity	Loan and interest expense
Thermax Babcock & Wilcox Energy Solutions Pvt. Ltd.	Under common control entity	Other operating income

a. Balances with related parties

	March 31, 2022	March 31, 2021
Trade receivables: (Note 5)		
Thermax Limited	957.301	1.470.414
Thermax Babcock & Wilcox Energy Solutions Pvt. Ltd.	133.704	-
	1.091.005	1.470.414
Advance and prepayments		
- current portion :		
Thermax Limited	-	1.686.347
Other receivables :		
Thermax Limited	187.043	-
Thermax (Zhejiang) Cooling and Heating Engineering	7.867	-
	194.910	-
Trade payables : (Note 10)		
Thermax Limited	15.510.961	19.589.236
Thermax Energy and Environment Philippines Corporation	1.360.851	664.085
Thermax Inc.	66.674	-
	16.938.486	20.253.321

b. Transactions with related parties

	March 31, 2022	March 31, 2021
Sales of finished goods:		
Thermax Limited	-	394.171
Sales of services:		
Thermax Limited	622.749	1.201.513
Other operating income:		
Thermax Babcock & Wilcox Energy Solutions Pvt. Ltd.	3.003.504	-
Thermax Limited	1.382.595	-
	5.008.848	1.595.684

The sales of finished goods are based on cost plus certain margin agreed by both parties.

	March 31, 2022	March 31, 2021
Purchases of raw materials:		
Thermax Limited	19.761.673	24.296.746
	19.761.673	24.296.746

The purchases of raw materials are based on cost plus certain margin agreed by both parties.

	March 31, 2022	March 31, 2021
Expenses reimbursement:		
Thermax Limited	2.119.680	2.419.387
Thermax Energy and Environment Philippines Corporation	911.343	977.419
Loan interest:		
Thermax Inc.	66.674	-
	3.097.697	3.396.806

The expenses being reimbursed are based on actual costs occurred.

c. Loans from related party

On January 31, 2022, the Company obtained loans from Thermax Inc., the related party, amounted to US$1,500,000 or equivalent to Rp21,523,500,000. The loans are subject to interest at the rate of 2% per annum and were used to working capital requirement. The loans are due for repayments on January 31, 2024.

	March 31, 2022	March 31, 2021
Thermax Inc.	21.523,500	-
Non-current portion	**21.523,500**	**-**

d. Key management personnel compensation

Key management personnel includes Directors and a Commissioner. In 2022, the compensation for key management recorded in the financial statements amounted to Rp2,861,319 (2021: Rp1,127,126) 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, 2022, the Company's financial assets which comprised cash on hand and cash in banks, trade receivables and other receivables with a total balance of Rp 20,260,860 (2021: Rp44,746,153) were categorised as loans and receivables.

As at March 31, 2022, the Company's financial liabilities which comprised trade payables, and accrued expenses and other payables, short-term bank loan and loans from related party with a total balance of Rp 68,355,929 (2021: Rp76,172,771) 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, 2022, 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 Rp4,050,946 (2021: Rp4,803,882) 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, 2022, the total maximum exposure from credit risk was Rp20,260,860 (2020: Rp44,746,153). 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, 2022	March 31, 2021
Trade and other receivables:		
Related parties	1.091.005	1.470.414
Reputable or without recent history of collectibility issue	16.287.233	24.785.059
	17.378.238	26.255.473

c. Liquidity risk

Liquidity risk arises in situations in which the Company has difficulties obtaining the necessary resources to fulfil its financial obligations. Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

All of the Company's financial liabilities amounting to Rp 46,832,429 (2021: Rp47,028,771) 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, 2022. 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, 2022	March 31, 2021
Investing activities Acquisition of fixed assets through accrued expenses, including accrued interest (Note 12)	212.606	215.788

25. SUPPLEMENTARY CASH FLOW INFORMATION

Changes in liabilities arising from financing activities in the cash flow statement are as follows:

	Balance April 1, 2021	Additions (proceeds)	Deductions (repayments)	Foreign exchange repayments	Balance March 31, 2022
Interest expense	-	1.615.028	(1.615.028)	-	-

26. OTHER MATTER

The Company's operation has and may continue to be impacted by the outbreak of Covid-19 pandemic. The effects of Covid-19 pandemic to the global and Indonesian economy include lower economic growth, decline in capital markets, increase in credit risk, depreciation of foreign currency exchange rates and disruption of business operation. The effects of the pandemic to the Company are not significant. Further significant impact of the pandemic, if any, will be reflected in the Company's financial reporting in the subsequent periods.

27. NEW ACCOUNTING STANDARDS

The following are several issued accounting standards by the Indonesian Financial Accounting Standards Board (IFAS) that are considered relevant to the financial reporting of the Company and will be effective for reporting periods beginning on or after:

Effective on or after the date of January 1, 2022:

- 2020 Annual Improvements - PSAK 71: Financial Instruments - Fees in the '10 per cent' test for derecognition of financial liabilities
- Amendments to PSAK 57: Provisions, Contingent Liabilities, and Contingent Assets - Onerous Contract Fulfillment Costs
- 2020 Annual Improvements - PSAK 73: Leases
- Amendments to PSAK 16: Fixed Assets - Proceeds before Intended Use

Effective on or after the date of January 1, 2023:

- Amendments to PSAK 1: Classification of Liabilities as Current or Non-current, effective January 1, 2023, and earlier application is permitted
- Amendments to PSAK 1: Presentation of financial statement - Disclosure of accounting policies
- Amendments to PSAK 25: Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates
- Amendments to PSAK 46: Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

As at the authorization date of these financial statements, the Company is still evaluating the potential impact of these new and revised standards to the Company's financial statements.

28. MANAGEMENTS RESPONSIBILITY AND APPROVAL OF FINANCIAL STATEMENTS

The Company's financial statements were authorised by the Board of Directors on May 17, 2022.

Thermax Energy & Environment Philippines Corporation
(A Subsidiary of Thermax Engineering Singapore Pte. Ltd.)

Registered 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

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, 2022 and 2021, 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, 2022 and 2021, 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, future1s 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

Tax Identification No. 301-106-775

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 112825-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-130-2020, November 27, 2020, valid until November 26, 2023

PTR no 8853461, January 3, 2022, Makati City

May 17, 2022

Statement of Financial Position
As On March 31, 2022
(With Comparative Figure for 2021)

	Note No	As at March 31, 2022		As at March 31, 2021	
		PHP	Rs Lacs	PHP	Rs Lacs
ASSETS					
Current Assets					
Cash in bank	4	**19,120,492**	**280.23**	12,937,700	194.73
Trade and other receivables	5	**13,681,931**	**200.52**	20,511,463	308.72
Prepayments and other current assets	6	**3,217,428**	**47.15**	2,419,657	36.42
Security deposits	7	**436,580**	**6.40**	436,580	6.57
Total Currents Assets		**36,456,431**	**534.31**	36,305,400	546.43
Non-current Assets					
Office Equipment	8	**-**	**-**	3,819	0.06
Deferred tax asset	18	**-**	**-**	145,413	2.19
TOTAL ASSETS		**36,456,431**	**534.31**	36,454,632	548.68
LIABILITIES AND EQUITY					
Current Liabilities					
Acrruals and other payables	9	**2,404,862**	**35.25**	4,167,178	62.72
Non Current Liabilities					
Deferred tax liability		**177,310**	**2.60**	-	-
Total Liabilities		**2,582,172**	**37.84**	4,167,178	62.72
Equity					
Capital stock	11	**49,000,000**	**718.14**	49,000,000	737.50
Deficit		**(15,125,741)**	**(221.68)**	(16,712,546)	(251.54)
Total Equity		**33,874,259**	**496.46**	32,287,454	485.96
TOTAL LIABILITIES AND EQUITY		**36,456,431**	**534.31**	36,454,632	548.68

See accompanying Notes to Financial Statements.

Statement of Comprehensive Income
For the year ended March 31, 2022
(With Comparative Figures for the year from April 1, 2021 to March 2022)

	Note No	March 31, 2022		March 31, 2021	
		PHP	Rs Lacs	PHP	Rs Lacs
Revenues	12	**9,546,034**	**139.91**	10,669,780	160.59
Cost of Services	14	**7,124,290**	**104.41**	7,712,768	116.08
Gross Income		**2,421,744**	**35.49**	2,957,012	44.51
Operating expenses and Administrative expnese	15	**1,964,680**	**28.79**	2,904,836	43.72
Profit (Loss) From Operations		**457,064**	**6.70**	52,176	0.79
Other Income	13	**1,452,464**	**21.29**	140,718	2.12
Loss Before Income Tax		**1,909,528**	**27.99**	192,894	2.90
Provision For (Benefit From) Income Tax	18	**322,723**	**4.73**	290,110	4.37
Net Profit/ (Loss)		**1,586,805**	**23.26**	(97,216)	(1.46)
Total Comprehensive Profit/ (Loss)		**1,586,805**	**23.26**	(97,216)	(1.46)

See accompanying Notes to Financial Statements.

Thermax Energy & Environment Philippines Corporation
(A Subsidiary of Thermax Engineering Singapore Pte. Ltd.)

Statement of Cash Flows

		31-3-2022		31-3-2021	
		PHP	Rs Lacs	PHP	Rs Lacs
CASH FLOWS FROM OPERATING ACTIVITIES					
Income / (loss) before income tax		**1,909,528**	**27.99**	192,894	2.90
Adjustment for :					
Depreciation	8 & 14	**3,819**	**0.06**	6,548	0.10
Unrealized gain on foreign exchange		**(1,184,757)**	**(17.36)**	317,902	4.78
Interest income	4 & 13	**-**	**-**	(4,422)	(0.07)
Operating loss before working capital changes		**728,590**	**10.68**	512,922	7.72
Decrease / (Increase) in:					
Trade and other receivables	5	**7,746,155**	**113.53**	(1,384,146)	(20.83)
Prepayments and other current assets		**(797,771)**	**(11.69)**	(466,173)	(7.02)
Security Deposit		**-**	**-**	70,000	1.05
Increase / (Decrease) in:					
Accruals and other payables	5	**(1,762,317)**	**(25.83)**	(1,190,288)	(17.92)
Net cash generated from / (used for) operations		**5,914,658**	**86.69**	(2,457,685)	(36.99)
Interest received	4	**-**	**-**	4,422	0.07
Net cash provided by / (used in) operating activites		**5,914,658**	**86.69**	(2,453,263)	(36.92)
EFFECT OF EXCHANGE RATE CHANGES ON CASH		**268,134**	**3.93**	515	0.01
NET INCREASE (DECREASE) IN CASH		**268,134**	**90.61**	(2,452,748)	(36.92)
CASH AT BEGINNING OF YEAR		**12,937,700**	**189.61**	15,390,448	231.64
CASH AT END OF YEAR	4	**13,205,834**	**280.23**	12,937,700	194.73

See accompanying Notes to Financial Statements

Exchange Rate :as at 31 March 2022 is 1 PHP = 1.4656

Exchange Rate :as at 31 March 2021 is 1 PHP = 1.5051

Statement of Equity
For the year ended March 31, 2022
(With Comparative Figures for the year from April 1, 2021 to March 31, 2022)

	(Note 11) Capital Stock		Deficit		Total	
	PHP	Rs Lacs	PHP	Rs Lacs	PHP	Rs Lacs
For the year Ended March 31, 2022						
Balances at beginings of year	**49,000,000**	**718.14**	**(16,712,546)**	**(244.94)**	**32,287,454**	**473.20**
Net Income / (Loss)	**-**	**-**	**1,586,805**	**23.26**	**1,586,805**	**23.26**
Balance at end of year	**49,000,000**	**718.14**	**(15,125,741)**	**(221.68)**	**33,874,259**	**496.46**
For the year Ended March 31, 2021						
Balances at beginings of year	49,000,000	718.14	(16,615,330)	(243.51)	32,384,670	474.63
Net Income / (Loss)	-	-	(97,216)	(1.42)	(97,216)	(1.42)
Balance at end of year	49,000,000	718.14	(16,712,546)	(244.94)	32,287,454	473.20

See accompanying Notes to Financial Statements.

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, 2022 and 2021.

The financial statements were approved and authorized for issuance by the Board of Directors (BOD) on May 17, 2022.

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.

Notes to Financial Statements

Foreign Currency Transactions

In preparing the financial statements, transactions in foreign currencies other than the functional currency are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currency are retranslated at the rates prevailing at the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair values are determined. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated.

Foreign currency gain or loss resulting from the settlement of such transaction at year-end exchange rates of monetary asset denominated in foreign currency is recognized in the statement of income.

Employee benefits

Short-term benefits

The Company provides short-term benefits to its employees in the form of salaries and wages, 13th month pay, contributions to SSS/PHIC/HDMF, bonuses and allowances that are presented under salaries, wages and employee benefits as part of expenses.

Leases - Company as lessee

Leases applies to an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time.

A lessee shall recognize all lease payments as expense in profit or loss in the period in which they are incurred.

Income tax

Current tax assets and liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the reporting date. They are recalculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in the income statement.

Deferred income tax is provided using the balance sheet liability method on all temporary differences, with certain exceptions, at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all as part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each end of the reporting period and are recognized to the extent that it has become probable that future taxable income will allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the financial reporting date.

Equity

Capital stock is measured at par value for all shares issued. Incremental costs incurred directly attributable to the issue of new shares are shown in the equity as a deduction from proceeds, net of tax. When the shares are sold at premium, the difference between the proceeds at the par value is credited to “Additional paid-in capital” account. Direct costs incurred related to equity issuance are chargeable to “Additional paid-in capital” account. If additional paid-in capital is not sufficient, the excess is charged against retained earnings.

Deficit include all current and prior period results of operation as reported in the statement of income, net of any dividend declaration.

Events after financial reporting date

Post year-end events that provide additional information about the Company’s position at reporting date (adjusting events) are reflected in the financial statements, if any. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

3. Significant Accounting Estimates and Judgements

The preparation of the accompanying financial statements in conformity with PFRS for Small Entities requires the Company to make use of judgments, estimates and assumptions that affect the amounts on the financial statements and accompanying notes. The estimates and assumptions used in the accompanying financial statements are based upon management’s evaluation of relevant facts and circumstances as of the date of the financial statements. Actual results could differ from such estimates.

Judgments

In process of applying the Company’s accounting policies, management has made the following judgments, apart from those involving estimation, which have the most significant effect on the amounts recognized in the financial statements.

Lease agreements

The Company has entered into various operating lease agreements during the current year. Based on the evaluation of the terms and conditions of the arrangements, all the risks and benefits incidental to ownership of the leased land are not transferred to the Company. In determining significant risks and benefits of ownership, the Company considered, among others, that there is no transfer of ownership of the asset to the lessee by the end of the lease term. Thus, the Company accounted for these agreements as operating leases.

Functional currency

The Company’s management considers the Philippine Peso as the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. It is the currency which measures the performance and reports the results of the Company’s operations.

Estimates and Assumptions

Estimating realizability of deferred tax assets

The Company reviews its deferred tax assets at each reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

The carrying values of deferred tax assets, which the management assessed to be fully recoverable within the next two to three years amounted to ₽59,642 and ₽145,413 as at March 31, 2022 and 2021, respectively (see Note 18).

4. Cash in Bank

This account pertains to deposits in Citibank, N.A. amounting to ₽19,120,492 and ₽12,937,700 as at March 31, 2022 and 2021, respectively.

Cash in bank generally earn interest at prevailing bank deposit rates.

Total interest income earned amounted to nil and ₽4,422 in 2022 and 2021, respectively.

Unrealized foreign exchange loss due to cash in banks amounted to ₽268,134 and ₽515 in 2022 and 2021, respectively.

5. Trade and Other Receivables

	2022	2021
Accounts receivable - trade		
Related parties (Note 10)	**₽12,910,755**	₽19,691,338
Third parties	**762,927**	783,952
Advances to officers and employees	**107,500**	107,500
Advances to suppliers	**41,813**	23,000
Other receivables	**6,257**	52,994
	13,829,252	20,658,784
Less: allowance for bad debts	**(147,321)**	(147,321)
	₽ 13,681,931	₽ 20,511,463

The Company recognized provision for bad debts amounting to nil and ₽147,321 in 2022 and 2021, respectively.

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

	2022	2021
Creditable withholding taxes	**₽ 2,324,566**	₽ 1,823,521
Prepaid expenses (Note 16)	**546,860**	377,001
Input VAT	**222,447**	–
Prepaid income tax	**121,565**	121,565
Deferred input VAT	**1,990**	97,570
	₽ 3,217,428	₽ 2,419,657

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, 2022 and 2021 amounted to nil and ₽35,445, respectively.

Prepaid expenses is composed of prepaid rent, insurance and business permits.

Input VAT represents VAT imposed on the Company by its suppliers for the acquisition of goods and services as required by Philippine taxation laws and regulations.

The deferred input VAT pertains to input VAT on the purchase of applicable services that are still outstanding at end of the financial reporting period which will be claimed as a tax credit against output VAT upon payment of the related liability.

7. Security Deposits

This account consists of two (2) months security deposits to the following lessors:

	2022	2021
Regus PLT Centre Inc.	**₽ 346,980**	₽ 346,980
Excellent Forex Corp.	**89,600**	89,600
	₽ 436,580	₽ 436,580

8. Office Equipment

	2022	2021
Cost		
Balance at beginning and end of year	**₽19,643**	₽19,643
Accumulated Depreciation		
Balance at beginning of year	**15,824**	9,276
Depreciation (Note 14)	**3,819**	6,548
Balance at end of year	**19,643**	15,824
Net book value	**₽ –**	₽ 3,819

9. Accruals and Other Payables

	2022	2021
Deferred output VAT	**₽1,533,764**	₽ 2,317,996
Accrued expenses	**754,065**	816,511
Withholding tax payable on wages	**30,545**	19,695
Withholding tax payable at source	**29,134**	21,971
Fringe benefit tax payable	**27,946**	96,310
Advances from officers and employees	**15,860**	10,371
SSS, PHIC and HDMF payable	**13,548**	13,420
Trade payable	**-**	388,300
Output VAT payable	-	482,604
	₽ 2,404,862	₽ 4,167,178

Deferred output VAT represents VAT on trade receivables that are payable upon collection from customers.

Accrued expenses consist of the following:

	2022	2021
Professional fees	**₽ 447,165**	₽ 515,297
Salaries	**276,558**	276,558
Vehicle rental	**30,342**	24,656
	₽ 754,065	₽ 816,511

Output VAT payable is the VAT payable to the government from the collection from the customers and due for remittance to the government.

Trade payable represents payable for supply of system condensate circuit with necessary fittings.

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
2022				
Thermax Limited				
Marketing and Sales Support Services (Note 5)	**₽ 6,682,224**	**₽ 8,030,070**	Non-interest bearing, 30-days	Unsecured, no impairment
PT Thermax International Indonesia				
Marketing and Sales Support Services (Note 5)	**2,863,810**	**4,880,685**	Non-interest bearing, 30-days	Unsecured, no impairment
2021				
Thermax Limited				
Marketing and Sales Support Services (Note 5)	₽ 6,830,762	₽ 17,736,248	Non-interest bearing, 30-days	Unsecured, no impairment
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

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, 2022 and 2021, respectively.

Key management personnel compensation

The key management personnel compensation includes salaries, social contribution, de minimis and bonuses for the years ended March 31, 2022 and 2021 and amounted to nil and nil, respectively.

11. Share Capital

The Company's share capital as at March 31, 2022 and 2021 consists of:

	2022		2021	
	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
Authorized 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, 2022 and 2021.

12. Revenue

	31-03-2022	31-03-2021
Service income		
Related parties (Note 10)	**₽ 9,546,034**	₽ 9,758,231
Third parties	-	911,549
	₽ 9,546,034	₽ 10,669,780

13. Other Income

	2022	2021
Unrealized gain on foreign exchange - net	**₽ 1,184,757**	₽ -
Realized gain on foreign exchange	**267,707**	-
Income from reimbursement	**-**	136,296
Interest income (Note 4)	-	4,422
	₽ 1,452,464	₽ 140,718

14. Cost of Services

	2022	2021
Payroll and other related expenses	**₽ 2,810,206**	₽ 2,893,603
Rent (Note 16)	**1,414,720**	1,836,799
Vehicle rental	**1,169,974**	960,724
Transportation and travel	**1,077,480**	448,206
Fringe benefit	**301,920**	567,662
Fringe benefit tax	**164,572**	305,664
Communication	**92,328**	69,682
Outside services	**20,714**	568,496
Printing and office supplies	**15,372**	5,878
Depreciation (Note 8)	**3,819**	6,548
Miscellaneous	**53,185**	49,506
	₽ 7,124,290	₽ 7,712,768

15. Operating Expenses

	2022	2021
Professional fees	**₽ 1,718,226**	₽ 1,809,135
Realized foreign exchange loss - net	**65,567**	602,161
Taxes and licenses	**95,554**	97,753
Insurance	**54,836**	59,707
Bank charges	**23,144**	14,497
Repairs and Maintenance	**6,418**	–
Courier	**935**	3,681
Unrealized foreign exchange loss - net	–	317,902
	₽ 1,964,680	₽ 2,904,836

16. Lease Agreements

The Company entered in operating lease agreements as follows:

a. Lease of condominium located at Unit 3205 Tivoli Garden Residences, Coronado St. Brgy. Hulo, Mandaluyong City for a period of one (1) year from March 15, 2022 to March 14, 2023 with a monthly rent of ₽70,000 exclusive of VAT. Upon execution of the contract, the lessee shall pay six (6) month's advance rent.

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 contract was renewed subsequently for a period of (1) year from March 1, 2022 to February 28, 2023 with a monthly rent of ₱99,530 exclusive of VAT. The security deposit was carried forward from the previous contract. As at March 31, 2022, there was an advance rent payment amounting to P99,530.

c. 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 and the Company is awaiting the refund of the deposit since the lease was not renewed subsequent to January 17, 2022. Fifty percent (50%) of the annual rent payments were expensed as rent amounting to ₱237,500 and the remaining fifty percent (50%) were expensed under fringe benefit amounting to ₱237,500.

Rent expense amounted to ₱1,414,720 and ₱1,836,799 for the years ended March 31, 2022 and 2021, respectively (Note 14).

The future minimum lease payments (excluding taxes, etc.) are as follows:

	2022	2021
Less than one year	**₱1,899,830**	₱1,517,690
Between 1 to 5 years	**-**	**-**
More than 5 years	-	-
Net book value	**₱1,899,830**	₱1,517,690

17. Foreign-Currency Denominated Assets

	2022	2021
Current assets		
Cash in banks	**$293,363**	$200
Trade receivables	**250,494**	404,867
	$543,857	$405,067
Year-end exchange rate	**₱51.96**	₱48.46
Peso equivalent	**₱28,258,810**	₱19,629,547

Foreign exchange gain (loss) charged to operations is as follows:

	2022	2021
Unrealized foreign exchange gain (loss)		
Cash in banks	**₱268,134**	₱515
Trade receivables	**916,623**	(318,417)
Realized foreign exchange gain/(loss) - net	**202,138**	(602,161)
Peso equivalent	**₱ 1,386,895**	₱ 920,063

18. Income Taxes

	2022	2021
Current	**₱ 46,194**	₱ 35,445
Deferred	**276,529**	254,665
Net book value	**₱ 322,723**	₱ 290,110

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.

Current income tax

The current income tax expense for the years ended March 31, 2022 and 2021 pertains to normal income tax (NIT).

Deferred income tax and liabilities

The Company's deferred tax assets (liabilities) as of March 31, 2022 and 2021 are as follows:

	2022	2021
MCIT	**₱59,642**	₱105,836
Unrealized foreign exchange gains - net	**(236,952)**	**-**
Net operating loss carryover (NOLCO)	-	39,577
Net book value	**(₱177,310)**	₱145,413

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	March 31, 2021	Utilized	Expired	March 31, 2022	Expiration
2019 - 2020	₱175,898	₱175,898	₱–	₱–	2023

The carryforward benefits of MCIT available for offset against income tax payable are as follows:

Year Incurred	March 31, 2021	Utilized	Expired	March 31, 2022	Expiration
2019 - 2020	₱70,391	(₱46,194)	₱–	₱24,197	2023
2020- 2021	35,445	–	–	35,445	2024
	₱105,836	(₱46,194)	₱–	₱59,642	

	2022	2021
Income at statutory income tax rate	**₱381,906**	₱43,401
Tax effects of:		
Change in effective tax rate	**4,397**	-
Movement in unrecognized deferred tax asset	**(63,580)**	35,907
Expiration or usage of NOLCO	–	176,352
MCIT	–	35,445
Interest income subjected to final tax	–	(995)
Provision for income tax	**₱322,723**	₱290,110

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, 2022 are discussed below:

Value added tax (VAT)

The Company's VAT payable is computed as follows:

Sales of services	₱ 16,081,304
Zero-rated sales/receipts	–
Total gross receipts	-
Less:	-
Zero-rated sales/receipts	-
Total VATable gross receipts	16,081,304
Multiply by: Tax rate	12%
Total output VAT for the year	1,929,756
Current year's purchases	
Domestic purchases of goods other than capital goods	66,974
Domestic services	4,277,505
Total VATable purchases	4,344,479
Multiply by: Tax rate	12%
Total input for the year	521,337
Add: Previous year's excess input VAT	–
Total allowable input VAT	521,337
Output VAT declared for the year	1,929,756
Output VAT payable	1,929,756
Less: Total Input VAT at the end of the year	521,337
VAT payable for the year	1,408,419
Less: VAT payments for the current year	1,630,866
Net output VAT payable/(excess)	(222,447)

<u>*Landed cost, customs duties and tariffs*</u>

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.

<u>*Excise taxes*</u>

The Company has no transactions that are subject to excise tax.

<u>*Documentary stamp taxes*</u>

The Company has no transactions that are subject to documentary stamp tax.

<u>*Other taxes, local and national*</u>

This account consists of taxes and licenses paid and accrued are as follows:

Business permit	₱95,054
Annual registration	500
	₱95,554

<u>*Withholding taxes*</u>

i. Withholding tax on compensation

Total withholding tax payable for the year	₱333,116
Less: Payments made from April 2021 to February 2022	302,571
Withholding tax still due and payable	₱30,545

ii. Fringe benefits tax

Total fringe benefit tax payable for the year	₱230,937
Less: Payments made from April 2021 to February 2022	202,991
Fringe benefit tax still due and payable	₱27,946

iii. Expanded withholding tax

Total withholding tax payable for the year	₱162,377
Less: Payments made from April 2021 to February 2022	133,243
Withholding tax still due and payable	₱29,134

iv. Final withholding tax

The Company has no transactions subject to final withholding tax.

v. Creditable withholding tax

Current year's creditable withholding tax	₱2,324,566
Creditable withholding tax applied for the year	–
Creditable withholding tax balance	₱2,324,566

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, 2022.

THERMAX NIGERIA LIMITED

Board of Directors
Rabindranath Pillai
Sandeep Mandke

Corporate Office
Landmark Towers
5B Water Corporation Road
Victoria Island
Lagos

Independent Auditors
PricewaterhouseCoopers
Chartered Accountants
Landmark Towers, 5B Water Corporation Road
Victoria Island, Lagos

Company Secretary
Eko Nominees Limited
5B Water Corporation Road
Victoria Island
Lagos

Bankers
Citi Bank Nigeria Limited
27 Kofo Abayomi Street
Victoria Island
Lagos

Report of the directors

The directors of Thermax Nigeria Limited ("the Company") submit their report on the affairs of the C ompany 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 2022.

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 total comprehensive income for the year has been transferred to retained earnings. The summarised results are presented below.

	31 March 2022 N'000	31 March 2021 N'000
Revenue	106,969	80,271
Profit before tax	10,534	21,948
Income tax expense	(3,426)	(5,504)
Profit after tax	7,108	16,444

The directors do not propose dividend payment in respect of the year ended 31 March 2022 (2021: 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 2022 (2021: Nil). According to the register of members as at 31 March 2022, the following are the shareholders of Thermax Nigeria Limited.

	Number of shares held at 31 March 2022			
	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 16 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 (2021: 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 (2021: 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

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 2022.

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 material weakness 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 2022.

Rabindranath Pillai Sandeep Mandke

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 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act and the Financial Reporting Council of Nigeria Act.

What we have audited

Thermax Nigeria Limited's financial statements comprise:

- the statement of profit or loss for the year then ended 31 March 2022;
- the statement of financial position as at 31 March 2022;
- 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, Report of the Directors, Statement of Director's Responsibilities, Statement of corporate responsibilities over financial reporting, Statement of Value Added and Five-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 enterprise or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the 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.

Report on other legal and regulatory requirements

The Companies and Allied Matters Act requires that in carrying out our audit we consider and report to you on

the following matters. We confirm that:

i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

ii) the company has kept proper books of account, so far as appears from our examination of those books and returns adequate for our audit have been received from branches not visited by us;

iii) the company's statement of financial position and statement of profit or loss are in agreement with the books of account and returns.

For: PricewaterhouseCoopers
Chartered Accountants
Lagos, Nigeria

Engagement Partner: Yinka Yusuf
FRC/2013/ICAN/00000005161
30 June 2022

Statement of Profit and Loss and Other Comprehensive Income
For the year ended 31 March 2022

	NOTE	2022		2021	
		NGN'000	Rs. Lacs	NGN'000	Rs. Lacs
Revenue	5	**106,969**	**195.22**	80,271	154.20
Operating expenses	6	**(98,799)**	**(180.31)**	(71,936)	(138.19)
Other income	7	**2,364**	**4.31**	13,614	26.15
Operating profit/ (loss)		**10,534**	**19.22**	21,948	42.16
Profit /(Loss) Before Tax		**10,534**	**19.22**	21,948	42.16
Income Tax Expenses	8	**(3,426)**	**(6.25)**	(5,504)	(10.57)
Profit/ (Loss) After Tax		**7,108**	**12.97**	16,444	31.59
Earnings/ (Loss) per share (Naira)		**0.14**	**0.00**	0.33	0.00

Exchange rate : as at 31 March 2022 is 1 INR = NGN 0.185

Exchange rate : as at 31 March 20221is 1 INR = NGN 0.192

The notes on pages 13 to 27 are an integral part of these financial statements

Statement of Financial Position

For the year ended 31 March 2022

	NOTE	2022		2021	
		NGN'000	Rs. Lacs	NGN'000	Rs. Lacs
ASSETS					
Non-Current Assets					
Deferred tax asset	8	-	-	-	-
Total non-current assets		-	-	-	-
Current assets					
Cash and cash equivalents	10	**42,032**	**76.71**	48,053	92.31
Trade & Other receivables	9	**34,372**	**62.73**	20,965	40.27
Total current assets		**76,404**	**139.44**	69,018	132.58
Total assets		**76,404**	**139.44**	69,018	132.58
LIABILITIES					
Non current liabilities					
Deferred tax liabilities	8	**83**	**0.15**	-	-
Current liabilities					
Accruals, provisions and other liabilities	11	**5,774**	**10.54**	7,100	13.64
Trade payables		**2,092**	**3.82**	1,260	2.42
Current Tax Liabilities	8	**3,343**	**6.10**	2,653	5.10
Total Non current and current liabilities		**11,292**	**20.61**	11,013	21.16
Total liabilities		**11,292**	**20.61**	11,013	21.16
EQUITY					
Share capital and share premium	4	**50,000**	**91.25**	50,000	96.05
Retained earnings		**15,112**	**27.58**	8,005	15.38
Total equity		**65,112**	**118.83**	58,005	111.43
Total equity and liabilities		**76,404**	**139.44**	69,018	132.58

The financial statements on pages 9 to 29 were approved and authorised for issue by the board of directors on 30 June 2022 and were signed on its behalf by:

Rabindranath Pillai
Director

Sandeep Mandke
Director

The notes on pages 13 to 27 are an integral part of these financial statements.

THERMAX NIGERIA LIMITED

Statement of Changes in Equity

	Note	Attributable to equity holders of the Company					
		Share capital		Retained earnings		Total	
		NGN'000	Rs. Lacs	NGN'000	Rs. Lacs	NGN'000	Rs. Lacs
At 1 April 2020		**50,000**	**91.25**	**(8,439)**	**(15.40)**	**41,561**	**75.85**
Profit for the period		-	-	16,444	30.01	16,444	30.01
Total comprehensive income for the period		50,000	91.25	8,005	14.61	58,005	105.86
Balance at 31 March 2021		**50,000**	**91.25**	**8,005**	**14.61**	**58,005**	**105.86**
At 1 April 2021		**50,000**	**91.25**	**8,005**	**14.61**	**58,005**	**105.86**
Profit for the period		-	-	7,108	12.97	7,108	12.97
Total comprehensive income for the period		**50,000**	**91.25**	**15,113**	**27.58**	**65,113**	**118.83**
Balance at 31 March 2022		**50,000**	**91.25**	**15,113**	**27.58**	**65,113**	**118.83**

The notes on pages 13 to 27 are an integral part of these financial statements

Statement of cash flows

	31 March 2022		31 March 2021	
	NGN'000	Rs. Lacs	NGN'000	Rs. Lacs
Cash flows from operating activities				
Profit/ (Loss) on ordinary activities before taxation	**10,534**	**19.22**	21,948	42.16
	10,534	**19.22**	21,948	42.16
Changes in working capital:				
Increase/(decrease) in accruals, provisions and other liabilities	**(1,327)**	**(2.42)**	761	1.46
Increase/(decrease) in trade payables	**832**	**1.52**	(1,933)	(3.71)
Increase/(decrease) in trade & other receivables	**(13,407)**	**(24.47)**	20,336	39.07
Income Tax paid	**(2,653)**	**(4.84)**	-	-
Net cash inflow generated from /(used in) operating activities	**(6,021)**	**(10.99)**	41,112	78.98
Cash flows from financing activities				
Paid up share capital	**-**	**-**	-	-
Net cash inflow from financing activities	**-**	**-**	-	-
Net increase/ (decrease) in cash and cash equivalents	**(6,021)**	**(10.99)**	41,112	78.98
Cash and cash equivalents at the beginning of the year	**48,053**	**87.70**	6,941	13.33
Cash and cash equivalents at the end of the year	**42,032**	**76.71**	48,053	92.31

The notes on pages 13 to 27 are an integral part of these financial statements

Financial statements 1 April 2021 - 31 March 2022

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 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Interest Rate Benchmark Reform

The amendments in Interest Rate Benchmark Reform—Phase2 (Amendments to IFRS9, IAS39, IFRS7, IFRS4 and IFRS16 introduce a practical expedient for modifications required by there form,clarify that hedge accounting is not discontinued solely because of the IBOR reform,and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.

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 extends, by one year, the May 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. This amendment had no impact on the financial statements of the Company.

ii) New standards, amendments, interpretations issued but not yet effective

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 31 March 2022, 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. There are as follows:

a 2018-2020 Annual improvements to IFRS Standards - IFRS 9 (effective for reporting periods on or after 1 January 2022

As part of its 2018-2020 Annual Improvements to IFRS standards process, the IASB issued an amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Company will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual period in which it will first apply the amendment and does not expect this will result in a material impact on its financial statements.

b IFRS 17 - Insurance contracts (effective for reporting periods beginning on or after 1 January 2023)

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. IFRS 17 introduces new accounting requirements for banking products with insurance features that may affect the determination of which instruments or which components thereof will be in the scope of IFRS 9 or IFRS 17.

The amendment is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

c **Amendments to IAS 37, Provisions, contingent liabilities and contingent assets - "Onerous contracts - cost of fulfilling a contract" (effective for reporting periods beginning on or after 1 January 2022)**

The changes in Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37) specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The amendments apply to contracts for which the Company has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives do not need to be restated.

d **Amendments to IAS 1 - Classification of Liabilities as Current or Non-current (effective for reporting periods beginning on or after 1 January 2023)**

The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability. The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity. They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

The amendment is effective for annual reporting periods beginning on or after 1 January 2023 with earlier adoption permitted. The amendments apply to contracts for which the Company has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives do not need to be restated.

e **Amendments to IAS 8- Definition to Accounting Estimates (effective for reporting periods beginning on or after 1 January 2023)**

The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

f **Amendments to IAS 1 and IFRS Practice Statement 2- Disclosure of Accounting Policies (effective for reporting periods beginning on or after 1 January 2023)**

The IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify thatimmaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information. To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

The amendments to IAS 1 will be effective for annual reporting periods beginning on or after 1 January 2023, with early application permitted.

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 prfit or loss.

Where the minimum tax charge is higher than the Company Income Tax (CIT), a hybrid tax situation exists. In this situation, the CIT is recognised in the income tax expense line in the profit or loss and the excess amount is presented above the income tax line as minimum tax.

2.5.2 Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

2.6 Employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities such as National Pension Commission on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid.

2.7 Trade, other receivables and assets

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method. The normal credit term is 7-90 days upon delivery. The Company has applied the simplified approach for trade and other receivables upon the adoption of IFRS 9 and follows an Expected Credit Losses ('ECLs') approach for measuring the allowance of its trade receivables. The expected loss rate is assessed on the basis of historical credit losses of 36 months before 31 March 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

The balances exposed to credit risk are as disclosed below:

	31 March 2022	**31 March 2021**
	N'000	**N'000**
Amounts due from related parties (note 9)	22,354	20,636
Amount due from others (note 9)	5,354	70
Other current assets (note 9)	6,672	258
Cash and cash equivalents (note 10)	42,032	48,053
Financial assets bearing credit risk	**76,412**	**69,017**

Other receivables include staff receivables but excludes prepayments and withholding tax/VAT recoverable as these are non-financial assets. Trade and other receivables are neither past due nor impaired and past due but not impaired.

Impairment of financial assets

The Company'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, there is no identified impairment loss.

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 (2021: Nil).

	31 March 2022	31 March 2021
	N'000	N'000
Gross carrying amount as at 1 April	20,636	27,014
Additions during the year	96,821	76,253
Receipts for the year	(95,102)	(82,631)
Gross carrying amount as at 31 March	22,355	20,636

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*	27,688	-	20	27,708
Default rate	0%	-	33.00%	0
Lifetime ECL	-	-	(7)	(7)
Net trade receivables	27,688	-	14	27,701

	31 March 2022	31 March 2021
	N'000	N'000
Gross carrying amount as at 1 April	20,636	27,014
Opening balance exchange difference	70	-
Additions during the year	128,591	76,253
Receipts for the year	(121,589)	(82,631)
Gross carrying amount as at 31 March	27,708	20,636

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.

Fitch ratings of cash and bank balances are:

	31 March 2022	31 March 2021
	N'000	N'000
B+	42,032	48,053

'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.

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 2022

	Less than 3 months	Between 3 months and 1 year	Over 1 year	Total
	N'000	N'000	N'000	N'000
Trade payables	2,092	-	-	2,092
Accruals, provisions and other liabilities	2,041	3,343	390	5,774
Mortgage debt	4,133	3,343	390	7,866

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
Mortgage debt	8,360	-	-	8,360

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 (2021: 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 N22.354m (2021: N20.636m).

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 2022 N'000	31 March 2021 N'000
Impact on account receivable balance		
Increase in US Dollars exchange rate against NGN +20%	4,471	4,127
Decrease in US Dollars exchange rate against NGN -20%	(4,471)	(4,127)

(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.

3.4 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 2022 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 2022 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 2022 N'000	31 March 2021 N'000
Authorised and issued		
50,000,000 ordinary shares of N1 each	50,000	50,000
Paid-up Capital:		
50,000,000 ordinary shares of N1 each	50,000	15,000

Details for the Company's shares is as follows:

The Company has allotted shares of 50,000,000 at N1 each of which N49,999,800 are currently allotted to Thermax International Limited and same has been fully paid. N200 worth of shares are held and have been fully paid for by Thermax Engineering Singapore PTE Limited.

5 Revenue

The Company derives revenue from the transfer of services at a point in time in the following major product lines:

	31 March 2022 N'000	31 March 2021 N'000
Fee income	96,820	76,253
Technical services	10,149	4,018
	106,969	**80,271**

Thermax Nigeria has enetered agreement with Thermax Limited for marketing and sales support services. Based on agreement company has raised revenue invoices on Thermax Limited by applying 6% of mark up on operating expenses. The fee income has been determined as follow:

	31 March 2022 N'000	31 March 2021 N'000
Operating expenses	91,340	71,936
Add : Mark-up of 6%	5,480	4,316
	96,820	**76,252**

There was no assets or liabilities related to contracts with customers as at reporting date (2021: Nil). See note 2.3 for detailed accounting policy related to revenue from contracts with customers.

Notes to the financial statmens (continued)

6 Operating expenses

	31 March 2022 N'000	31 March 2021 N'000
Audit fee	3,294	3,042
Professional and secretarial fees	10,869	16,761
Employees cost (note 12)	37,760	24,691
Traveling and conveyance	32,515	11,369
Rent	8,587	13,372
Communication	706	485
Medical reimbursable expense	1,409	1,815
Vehicle repair and maintenance	-	59
Medical insurance	1,227	-
Miscellaneous expenses*	2,025	229
Others expenses	400	112
Provision for bad debt	7	-
	98,799	**71,935**

*Miscellaneous expenses include expenses related to quarantine charges & medical test expenses followinf the Covid19 pandemic.

7 Other Income

The Company derives revenue from the transfer of services at a point in time in the following major product lines:

	31 March 2022 N'000	31 March 2021 N'000
Forein exchange gain	2,348	13,605
Other income	16	9
	2,364	**13,614**

8 Taxation

8.1 Income tax

	31 March 2022 N'000	31 March 2021 N'000
Company income tax	3,079	2,214
Education tax	264	439
Deferred tax charge to profit or loss	83	2,851
Police Trust Fund Levy	1	-
	3,426	**5,504**

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 2022 N'000	31 March 2021 N'000
Profit before tax	10,534	21,948
Tax calculated at statutory rate @ 30% (2021:20%)	3,162	4,390
Tax effects of:		
Education tax	264	439
Police Trust Levy	1	-
Prior year adjustment for deferred tax	-	2,851
Tax losses	-	(2,176)
Income tax expense	**3,426**	**5,504**

8.3 Current income tax liability

	31 March 2022 N'000	31 March 2021 N'000
Balance at 1 April	2,653	-
Charge for the year	3,343	2,653
Payment during the year	(2,653)	-
At 31 March	**3,343**	**2,653**

8.4 Deferred income tax assets

	At 1 April 2021 N'000	Credit/ (charge) to P/L N'000	At 31 March 2022 N'000
Tax losses carried forward	2,851	(2,851)	-
Credi to Income Statement	-	(83)	(83)
	2,851	**(2,934)**	**(83)**

9 Trade and other receivables

	31 March 2022 N'000	31 March 2021 N'000
Balance due from related parties	22,354	20,636
Balance due from others	5,354	70
Total trade receivable	27,708	20,706
Expected credit loss	(7)	-
Net trade receivables	27,701	20,706
Other receivables		
Advance to employees	1,692	-
Deposit for office rent*	250	250
Prepayments	4,613	-
Receivable from government authorities	117	8
	34,372	**20,964**

* 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 2022 N'000	31 March 2021 N'000
Cash at bank	**42,032**	**48,053**

11 Accruals, provisions and other liabilities

	31 March 2022 N'000	31 March 2021 N'000
Professional fees payable	4,115	4,796
Provision for VAT penalty	390	390
WHT liabilities	185	84
Payable to government authorities	438	-
Payable to employees	646	-
Payroll related liabilities	-	1,830
	5,774	**7,100**

12 Employee information

	31 March 2022 N'000	31 March 2021 N'000
Salaries and wages	36,160	23,576
Pension cost - Retirement contribution plan	1,600	1,115
	37,760	**24,691**

Number of persons employed during the year

	31 March 2022 N'000	31 March 2021 N'000
Sales and marketing department	3	2
Service department	3	1

The number of employees with emoluments within the bands stated above are

	31 March 2022 N'000	31 March 2021 N'000
N100,000 - N1,000,000	-	1
N1,000,001 - N40,000,000	6	1
N40,000,001 - N80,000,000	-	1

13 Related parties

The company is a wholly owned subsidiary of Thermax International Limited. There are other companies that are related to Thermax Nigeria Limited through common shareholdings or common directorships.

a Sale of goods and services

	Relationship N'000	31 March 2022 N'000	31 March 2021 N'000
Thermax Limited	Parent company	96,820	76,253

Marketing and sales support services were provided to Thermax Limited during the year.

b Purchase of goods and services

There were no purchases from related parties during the year (2021: Nil).

c Amount due from related parties

	Relationship N'000	31 March 2022 N'000	31 March 2021 N'000
Thermax Limited	Parent company	22,354	20,636

d 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 (2021: 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 (2021: Nil).

15 Commitments

The Company had no capital commitments as at 31 March 2022 (2021: Nil).

16 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.

THERMAX ENERGY & ENVIRONMENT LANKA (PVT) LTD

Board of Directors	***Registered Office***	***Bankers***	***Auditors***
Rabindranath Pillai Bhavesh Chheda	Level 37, West Tower, World Trade Center, Colombo- 01	Citi Bank, N.A.	Emst & Young Chartered Accountants 201 De Saram Place P.O.Box 101 Colombo 107 Sri Lanka

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF THERMAX ENERGY & ENVIRONMENT LANKA (PVT) LTD

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Thermax Energy & Environment Lanka (Pvt) Ltd ("the Company"), which comprise the statement of financial position as at 31 March 2022, 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 2022 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.

05 May 2022

Colombo

THERMAX ENERGY & ENVIRONMENT LANKA (PVT) LTD

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH, 2022

	NOTE	2022		2021	
		LKR	Rs Lacs	LKR	Rs Lacs
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	4	**7,219**	**0.02**	37,444	0.14
		7,219	**0.02**	37,444	0.14
Current Assets					
Trade and Other Receivables	5	**7,145,925**	**18.74**	14,965,415	55.12
Cash and Cash Equivalents	6	**164,549,518**	**431.45**	153,551,876	565.53
		171,695,442	**450.19**	168,517,291	620.65
Total Assets		**171,702,662**	**450.20**	168,554,735	620.79
EQUITY AND LIABILITIES					
Capital and Reserves					
Stated Capital	7	**153,300,000**	**401.95**	153,300,000	564.60
Retained Earnings		**17,738,419**	**46.51**	14,204,499	52.32
Total Equity		**171,038,419**	**448.46**	167,504,499	616.92
Current Liabilities					
Trade and other payables	8	**656,653**	**1.72**	870,269	3.21
Income Tax Payable	11	**7,591**	**0.02**	179,967	0.66
		664,244	**1.74**	1,050,236	3.87
Total Liabilities		**664,244**	**1.74**	1,050,236	3.87
Total Equity and Liabilities		**171,702,662**	**450.20**	168,554,735	620.79

I certify that these Financial Statements comply with the requirements of the Companies Act No.7 of 2007.

Country Manager
Arunprakash B
The Board of Directors is responsible for these Financial Statements. Signed for and on behalf of the Board by;

Director
Bhavesh Chheda

Director
Rabindranath Pillai

The Notes to the Financial Statements from pages 07 to 16 form an integral part of these Financial Statements.

05 May 2022
Colombo

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
YEAR ENDED 31 MARCH 2022

	NOTE	2022		2021	
		LKR	Rs Lacs	LKR	Rs Lacs
Revenue	9	**17,270,421**	**45.28**	16,377,743	60.32
Other Income		**1,932,676**	**5.07**	1,497,406	5.51
Administrative Expenses		**(16,386,788)**	**(42.97)**	(15,266,738)	(56.23)
Finance Income		**2,092,329**	**5.49**	4,479,244	16.50
Profit before tax		**4,908,638**	**12.87**	7,087,654	26.10
Income Tax Expense	10	**(1,374,719)**	**(3.60)**	(985,792)	(3.63)
Profit for the year		**3,533,919**	**9.27**	6,101,862	22.47

The Notes to the Financial Statements from pages 07 to 16 form an integral part of these Financial Statements.

STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 MARCH 2022

	Share Capital		Accumulated Profits		Total	
	LKR	Rs Lacs	LKR	Rs Lacs	LKR	Rs Lacs
Balance as at 01 April 2020	153,300,000	401.95	8,102,637	21.25	161,402,637	423.20
Profit for the year	-	-	6,101,862	16.00	6,101,862	16.00
Balance as at 31 March 2021	153,300,000	401.95	14,204,499	37.24	167,504,499	439.20
Profit for the year	-	-	3,533,919	9.27	3,533,919	9.27
Balance at 31st March 2022	**153,300,000**	**401.95**	**17,738,419**	**46.51**	**171,038,419**	**448.46**

STATEMENT OF CASH FLOW
YEAR ENDED 31 MARCH 2022

	Notes	31 March 2022		31 March 2021	
		LKR	Rs Lacs	LKR	Rs Lacs
Cash Flows from/(used in) Operating Activities					
Profit/(Loss) before Tax		**4,908,638**	**12.87**	7,087,654	26.10
Adjustments for					
Depreciation and Amortisation	4.2	**30,225**	**0.08**	31,913	0.12
Interest Received		**(2,092,329)**	**(5.49)**	(4,479,244)	(16.50)
Operating Profit/(Loss) before Working Capital Changes		**2,846,535**	**7.46**	2,640,323	9.72
(Increase) / Decrease in Trade and Other Receivables	5	**7,819,490**	**20.50**	(2,640,164)	(9.72)
Increase / (Decrease) in Trade and Other Payables	8	**(213,616)**	**(0.56)**	(78,671)	(0.29)
Cash used in Operations		**10,452,409**	**27.41**	(78,512)	(0.29)
Income Tax Paid		**(1,547,095)**	**(4.06)**	(691,858)	(2.55)
Net Cash used in Operating Activities		**8,905,314**	**23.35**	(770,370)	(2.84)
Cash Flows from/(used in) Investing Activities					
Net Cash used in Investing Activities		**-**	**-**	-	-
Cash Flows from/(used in) Financing Activities					
		2,092,329	**5.49**	4,479,244	16.50
Net Cash flows from Financing Activities		**2,092,329**	**5.49**	4,479,244	16.50
Net (Decrease)/Increase in Cash and Cash Equivalents		**10,997,643**	**28.84**	3,708,874	13.66
Cash and Cash Equivalents at the beginning of the year		**153,551,876**	**402.61**	149,843,002	551.87
Cash and Cash Equivalents at the end of the year	6	**164,549,518**	**431.45**	153,551,876	565.53

The Notes to the Financial Statements from pages 07 to 16 form an integral part of these Financial Statements.

Exchange Rate as at 31 March 2022 is 1 LKR = Rs.0.262

Exchange Rate as at 31 March 2021 is 1 LKR = Rs.0.368

THERMAX ENERGY & ENVIRONMENT LANKA (PVT) LTD

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH, 2022

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 2022 were authorised for issue in accordance with the resolution of the Board of Directors on 05 May 2022.

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.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH, 2022

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.

I 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 2022.

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 01.04.2021**	**Additions/ Revaluation**	**Disposals**	**Balance As at 31.03.2022**
4.1 Gross Carrying Amounts	Rs.	Rs.	Rs.	
At Cost				
Computers & Software	133,500	-	-	133,500
Total Gross Carrying Amount	**133,500**	**-**	**-**	**133,500**

4.2 Depreciation	**Balance As at 01.04.2021**	**Charge for the year**	**Disposals/ Transfers**	**Balance As at 31.03.2022**
	Rs.	Rs.	Rs.	
At Cost				
Computers & Software	96,056	30,225	-	126,281
Total Depreciation	**96,056**	**30,225**	**-**	**126,281**

THERMAX ENERGY & ENVIRONMENT LANKA (PVT) LTD

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH, 2022

4.3 Net Book Value of Assets

	2022	2021
	Rs.	Rs.
At Cost		
Computers & Software	**7,219**	37,444
Total Carrying Amount of Property, Plant and Equipment	**7,219**	37,444

4.4 Company has not acquired any assets during the year (2021 - Nil).

5. TRADE AND OTHER RECEIVABLES

	Relationship	2022 Rs.	2021 Rs.
Trade Receivables From Related Party			
Thermax Limited - India	Affiliate Company	**5,047,651**	13,965,314
		5,047,651	13,965,314
Other Receivables			
Refundable Deposit		**822,950**	822,950
Prepayments		**1,275,324**	83,212
VAT Receivables		**-**	93,938
		2,098,274	1,000,101
		7,145,925	14,965,415

6. CASH AND CASH EQUIVALENTS IN THE CASH FLOW STATEMENT

Components of Cash and Cash Equivalents	2022	2021
	Rs.	Rs.
Favorable Cash and Cash Equivalent Balances		
Cash and Bank Balances	**142,724,312**	32,477,629
Short Term Deposits (Note 6.1)	**21,825,206**	121,074,247
	164,549,518	153,551,876

Components of Cash and Cash Equivalents	2022	2021
	Rs.	Rs.
Unfavorable Cash and Cash Equivalent Balances		
Bank Overdrafts	**-**	-
Total Cash and Cash Equivalents for the Purpose of Cash Flow Statement	**164,549,518**	153,551,876

6.1 Short Term Investments

	2022	2021
	Rs.	Rs.
Call Deposits	**20,000,000**	20,000,000
Investments in Fixed Deposit	**-**	100,000,000
Interest Receivable on Fixed Deposits & Call Deposits	**1,825,206**	1,074,247
	21,825,206	121,074,247

7. STATED CAPITAL

	2021/2022	
	Number	Rs.
Fully Paid Ordinary Shares	15,330,000	153,300,000
	15,330,000	153,300,000

8. TRADE AND OTHER PAYABLES

	2022	2021
	Rs.	Rs.
Accrued Expenses		
Accounting Charges Payable	**-**	43,512
EPF Payable	**-**	98,102
ETF Payable	**0**	14,715
APIT Payable	**-**	68,270
Audit fee payable	**165,000**	150,000
Provision for Leave Travel Expenses	**-**	239,706
Payroll Processing Fees Payable	**-**	16,678
Legal & Professional Fees Payable	**45,000**	58,588
Other Payables	**446,653**	180,698
	656,653	870,269

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH, 2022

9. REVENUE

	2022	2021
	Rs.	Rs.
Marketing and Sales Supporting Fees	**17,270,421**	16,377,743
	17,270,421	16,377,743

10. TAXATION

	2022	2021
	Rs.	Rs.
Tax expense for the year (10.1)	**896,617**	1,075,019
(Over) / Under-provision from prior year	**478,102**	(89,227)
Income tax expense reported in the Income Statement	**1,374,719**	985,792

10.1 A reconciliation between the tax expense and the product of taxable profit multiplied by the statutory tax rate is as follows:

	2022	2021
	Rs.	Rs.
Accounting (Loss)/Profit before tax	**4,908,638**	7,087,654
Aggregate of Disallowed items	**34,365**	86,140
Aggregate of Allowed items	**(3,300)**	(32,550)
Aggregate of Gains from realization of Business Assets - Realized Gains	**(1,203,799)**	290,304
Aggregate of Accounting Profit on realization of Business Assets		(895,717)
Income from other sources	**(2,092,329)**	(4,479,244)
Income from Business	**1,643,575**	2,056,587
Less - Exempt Income Earned in Foreign Currency	**-**	(1,454,898)
Taxable Profit (loss)from Trade and Business	**1,643,575**	601,689
Other Sources of Income		
Interest Income	**2,092,329**	4,479,244
Taxable Income from other sources	**3,735,904**	4,479,244
Income tax @ 24%	**896,617**	1,075,019
Accumulated Tax losses		
Tax Loss brought forward	**-**	-
Tax Losses incurred during the year	**-**	-
Tax Loss utilised during the year	**-**	-
Tax loss carried forward	**-**	-

11. INCOME TAX PAYABLE

	2022	2021
	Rs.	Rs.
Income tax payable		
At the beginning of the year	**179,967**	296,624
Provision made during the year	**896,617**	1,075,019
Under Provision in respect of previous year	**478,102**	(89,227)
Payments made during the year	**(1,547,095)**	(691,857)
WHT Set-Off	**-**	(410,592)
Balance at the end of the year	**7,591**	179,967

12. COMMITMENTS AND CONTINGENCIES

The Company does not have commitments and contingencies as at Reporting date.

13. ASSETS PLEDGED

The Company does not have asset pledged as at Reporting date.

14. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

There have been no material events occurring after the Reporting Date which require adjustment to or disclosure in the Financial Statements.

15. RELATED PARTY DISCLOSURE

15.1 Transactions with the Related Entity

Nature of Transaction	Thermax Limited India Affiliated Company	
	2022	**2021**
	Rs.	Rs.
As at 1 April	**13,965,315**	9,866,431
Receipts	**(26,624,962)**	(13,581,265)
Marketing and Sales Supporting Services	**17,270,421**	16,182,743
Exchange Gain	**436,878**	1,497,406
Balance as at 31 March	**5,047,651**	13,965,315

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

	2022	**2021**
	Rs.	Rs.
Transactions with Key Management Personnel		
Short Term Benefits	**9,242,699**	8,171,834
Performance Incentives	**800,351**	512,652
Post Employment Benefits	**1,145,078**	1,006,987

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 - 1

	2022	**2021**
	Rs.	Rs.
ADMINISTRATIVE EXPENSES		
Accounting Charges	**582,120**	568,710
Accommodation Expense	**-**	2,863
Audit Fee - Charge for the Year	**165,000**	181,020
(Over)/Under Provision in respect for the Previous Year	**28,740**	-
Bank Charges	**13,268**	4,525
BOI Fees	**88,587**	78,360
Communication Expense	**99,744**	94,483
Courier Charges	**-**	9,762
Customer Relation Expense	**4,140**	54,227
Depreciation	**30,225**	31,913
EPF Expenses	**1,152,346**	1,010,041
ETF Expenses	**188,515**	164,946
Food Expense	**71,965**	57,790
Foreign Travelling	**-**	172,674
Fuel Expense	**34,741**	238,704
House Rent	**2,340,000**	2,538,000
Legal & Professional Fees	**107,585**	143,344
Leave Travel Allowance	**-**	239,706
Miscellaneous Expenses	**357,618**	-
Parking / Toll Fees	**3,320**	27,403
Payroll Processing Fees	**246,330**	230,400
Printing & Copying	**-**	9,043
Salaries & Wages	**6,888,901**	6,029,633
School Fees	**799,100**	723,901
Transport Charges	**13,614**	-
Vehicle Rent	**1,320,000**	1,340,000
Incentive	**1,007,551**	662,652
Insurance	**33,449**	36,434
Meeting Expense	**11,664**	69,584
Office Rent	**162,000**	538,812
Stamp Duty Expense	**300**	300
Stationery Expense	**-**	7,510
Local Conveyance Expense	**319,136**	-
School Book Charges	**32,943**	-
Secretarial Charges	**118,095**	-
One Time Lump Sum Payment	**95,807**	-
Over Provision for Leave Travel Expense	**(23,954)**	-
Written off VAT receivables	**93,938**	-
	16,386,788	15,266,738

Thermax Engineering Construction FZE

Board of Directors
Pravin Karve
Sandeep Mandke

Registered and Corporate Office
Dangote Industries Free Zone Development Company
Lagos Free Zone
Lekki Costal Road, Ibeju-Lekki
Lagos

Independent auditor
PricewaterhouseCoopers
Chartered Accountants
Landmark Towers
5B Water Corporation Road
Victoria Island
Lagos

Bankers
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 2022, 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 2022;
- the statement of financial position as at 31 March 2022;
- 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 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 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 30 June 2022

Chartered Accountants

Lagos, Nigeria

Engagement Partner: Yinka Yusuf

FRC/2013/ICAN/00000005161

Statement of Profit and Loss and Other Comprehensive Income

	NOTE	31 March 2022 N'000	31 March 2022 Rs Lacs	31 March 2021 N'000	31 March 2021 Rs Lacs
Revenue	5	628,503	1,148	1,112,437	2,137
Cost of sales	6	(201,410)	(368)	(403,254)	(775)
Operating expenses	7	(220,999)	(404)	(218,067)	(419)
Other income	8	2,570	5	180	0
Profit for the year		**208,664**	**381**	**491,295**	**944**
Other comprehensive income					
Item that may be reclassified subsequently to profit & Loss:					
Foreign Currency translation reserve	15	71,741	131	27,496	53
Total comprehensive Income		**280,405**	**512**	**518,791**	**997**
Earnings per share (Naira/Rupees)		2,804	5.12	5,188	9.97

The notes on pages 8 to 23 form an integral part of these financial statements.

Statement of Financial Position

	NOTE	31 March 2022 N'000	31 March 2022 Rs Lacs	31 March 2021 N'000	31 March 2021 Rs Lacs
ASSETS					
Current assets					
Cash and cash equivalents	12	532,072	971	365,948	703
Trade receivables	13	323,860	591	554,564	1,065
Other current assets	14	5,027	9	47,258	91
Total assets		**860,959**	**1,571**	**967,770**	**1,859**
LIABILITIES					
Current liabilities					
Unearned Revenue	9	20,456	37	-	-
Accruals, provisions and other liabilities	10	68,995	126	85,785	165
Trade payables	11	78,175	143	101,399	195
Total current liabilities		**167,627**	**306**	**187,1 84**	**360**
EQUITY					
Share capital and share premium	4	30,565	56	30,565	59
Foreign currency transaltion reserve	15	135,091	247	63,350	122
Retained earnings		527,677	963	686,672	1,319
Total equity		**693,333**	**1,265**	**780,587**	**1,500**
Total equity and liabilities		**860,959**	**1,571**	**967,770**	**1,859**

The financial statements on pages 4 to 25 were approved and authorised for issue by the board of directors on 17th May, 2022 and were signed on its behalf by:

Pravin Karve
Director

Sandeep Mandke
Director

Thermax Engineering Construction FZE

Statement of Changes in Equity

	Notes	Attributable to equity holders of the Company							
		Share Capital		Currency Translation Reserve		Retained earnings		Total Equity	
		N'000	Rs Lacs	N'000	Rs Lacs	N'000	Rs Lacs	N'000	Rs Lacs
Balance at 1 April 2020		30,565	56	35,853	65	195,377	357	261,795	478
Foreign currency translation reserve	15	-	-	27,496	50	-	-	27,496	50
Profit for the period		-	-	-	-	491,295	897	491,295	897
Balance at 31 March 2021		**30,565**	**56**	**63,349**	**116**	**686,672**	**1,253**	**780,586**	**1,425**
Balance at 1 April 2021		30,565	56	63,349	116	686,672	1,253	780,586	1,425
Foreign currency translation reserve	15	-	-	71,741	131	-	-	71,741	131
Profit for the period		-	-	-	-	208,664	381	208,664	381
Dividend Paid		-	-	-	-	(367,659)	(671)	(367,659)	(671)
Balance at 31 March 2022		**30,565**	**56**	**135,091**	**247**	**527,677**	**963**	**693,333**	**1,265**

STATEMENT OF CASH FLOW

	31 March 2022		31 March 2021	
	N'000	Rs Lacs	N'000	Rs Lacs
Cash flows from operating activities				
Profit on ordinary activities before taxation	208,664	381	491,295	944
Foreign currency translation reserves	71,741	131	-	-
	280,405	**512**	491,295	944
Changes in working capital:				
Increase in trade receivable	230,704	421	(319,607)	(614)
Increase in other current Assets	42,231	77	(43,910)	(84)
Increase in trade payables	(23,223)	(42)	23,474	45
Decrease / (increase) in accruals, provisions and other liabilities	3,666	7	(19,191)	(37)
Net cash outflow used in operating activities	**533,782**	**974**	132,061	254
Cash flows from investing activities				
Issue share capital	-	-	306	1
Dividend paid	(367,659)	(671)	-	-
Net cash inflow from Investing activities	**(367,659.00)**	**(671)**	306	1
Net increase in cash and cash equivalents	166,123	303	132,367	254
Cash and cash equivalents at the beginning of the year	365,948	668	233,581	449
Cash and cash equivalents at the end of the year	**532,072**	**971**	365,948	703

The notes on pages 8 to 23 form an integral part of these 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 activites.

2 Summary of significant accounting policies

2.1 Introduction to summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. 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.

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.

These amendments do not have a significant impact on these Financial Statements and therefore the disclosures have not been made.

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 extends, by one year, the May 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. This amendment had no impact on the financial statements of the Company.

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.

2018-2020 Annual improvements to IFRS Standards - IFRS 9 (effective for reporting periods on or after 1 January 2022

As part of its 2018-2020 Annual Improvements to IFRS standards process, the IASB issued an amendment to IFRS 9.

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Company will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual period in which it will first apply the amendment and does not expect this will result in a material impact on its 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.

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 company 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.

ii) New standards, amendments, interpretations issued but not yet effective (continued)

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.

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:

	March 31, 2022	March 31, 2021
	N'000	N'000
Trade and other receivables (Note 13)	**323,860**	**554,564**
Cash and cash equivalents (Note 12)	532,072	365,948
Financial assets bearing credit risk	**855,932**	**920,512**

Below is the breakdown of trade and other receivables that are neither past due nor impaired and past due but not impaired.

	March 31, 2022	March 31, 2021
	N'000	N'000
Neither past due nor impaired:		
Trade receivables	282,701	516,993
Due from related parties	41,159	37,571
	323,860	**554,564**

Impairment of financial assets

The Company'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 2022				
Gross carrying amount*	190,984	125,682	20,259	336,926
Default rate	0%	36.03%	44.15%	-
Lifetime ECL	-	(45,281)	(8,944)	(54,225)
Net trade receivables	**190,984**	**80,401**	**11,315**	**282,701**

	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)	(2,247)	(4,700)	(7,116)
Net trade receivables	**127,997**	**372,333**	**16,663**	**516,993**

Trade receivables

	March 31, 2022	March 31, 2021
	N'000	N'000
Gross carrying amount as at 1 April	524,109	174,738
Opening balance exchange difference	42,268	9,209
Additions during the year	867,870	1,182,336
Receipts for the year	(1,097,321)	(842,174)
Gross carrying amount as at 31 March	**336,926**	**524,109**

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.

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*	-	-	-	-
Default rate	-	-	-	-
Lifetime ECL	-	-	-	-
Net trade receivables	-	-	-	-

	March 31, 2022	March 31, 2021
	N'000	N'000
Gross carrying amount as at 1 April	37,571	36,050
Opening balance exchange difference	3,589	1,900
Additions during the year	-	-
Receipts for the year	-	(379.50)
Gross carrying amount as at 31 March	**41,159**	**37,571**

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:

	March 31, 2022	March 31, 2021
	N'000	N'000
B+	**532,072**	**365,948**

'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 2022

	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 10)	-	68,995	-	**68,995**
Trade payables	-	78,175	-	**78,175**
	-	**147,171**	**-**	**147,171**

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 10)	-	85,785	-	**85,785**
Trade payables	-	101,399	-	**101,399**
	-	**187,185**	**-**	**187,185**

3.3 Market risk

3.3.1 Management of market risk

Market risk is the risk of change in the fair value of financial instruments due to changes in interest rates and foreign exchange rates.

(i) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will be affected by changes in market interest rates. The Enterprise's exposure to interest rate risk relates primarily to a long term borrowing from banks. There are no borrowings as the end of the year (2021: 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 (2021: 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:

	March 31, 2022	March 31, 2021
	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.

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 2022 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 2022 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.

	March 31, 2022	March 31, 2021
	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.

	March 31, 2022	March 31, 2021
	N'000	N'000
Sale of Service	575,652	768,352
Sale from Operation	52,851	344,085
	628,503	**1,112,437**

6 Cost of sales

Thermax FZE cost of sales comprises erection expenses, material expenses, and other related costs that are incurred directly on sales and provision of services.

	March 31, 2022	March 31, 2021
	N'000	N'000
Erection expenses	196,066	403,254
Material Expenses	5,344	-
	201,410	**403,254**

7 Operating expenses

	March 31, 2022	March 31, 2021
	N'000	N'000
Travel expenses	1,232	-
Contracted manpower cost	-	1,935
Contracted employee cost	73,751	45,806
Audit fee	6,970	7,028
Professional fee	2,511	10,672
Secreterial fee	817	665
Tax fee	-	625
Miscellaneous expense	75,040	131,333
Loss allowance - Trade receivable	45,621	7,116
Rent	7,367	5,052
Operating license fees	2,043	1,847
Bank charges	4,119	5,989
Other Expenses	1,331	-
Exchange Loss	0.16	-
Safety	93	-
Communication Expense	70	-
Printing and Stationary	35	-
	220,999	**218,067**

8 Other income

	March 31, 2022	March 31, 2021
	N'000	N'000
Interest Income	232	180
Other Income	2,187	-
Exchange Gain	151	-
	2,570	**180**

9 Unearned revenue

This represents Contract In Progress - Domestic incurred during the year.

	March 31, 2022	March 31, 2021
	N'000	N'000
Contract In Progress - Domestic	20,456	-
	20,456	-

10 Accruals, provisions and other liabilities

This represents accruals for professional services, audit fees, secretarial fees and other liabilities incurred during the year.

	March 31, 2022	March 31, 2021
	N'000	N'000
Advance Customer payment	59,806	43,980
Audit fee payable	-	7,260
Other expenses payable	9,189	34,545
	68,995	**85,785**

11 Trade payables

This represents payables incurred during the year.

	March 31, 2022	March 31, 2021
	N'000	N'000
Account payable	55,593	59,602
Thermax Engineering Construction Ltd	22,582	41,797
	78,175	**101,399**

12 Cash and cash equivalents

	March 31, 2022	March 31, 2021
	N'000	N'000
Cash and cash equivalents	532,072	365,948
Cash at bank	**532,072**	**365,948**

13 Trade and other receivables

	March 31, 2022	March 31, 2021
	N'000	N'000
Trade receivables	336,926	524,109
Due from related parties	41,159	37,571
Total Trade and other receivables	**378,085**	**561,679**
Less Allowances for Impairment:		
ECL	54,225	7,116
Total Allowance	**54,225**	**7,116**
Net Trade and other receivables	**323,860**	**554,564**

14 Other current assets

	March 31, 2022	March 31, 2021
	N'000	N'000
Contract In Progress - Domestic	-	40,392
Prepayment - Rent	5,027	4,968
Prepayment - Operating License Fees and others	-	1,898
	5,027	**47,258**

15 Foreign currency translation reserves

This represents the exchange differences arising as a result of translation from functional currency which is dollar to presentation currency which is Nigerian Naira. Hence, the significant swing from March 2021 compared with the current year is attributed to exchange rate differences.

	March 31, 2022	March 31, 2021
	N'000	N'000
Exchange differences on translation	71,741	27,496
	71,741	**27,496**

	March 31, 2022	March 31, 2021
Translation rate		
Historical rate	305.65	305.65
Average rate	408.51	369.35
Closing rate	415.75	379.50

16 Employee information

The Enterprise did not have any employees during the year (2021: Nil).

17 Related parties

The Enterprise is a wholly owned subsidiary of Thermax Engineering Construction 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 (2021: Nil).

b) Purchases from related parties

	Relationship	March 31, 2022	March 31, 2021
		N'000	N'000
Thermax Engineering Construction Ltd	Related party	22,582	41,797

Services purchased from Thermax Engineering Construction Ltd are only contracted manpower cost, and contracted employee cost.

c) Receivables from related parties

	Relationship	March 31, 2022	March 31, 2021
		N'000	N'000
Thermax Engineering Construction Ltd	Related party	41,159	37,571

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	March 31, 2022	March 31, 2021
		N'000	N'000
Thermax Engineering Construction Ltd	Related party	22,582	41,797

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 (2021: Nil).

18 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 (2021: Nil).

19 Commitments

The Enterprise had no capital commitments as at 31 March 2022 (2021: Nil).

20 Thermax Babcock & Wilcox Energy Solutions Ltd

There are no direct transactions between Thermax Engineering Construction FZE and Theramx Babcock & Wilcox Solutions Ltd. All the costs are charged to Thermax Engineering Construction Company and Thermax Engineering Construction Company has charged to Thermax Engineering Construction FZE.

21 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

Particulars	31 March 2022		31 March 2021	
	N'000	%	N'000	%
Revenue	628,503		1,112,437	
Other income	2,570		180	
Bought in materials and services	631,073		1,112,617	
Brought in materials and services:				
Imported	109,357		(145,262)	
Local	171,048		(448,564)	
Value added	**280,405**	**100**	**518,791**	**100**
Applied as follows:				
To provide for enhancement of assets and growth:				
Retained profit/loss for the year	280,405	100%	518,791	100%
Value added	**280,405**	**100**	**518,791**	**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.

Statement of financial position

	31 March 2022	31 March 2021	31 March 2020	31 March 2019
	N'000	N'000	N'000	N'000
Current assets	860,959	967,770	444,369	30,565
Current liabilities	(167,626)	(187,184)	(182,574)	-
Net assets	**693,333**	**780,586**	**261,795**	**30,565**
Brought in materials and services:				
Share capital	30,565	30,565	30,565	30,565
Retained earnings	662,768	750,021	231,230	-
Total equity	**693,333**	**780,586**	**261,795**	**30,565**

Statement of profit or loss

	31 March 2022	31 March 2021	31 March 2020	8 months ended 31 March 2019
	N'000	N'000	N'000	N'000
Revenue	628,503	1,112,437	263,797	-
Profit for the year	208,664	491,295	195,377	-
Total comprehensive income/loss	280,405	518,791	231,230	-

Thermax Engineering Construction FZE has only been in operation for 4 years and hence, a four-year financial summary has been presented.

DANSTOKER POLAND SP. ZO.O.

Management Board	***Registered Office***	***Auditors***
Peter Overgaard (Vice Chairman of the Board) Sanjay Reddy (Board Member)	Ostrowiec Św. ul. Kolejowa 20	BDO Sp. z.o.o. ul. Postepu 12, 02-676 Warszawa Polska
Chief Operating Officer	***In charge of the books of account***	***Bankers***
Grzegorz Borkowski	Michał Musiał	mBank

Management report on the company's activities

For the Financial year ended 31 March 2022

I. Legal and organizational status

Danstoker Poland Spółka z ograniczoną odpowiedzialnością (hereinafter "the Company") seated in Ostrowiec Świętokrzyski (Poland), ul. Kolejowa 20 is a commercial company and has been entered into the Register of Entrepreneurs of the National Court Register kept by the District Court in Kielce, 10th Commercial Division of the National Court Register under number 0000652298.

The company has no branches.

The main shareholder of the company and the owner of 100% of the total number of shares is Danstoker A / S, based in Herning, Denmark.

During the financial year, there were no changes to the Company's agreement.

On October 6th, 2021, the Shareholders' Meeting recalled Mr. Rakesh Tripathi from the position of the President of the Management Board. On the same day, Mr. Bill Shukla was appointed the President of the Management Board.

On June 10th, 2022 Mr. Bill Shukla resigned from being member of the Management Board.

Currently, the Management Board consists of the following persons:

- Peter Overgaard,
- Sanjay Reddy.

II. Significant events occurring in the financial period and after the financial period, affecting the Company's operations and 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 pandemic. Despite the verification of budgetary assumptions, the Company did not achieve the planned level of revenue and profitability.

An additional risk factor is the military conflict in Ukraine and changes in the prices of energy carriers. Nevertheless, at the end of the financial year and at the beginning of the next year, the Company built an appropriate order portfolio that will enable it to achieve a positive financial result in the future.

The operations of the Company continue to be financed through a loan from the shareholder of Danstoker A/S. In the financial year, the Company took out an additional loan in the amount of PLN 1,500 tsd. PLN.

III. Foreseen Company development

Danstoker Poland plan to become a 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.

IV. Achievements in research and development

The company does not carry out research and development.

V. Current and forecasted financial situation

During the financial year the Company recorded operating loss of 1.508 tsd. PLN. Sales revenue was 25.625 tsd. PLN, including intercompany revenue of 7.382 tsd. PLN. Sales plan for the following year assumes sales increase and profit achievement.

Current financial situation (data in thousands of PLN)

1. Balance = 38.155
2. Net Loss = 1.508
3. Achieved revenues: 30.129 comprises of:

a) Net revenue from sales and equivalent: 28.702

b) Other operating revenue: 1.427

4. Costs: 31.722 comprises of:

a) Operating costs: 30.361

b) Other operating cost: 1.152

c) Financial cost: 259

VI. Purchase of own shares

The company has not purchased own share during financial year.

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 achiving 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

	31.03.2022	**31.03.2021**
ROA%	-4.17	-7.37
ROE%	-49.50	-49.58
Net sales profitability%	-5.89	-10.30
Current ratio	0.62	1.15
Quick ratio	0.18	0.57
Receivable days	44.85	34.87
Equity to fixed assets ratio %	9.74	15.61

IX. Non-financial indicators

Number of accidents at work = 3 individuals. Non-serious

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Peter Overgaard

Vice-President of the Board

....

Sanjay Reddy

Member of the Board

June 15th 2022

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 2022, consisting of:

- the balance sheet prepared as at March 31st 2022,
- the profit and loss account for the period April 1st 2021 to March 31st 2022,
- the statement of cash flows for the period April 1st 2021 to March 31st 2022, the statement of changes in shareholders' equity for the period. April 1st 2021 to March 31st 2022,
- 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

Peter Overgaard
Vice chairman of the Board

Sanjay Reddy
Member of the Board

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 2022, 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 2022, 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 as amended) 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" – 2022 Journal of Laws, item 1302). 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 2022 ("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

on behalf of which the audit was performed by the auditor in charge

Krzysztof Maksymik

Certified Auditor Register No 11380

Warszawa, 8 July 2022

DANSTOKER POLAND SP. ZO.O.

Additional Information

1. General information

The financial statements of Danstoker Poland Spółka z ograniczoną odpowiedzialnością (herainafter: the 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:

- Peter Overgaard
- Sanjay Reddy.

2. Presentation of financial statements

The Company is presenting its financial statements for the financial year from April 1st 2021 to March 31st 2022.

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.

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 2022 as well as comparative financial data for the financial year ended on March 31st 2021.

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.

All costs incurred due to the performance of an unfinished service covered by a contract with a performance period not longer than 6 months until the completion of the contract, are presented as work in progress. Orders with a performance period of more than 6 months are accounted for as long- term contracts.

In accordance to Article 34a paragraph. 2 of the Accounting Act, revenues from unfinished service, including construction services, in the period from the conclusion of the contract to the balance sheet date - after deduction of revenues that influenced the financial result in previous reporting periods - are determined in proportion to the stage of its advancement. The stage of advancement of the service is measured by the share of costs incurred from the date of conclusion in the total costs of the service.

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%.

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 undershort-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, June 15th 2022
Financial statements prepared by

Michał Musiał

Management Board

....
Peter Overgaard
Vice-President of the Board

....
Sanjay Reddy
Member of The Board

DANSTOKER POLAND SP. ZO.O.

BALANCE SHEET as at 31.03.2022

ASSETS	Note No	31 Mar 2022		31 Mar 2021	
		PLN	Rs Lacs	PLN	Rs Lacs
A. NON-CURRENT ASSETS		**23,536,701**	**4,298.13**	24,344,328	4,511.00
I. Intangible fixed assets		**-**	**-**	-	-
II. Tangible fixed assets		**22,176,112**	**4,049.67**	23,157,688	4,291.12
1. Fixed assets		**22,142,882**	**4,043.60**	23,157,688	4,291.12
a) land (of which in perpetual usufruct)	32	**1,568,582**	**286.44**	1,568,582	290.66
b) buildings and constructions	32	**17,975,086**	**3,282.50**	18,524,733	3,432.63
c) plant and equipment	32	**2,272,425**	**414.98**	2,807,853	520.30
d) vehicles	32	**274,401**	**50.11**	139,624	25.87
e) other fixed assets	32	**52,389**	**9.57**	116,897	21.66
2. Fixed assets under construction	47	**33,230**	**6.07**	-	-
III. Long-term receivables	6	**-**	**-**	-	-
IV. Long-term investments		**-**	**-**	-	-
V. Long-term prepayments		**1,360,589**	**248.46**	1,186,640	219.88
1. Deferred income tax assets	31	**1,360,589**	**248.46**	1,186,640	219.88
B. CURRENT ASSETS		**14,618,341**	**2,669.51**	9,831,954	1,821.86
I. Inventory		**10,327,893**	**1,886.02**	5,006,915	927.78
1. Raw materials	34	**4,746,270**	**866.74**	2,588,564	479.66
2. Semi-finished products and work in progress	34	**5,200,636**	**949.71**	1,914,291	354.72
3. Finished products	34	**203,294**	**37.12**	480,687	89.07
4. Goods for resale	34	**4,924**	**0.90**	4,924	0.91
5. Advances for supplies and services	34	**172,769**	**31.55**	18,449	3.42
II. Short-term receivables		**3,231,163**	**590.06**	3,709,158	687.31
1. Receivables from related parties		**799,901**	**146.07**	1,327,735	246.03
a) trade receivables, with due dates:		**799,901**	**146.07**	1,327,735	246.03
– within 12 months	6	**799,901**	**146.07**	1,327,735	246.03
2. Receivables from other parties in which the company has invested capital		**-**	**-**	-	-
3. Receivables from other parties		**2,431,262**	**443.98**	2,381,423	441.28
a) trade receivables, with due dates:		**2,339,676**	**427.26**	1,830,593	339.21
– within 12 months	6	**2,339,676**	**427.26**	1,830,593	339.21
b) tax, subsidy, customs, social and health insurance and other public receivables	6	**69,039**	**12.61**	535,428	99.21
c) other	6	**22,547**	**4.12**	15,402	2.85
d) receivables in court	6	**-**	**-**	-	-
III. Short-term investments		**433,848**	**79.23**	1,043,885	193.43
1. Short-term financial assets		**433,848**	**79.23**	1,043,885	193.43
c) cash and other cash assets		**433,848**	**79.23**	1,043,885	193.43
– cash in hand and at bank	1	**433,848**	**79.23**	1,043,885	193.43
IV. Short-term prepayments	31	**625,437**	**114.21**	71,997	13.34
– of which: assets from unfinished construction contracts		**567,605**	**103.65**	-	-
TOTAL ASSETS		**38,155,042**	**6,967.64**	34,176,282	6,332.87

LIABILITIES AND EQUITY	Note No	31 MAR 2022		31 MAR 2021	
		PLN	Rs Lacs	PLN	Rs Lacs
A. EQUITY		**2,292,458**	**418.63**	3,800,503	704.23
I. Share capital	3	**450,000**	**82.18**	450,000	83.39
II. Reserve capital, of which:	51	**17,055,000**	**3,114.48**	17,055,000	3,160.29
– share premium	51	**17,055,000**	**3,114.48**	17,055,000	3,160.29
III. Revaluation reserve, of which:		**-**	**-**	-	-
IV. Other reserves, of which:		**-**	**-**	-	-
V. Accumulated profit (loss) from previous years	50	**(13,704,497)**	**(2,502.63)**	(11,198,903)	(2,075.16)
VI. Net profit (loss) for the year	4	**(1,508,045)**	**(275.39)**	(2,505,595)	(464.29)
B. LIABILITIES AND COST PROVISIONS		**35,862,584**	**6,549.01**	30,375,780	5,628.63
I. Cost provisions	13	**2,985,465**	**545.19**	2,911,908	539.58
1. Provision for deferred income tax		**2,695,251**	**492.19**	2,656,414	492.23
2. Provision for retirement and similar benefits		**-**	**-**	-	-
3. Other provisions		**290,214**	**53.00**	255,494	47.34
– short-term	13	**290,214**	**53.00**	255,494	47.34
II. Long-term liabilities		**175,146**	**31.98**	9,422,572	1,746.00
1. To related parties	7	**-**	**-**	9,422,572	1,746.00
2. To other parties in which the company has invested capital	7	**-**	**-**	-	-
3. To other parties		**-**	**-**	-	-
c) other financial liabilities		**175,146**	**31.98**	-	-
III. Short-term liabilities		**23,597,994**	**4,309.32**	8,516,939	1,578.19
1. Liabilities to related parties	7	**14,469,801**	**2,642.39**	3,039,705	563.26
a) trade payables with due dates:		**3,414,651**	**623.56**	3,039,705	563.26
– within 12 months	7	**3,414,651**	**623.56**	3,039,705	563.26
b) other	7	**11,055,150**	**2,018.83**	-	-
2. Liabilities to other parties in which the company has invested capital	7	**-**	**-**	-	-
3. Liabilities to other parties	7	**9,084,209**	**1,658.90**	5,419,710	1,004.27
a) credits and loans	7	**-**	**-**	-	-
b) debt securities	7	**-**	**-**	-	-
c) other financial liabilities	7	**39,766**	**7.26**	-	-
d) trade payables with due dates		**4,196,038**	**766.26**	2,326,115	431.03
– within 12 months	7	**4,196,038**	**766.26**	2,326,115	431.03
e) advances received for supplies and services	7	**3,787,019**	**691.56**	2,166,278	401.41
f) promissory notes	7	**-**	**-**	-	-
g) tax, customs, social and health insurance and other public payables	7	**547,656**	**100.01**	496,203	91.95
h) payroll	7	**513,397**	**93.75**	430,666	79.80
i) other	7	**333**	**0.06**	448	0.08
4. Special funds	48	**43,984**	**8.03**	57,524	10.66
IV. Accruals		**9,103,980**	**1,662.51**	9,524,360	1,764.86
1. Negative goodwill	31	**9,092,001**	**1,660.33**	9,510,024	1,762.21
2. Accrued construction contracts	31	**-**	**-**	-	-
3. Other accruals		**11,979**	**2.19**	14,335	2.66
– short-term	31	**11,979**	**2.19**	14,335	2.66
TOTAL LIABILITIES AND EQUITY		**38,155,042**	**6,967.64**	34,176,282	6,332.87

DANSTOKER POLAND SP. ZO.O.

PROFIT AND LOSS ACCOUNT [by nature] for 01.04.2021 - 31.03.2022

	Note No	01.04.2021 - 31.03.2022		01.01.2020 - 31.03.2021	
		PLN	Rs Lacs	PLN	Rs Lacs
A. Net revenue from sales and sales equivalent, of which:		**28,702,242**	**5,241.43**	24,766,188	4,589.17
– from related parties	25	**7,381,813**	**1,348.02**	14,023,970	2,598.64
I. Net revenue from the sale of finished products	25	**24,697,433**	**4,510.10**	23,282,404	4,314.23
II. Change in finished products (increase – positive value, decrease – negative value)		**3,008,966**	**549.48**	473,111	87.67
III. Cost of producing goods for the entity's own needs	26	**68,670**	**12.54**	(21,546)	(3.99)
IV. Net revenue from the sale of goods for resale and raw materials	25	**927,173**	**169.31**	1,032,219	191.27
B. Operating costs		**30,361,356**	**5,544.41**	28,599,509	5,299.49
I. Depreciation	26	**1,353,519**	**247.17**	1,365,290	252.99
II. Use of materials and energy	26	**13,874,305**	**2,533.64**	9,946,356	1,843.06
III. Third party services	26	**5,218,186**	**952.91**	5,881,172	1,089.78
IV. Taxes and charges	26	**343,198**	**62.67**	316,747	58.69
V. Wages and salaries	26	**7,173,401**	**1,309.96**	7,991,580	1,480.84
VI. Social insurance and other employee benefits, of which:	26	**1,710,302**	**312.33**	1,866,116	345.79
– retirement	26	**638,137**	**116.53**	709,516	131.47
VII. Other costs by nature	26	**263,373**	**48.10**	95,373	17.67
VIII. Cost of goods for resale and raw materials sold	49	**425,072**	**77.62**	1,136,875	210.66
C. Sales profit (loss) (A-B)		**(1,659,113)**	**(302.98)**	(3,833,321)	(710.31)
D. Other operating revenue		**1,426,995**	**260.59**	1,764,922	327.04
I. Profit on the sale of non-financial fixed assets	27	-	-	-	-
II. Subsidies	27	-	-	625,634	115.93
III. Revaluation of non-financial assets	27	-	-	-	-
IV. Other operating revenue	27	**1,426,995**	**260.59**	1,139,289	211.11
E. Other operating costs		**1,151,780**	**210.33**	864,459	160.18
I. Loss on the sale of non-financial fixed assets		-	-	-	-
II. Revaluation of non-financial assets	28	**40,847**	**7.46**	171,303	31.74
III. Other operating costs	28	**1,110,932**	**202.87**	693,156	128.44
F. Operating profit (loss) (C+D-E)		**(1,383,898)**	**(252.72)**	(2,932,858)	(543.46)
G. Financial revenue		-	-	121,782	22.57
V. Other	29		-	121,782	22.57
H. Financial costs		**259,258**	**47.34**	188,925	35.01
I. Interest, of which	30	**136,857**	**24.99**	60,192	11.15
– to related parties	30	**132,577**	**24.21**	56,341	10.44
IV. Other	30	**122,401**	**22.35**	128,733	23.85
I. Gross profit (loss) (F+G-H)		**(1,643,157)**	**(300.06)**	(3,000,001)	(555.90)
J. Income tax	10	**(135,112)**	**(24.67)**	(494,406)	(91.61)
L. Net profit (loss) (I-J-K)		**(1,508,045)**	**(275.39)**	(2,505,595)	(464.29)

Statement of cash flows (PLN) (indirect method)

	Note No	01.04.2021 - 31.03.2022		01.01.2020 - 31.03.2021	
		PLN	Rs Lacs	PLN	Rs Lacs
A. Cash flows from operating activities					
I. Net profit (loss)		**(1,508,045)**	**(275.39)**	(2,505,595)	(464.29)
II. Total adjustments		**(467,682)**	**(85.41)**	(400,404)	(74.19)
1. Depreciation	26	**1,353,519**	**247.17**	1,365,290	252.99
2. Foreign exchange gains (losses)		**10,439**	**1.91**	(3,969)	(0.74)
3. Interest and shares in profits (dividends)	18	**133,867**	**24.45**	-	-
4. Profit (loss) on investing activities		**5,457**	**1.00**	-	-
5. Changes in provisions	18	**73,557**	**13.43**	(245,105)	(45.42)
6. Changes in inventory	18	**(5,320,978)**	**(971.69)**	18,833	3.49
7. Changes in receivables	18	**477,995**	**87.29**	(1,705,331)	(316.00)
8. Changes in short-term liabilities, excluding credits and loans	18	**3,946,232**	**720.64**	975,660	180.79
9. Changes in prepayments and accruals	18	**(1,147,769)**	**(209.60)**	(808,847)	(149.88)
10. Other adjustments	18	**-**	**-**	3,065	0.57
III. Net cash flows from operating activities (I+II)		**(1,975,727)**	**(360.80)**	(2,905,999)	(538.48)
B. Cash flows from investment activities					
I. Income		**-**	**-**	-	-
II. Expenses		**95,554**	**17.45**	13,071	2.42
1. Acquisition of intangible and tangible fixed assets		**95,554**	**17.45**	13,071	2.42
III. Net cash flows from investment activities (I-II)		**(95,554)**	**(17.45)**	(13,071)	(2.42)
C. Cash flows from financing activities			**-**		-
I. Income		**2,500,000**	**456.54**	2,574,278	477.01
1. Net income from the issue of shares and other capital instruments as well as contributions to capital		**-**	**-**	-	-
2. Credits and loans		**2,500,000**	**456.54**	2,574,278	477.01
II. Expenses		**1,028,316**	**187.78**	-	-
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		**1,000,000**	**182.61**	-	-
5. Buyback of debt securities		**-**	**-**	-	-
6. Financial liabilities		**-**	**-**	-	-
7. Payment of finance lease payables		**27,027**	**4.94**	-	-
8. Interest		**1,289**	**0.24**	-	-
III. Net cash flows from financing activities (I-II)		**1,471,684**	**268.75**	2,574,278	477.01
D. Total net cash flows (A.III.+B.III+C.III)		**(599,598)**	**(109.49)**	(344,792)	(63.89)
E. Net change in cash balances, of which:		**(599,598)**	**(109.49)**	(344,792)	(63.89)
– change in cash balances relating to foreign exchange differences		**(10,439)**	**(1.91)**	(2,244)	(0.42)
F. Cash at beginning of period		**1,043,885**	**190.63**	1,388,676	257.32
G. Cash at end of period (F+D), of which:		**444,287**	**81.13**	1,043,885	193.43
– restricted cash		**14,603**	**2.67**	19,568	3.63

DANSTOKER POLAND SP. ZO.O.

Statement of changes in shareholders equity

	Note No	01.04.2021 - 31.03.2022		01.01.2020 - 31.03.2021	
		PLN	**Rs Lacs**	**PLN**	**Rs Lacs**
I. Equity at beginning of period (Opening Balance)		**3,800,503**	**694.03**	6,306,097	1,168.52
– changes in accounting policies		**-**	**-**	-	-
– adjustment of errors		**-**	**-**	-	-
I.a. Adjusted equity at beginning of period (OB)		**3,800,503**	**694.03**	6,306,097	1,168.52
1. Share capital at beginning of period		**450,000**	**82.18**	450,000	83.39
1.1. Changes in share capital		**-**	**-**	-	-
a) increases relating to		**-**	**-**	-	-
– issue of shares		**-**	**-**	-	-
1.2. Share capital at end of period		**450,000**	**82.18**	450,000	83.39
2.1. Changes in reserve capital		**17,055,000**	**3,114.48**	17,055,000	3,160.29
a) increases relating to		**17,055,000**	**3,114.48**	17,055,000	3,160.29
– share premium		**17,055,000**	**3,114.48**	17,055,000	3,160.29
2.2. Reserve capital at end of period		**17,055,000**	**3,114.48**	17,055,000	3,160.29
5. Accumulated profit (loss) from previous years at beginning of period		**(11,198,903)**	**(2,045.08)**	(5,190,329)	(961.77)
5.4. Accumulated loss from previous years at beginning of period		**11,198,903**	**2,045.08**	5,190,329	961.77
– adjustment of errors		**-**	**-**	-	-
5.5. Adjusted accumulated loss from previous years		**11,198,903**	**2,045.08**	5,190,329	961.77
a) increases relating to		**2,505,595**	**457.56**	6,008,573	1,113.39
5.6. Accumulated loss from previous years at end of period		**13,704,497**	**2,502.63**	11,198,903	2,075.16
5.7. Accumulated profit (loss) from previous years at end of period		**(13,704,497)**	**(2,502.63)**	(11,198,903)	(2,075.16)
6. Net profit/loss		**(1,508,045)**	**(275.39)**	(2,505,595)	(464.29)
a) net profit		**-**	**-**	-	-
b) net loss		**1,508,045**	**275.39**	2,505,595	464.29
II. Equity at end of period (Closing Balance)		**2,292,458**	**418.63**	3,800,503	704.23
III. Equity after proposed distribution of profit (coverage of loss)		**-**	**-**	-	-

10. Corporate Income Tax (CIT)

Position			Current year			Previous year		
			Total	Capital gains	**Other**	Total	Capital gains	**Other**
A	**Gross profit (loss) (F+G-H)**	**Legal basis (CIT Act)**	**(1,643,157)**			**(3,000,001)**		
B	**"Tax-free income (permanent differences between profit / loss for accounting purposes and income / loss for tax purposes), including:"**		**2,357**	**-**	**2,357**	**2,357**	**-**	**2,357**
	settlement of a redeemed loan for the purchase of fixed assets	(Article 17, Paragraph 21)	2,357	-	**2,357**	2,357	-	**2,357**
C	**Revenues not subject to taxation in the current year, including:**		**985,628**	**-**	**985,628**	**479,808**	**-**	**479,808**
	non-invoiced revenues from long-term contracts	(Article 12, Paragraph 3-3g)	567,605	-	**567,605**	-	-	**-**
	write-off of negative goodwill	(Article 16c, Point 4)	418,023	-	**418,023**	418,023	-	**418,023**
	unrealised foregin exchange income	(Article 15a)	-	-	**-**	61,785	-	**61,785**
D	**Taxable income in the current year, recognized in the accounting books of previous years, including:**		**-**	**-**	**-**	**-**	**-**	**-**
E	**Costs not constituting tax deductible costs (permanent differences between profit / loss for accounting purposes and income / loss for tax purposes), including:**		**170,484**	**-**	**170,484**	**239,267**	**-**	**239,267**
	representation costs, in particular incurred for catering services, purchase of food and beverages, including alcoholic beverages	(Article 16, Paragraph 1, Point 28)	51,965	-	**51,965**	2,486	-	**2,486**
	costs of using vehicles that are not the property of the company	(Article 16, Paragraph 1, Point 51)	58,602	-	**58,602**	61,150	-	**61,150**
	interest on leasing	(Article 16, Paragraph 1, Point 11)	1,289	-	**1,289**	-	-	**-**
	write-offs updating the value of receivables	(Article 16, Paragraph 1, Point 26a)	40,847	-	**40,847**	170,000	-	**170,000**
	the loss arose as a result of liquidation of fixed assets and intangible assets	(Article 16, Paragraph 1, Point 6)	5,457	-	**5,457**	-	-	**-**
	contributions to organizations to which the taxpayer's membership is not compulsory	(Article 16, Paragraph 1, Point 37)	1,854	-	**1,854**	-	-	**-**
	other values (sum of items, each of which is less than PLN 20,000)	(Article 15)	10,470	-	**10,470**	5,631	-	**5,631**
F	**Costs not recognized as tax deductible costs in the current year, including:**		**1,112,069**	**-**	**1,112,069**	**556,835**	**-**	**556,835**
	the difference between tax depreciation and accounting depreciation (tax < accounting)	(Article 15, Paragraph 6)	634,774	-	**634,774**	638,186	-	**638,186**
	Social Security Institution contributions accrued unpaid in the current year	(Article 16, Paragraph 1, Point 57a)	242,378	-	**242,378**	222,617	-	**222,617**
	accrued but unpaid or redeemed interest on liabilities, including also on loans (credits)	(Article 16, Paragraph 1, Point 11)	132,577	-	**132,577**	56,341	-	**56,341**
	unrealised foregin exchange loss	(Article 15a)	43,541	-	**43,541**	(339,376)	-	**(339,376)**
	change in the provision for pension, holidays, bonuses	(Article 16, Paragraph 1, Point 27)	53,528	-	**53,528**	(27,217)	-	**(27,217)**

	unpaid remuneration under civil law contracts relating to March last year, paid in the following year	(Article 16, Paragraph 1, Point 57)	5,271	-	**5,271**	6,283	-	**6,283**
G	**Costs recognized as tax deductible costs in the current year recognized in the books of previous years, including:**		**252,242**	**-**	**252,242**	**267,515**	**-**	**267,515**
	"leasing installments paid (operational leasing converted into financial leasing) + initial payment"	(Article 17b, Paragraph 1)	23,342	-	**23,342**	-	-	**-**
	"Social Security Institution contributions relating to the previous year, paid in the current year"	(Article 15, Paragraph 4h)	222,617	-	**222,617**	267,515	-	**267,515**
	remuneration paid under civil law contracts relating to last March, and paid in April this year	(Article 15, Paragraph 4g)	6,283	-	**6,283**	-	-	**-**
I	**Other changes to the tax base, including:**		**-**	**-**	**-**	**-**	**-**	**-**
J	**Income tax base**		**(1,600,830)**			**(2,953,578)**		
K	**Corporate Income Tax**		**(304,158)**			**(561,180)**		

Note 1
Cash and other cash assets

	31.03.2022	**31.03.2021**
1. Cash in hand	4,315	443
2. Cash at bank - split payment VAT account	10,836	19,568
3. Cash at bank	418,697	1,023,873
4. Other cash	-	-
5. Other cash assets	-	-
Total	**433,848**	**1,043,885**

Note 2
Cash and other cash assets (currency structure)

Investment	Amount in PLN	Amount in EUR	Translated from EUR to PLN	Amount in USD	Translated from USD to PLN	Amount in DKK	Translated from DKK to PLN	Total cash and other cash assets in PLN
Cash in hand and at bank	132,090	64,618	300,635	77	323	1,279	800	433,848
Other cash	-	-	-	-	-	-	-	-
Other cash assets	-	-	-	-	-	-	-	-
Razem	**132,090**	**64,618**	**300,635**	**77**	**323**	**1,279**	**800**	**433,848**

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	100	50	5,000	100%
of which preferred					-	-	-	-	0.00
1. Share capital - Danstoker AS"		06.03.2020	fully paid		8,900	-	50	445,000	0.00
of which preferred					**-**	**-**	**-**	**-**	**0.00**
Razem					**9,000**	**100**		**450,000**	**100%**

* share in the share capital corresponds to the share in the total number of votes

Note 4

Proposed distribution of profit or coverage of loss for the year

	31.03.2022	31.03.2021
ZYSK / STRATA NETTO	**(1,508,045)**	(2,505,595)
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	**(1,508,045)**	(2,505,595)

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**	
Repayment period									
up to 1 year									
beginning of period	-	-	-	-	-	-	-	-	-
end of period	-	-	-	-	-	-	-	-	-
from 1 to 3 years									
beginning of period	9,422,572	-	-	-	-	-	-	-	9,422,572
end of period	-	-	85,894	-	-	85,894	-	-	85,894
from 3 to 5 years									
beginning of period	-	-	-	-	-	-	-	-	-
end of period	-	-	89,252	-	-	89,252	-	-	89,252
more than 5 years									
beginning of period	-	-	-	-	-	-	-	-	-
end of period	-	-	-	-	-	-	-	-	-
Razem									
beginning of period	9,422,572	-	-	-	-	-	-	-	9,422,572
end of period	-	-	175,146	-	-	175,146	-	-	175,146

Note 6

Breakdown of balance sheet assets

Item	**Gross amount in the financial year**	**Revaluation write downs**	**Gross amount in the previous year**	**Revaluation write downs**
1. Receivables from related parties	799,901	-	1,327,735	-
a) long-term	-	-	-	-
– credits and loans	-	-	-	-
– security deposits	-	-	-	-
– debt securities	-	-	-	-
– other receivables	-	-	-	-
b) short-term	799,901	-	1,327,735	-
– credits and loans	-	-	-	-
– security deposits	-	-	-	-
– debt securities	-	-	-	-
– trade receivables with due dates:	799,901	-	1,327,735	-
– within 12 months	799,901	-	1,327,735	-
– in more than 12 months	-	-	-	-
– other receivables	-	-	-	-
2. Receivables from other parties in which the company has invested	-	-	-	-
a) long-term	-	-	-	-
– credits and loans	-	-	-	-
– security deposits	-	-	-	-
– debt securities	-	-	-	-
– inne należności	-	-	-	-

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b) short-term	-	-	-	-
– credits and loans	-	-	-	-
– security deposits	-	-	-	-
– debt securities	-	-	-	-
– z tytułu dostaw i usług o okresie spłaty:	-	-	-	-
– within 12 months	-	-	-	-
– in more than 12 months	-	-	-	-
– other receivables	-	-	-	-
3. Receivables from other parties	**2,830,375**	**399,113**	**2,739,689**	**358,266**
a) long-term	-	-	-	-
– credits and loans	-	-	-	-
– security deposits	-	-	-	-
– debt securities	-	-	-	-
– other receivables	-	-	-	-
b) short-term	2,830,375	399,113	2,739,689	358,266
– credits and loans	-	-	-	-
– security deposits	-	-	-	-
– debt securities	-	-	-	-
– z tytułu dostaw i usług o okresie spłaty:	2,738,789	399,113	2,188,859	358,266
– within 12 months	2,738,789	399,113	2,188,859	358,266
– in more than 12 months	-	-	-	-
– tax, subsidy, customs, social and health insurance and other public	69,039	-	535,428	-
– other receivables	22,547	-	15,402	-
– receivables in court	-	-	-	-

Note7

Breakdown of balance sheet liabilities

Breakdown	**Current year**	**Previous year**
1. Liabilities to related parties	14,469,801	12,462,277
a) long-term	-	9,422,572
– credits and loans	-	9,422,572
– debt securities	-	-
– other financial liabilities	-	-
– promissory notes	-	-
– other	-	-
b) short-term	14,469,801	3,039,705
– credits and loans	11,055,150	-
– debt securities	-	-
– other financial liabilities	-	-
– promissory notes	-	-
– trade payables with due dates	3,414,651	3,039,705
– within 12 months	3,414,651	3,039,705
– 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	**9,259,355**	**5,419,710**
a) long-term	175,146	-
– credits and loans	-	-
– debt securities	-	-

– other financial liabilities	175,146	-
– promissory notes	-	-
– other	-	-
b) short-term	9,084,209	5,419,710
– credits and loans	-	-
– debt securities	-	-
– other financial liabilities	39,766	-
– trade payables with due dates	4,196,038	2,326,115
– within 12 months	4,196,038	2,326,115
– in more than 12 months	-	-
– advances received for deliveries	3,787,019	2,166,278
– promissory notes	-	-
– tax, subsidy, customs, social and health insurance and other public payables	547,656	496,203
– payroll	513,397	430,666
– other	333	448

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 89805 Prime Car Management S.A. (company car)			14,723	35,617	
Leasing agreement 91154 Prime Car Management S.A. (company car)			19,956	47,176	
Leasing agreement 91155 Prime Car Management S.A. (company car)			19,956	47,176	
Leasing agreement 91156 Prime Car Management S.A. (company car)			19,956	47,176	
Total			**74,592**	**177,144**	

Note 9

Provisions for doubtful debts

Type of receivable	**Changes in provisions during the financial year**				
	Opening balance	**Increases**	**Use**	**Releases**	**Closing balance**
receivables write down - WEISS A/S Dania	188,266	0	0	0	188,266
receivables write down - KM Sp. z o.o.	40,000	0	0	0	40,000
receivables write down - BEHRENDT	130,000	0	0	0	130,000
receivables write down - TMS	0,00	40,847	0	0	40,847

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Note 10
Settlement of main items differentiating income tax base from gross financial result (profit, loss)

	01.04.2021 - 31.03.2022	01.04.2020 - 31.03.2021
Gross PROFIT/LOSS	**(1,643,157)**	**(3,000,001)**
Non-tax deductible costs	**1,993,987**	**1,523,205**
– provision for doubtful debts	40,847	170,000
– unpaid wages and salaries	5,271	6,283
– unpaid ZUS premiums	242,378	222,617
– foreign exchange difference	43,541	(339,376)
– interest payable	132,577	56,341
– provision for unused holidays	53,528	(27,217)
– representation	41,623	2,486
– other non-tax costs	80,703	66,781
– balance sheet depreciation	1,353,519	1,365,290
Non-accounting taxable costs	**964,704**	**994,618**
– tax depreciation	718,745	727,104
– leasing fees	23,342	-
– paid previous year social insurance	222,617	267,515
Non-taxable accounting revenue	**987,985**	**482,164**
– loan write-off	2,357	2,357
– badwill write-off	418,023	418,023
– non-invoiced revenues from long-term contracts	567,605	-
Non-accounting taxable revenue	**-**	**-**
Income deductions	**-**	**-**
Tax base	**(1,601,858)**	**(2,953,578)**
Current income tax, of which:	**-**	**-**
– income tax on discontinued operations	-	-
Tax deducted by payer from paid out dividend	**-**	**-**
Change in deferred income tax assets	173,949	390,088
Change in provisions for deferred income tax	38,837	(104,318)
Tax liability listed in the profit and loss account	**(135,112)**	**(494,406)**

Note 11
Change in deferred income tax assets

	01.04.2021 -31.03.2022	01.04.2020 -31.03.2021
1. Deferred income tax assets at beginning of period, of which:	**1,186,640**	**796,552**
a) charged to financial result at net amount	1,186,640	796,552
– gross amount	1,186,640	796,552
b) charged to equity	-	-
c) charged to goodwill or negative goodwill	-	-
2. Increases	**1,360,589**	**1,186,640**
a) charged to financial result for the period in connection with negative temporary differences	234,900	155,846
– receivables write down	75,831	68,070
– provision for unused annual leave	43,467	33,296
– unrealized exchange differences	7,989	284
– unpaid remuneration	1,001	1,194
– unpaid interests	25,190	10,705
– unpaid social insurance	46,052	42,297
- leasing liabilities	35,370	-
b) charged to financial result for the period in connection with tax loss (relating to)	1,125,689	1,030,794
– loss 2021	152,177	-
– loss 2020	163,272	561,180
– loss 2018/19	780,710	-
– previous years losses	29,530	469,614
c) charged to equity in connection with negative temporary differences	-	-
d) charged to equity in connection with tax loss (relating to)	-	-
e) charged to goodwill or negative goodwill in connection with negative temporary differences	-	-

	01.04.2021 -31.03.2022	01.04.2020 -31.03.2021
3. Decreases	**1,186,640**	**796,552**
a) charged to financial result for the period in connection with negative temporary differences (relating to)	155,846	83,410
– unpaid social insurance	42,297	21,586
– provision for unused annual leave	33,296	12,003
– provision for receivables	68,070	-
– unrealized exchange differences	284	44,697
– unpaid remuneration	1,194	5,124
– unpaid interests	10,705	-
b) charged to financial result for the period in connection with tax loss (relating to)	1,030,794	713,142
– loss 2020	561,180	-
– loss 2018/19	-	396,190
– previous years losses	469,614	316,952
c) charged to equity in connection with negative temporary differences (relating to)	-	-
d) charged to equity in connection with tax loss (relating to)	-	-
e) charged to goodwill or negative goodwill in connection with negative temporary differences (relating to)	-	-
4. Total deferred income tax assets at end of period, of which:	**1,360,589**	**1,186,640**
a) charged to financial result	1,360,589	1,186,640
– gross amount	1,360,589	1,186,640
b) charged to equity	-	-
c) odniesionych na wartość firmy lub ujemną wartość firmy	-	-
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

	01.04.2021 - 31.03.2022	01.04.2020 - 31.03.2021
1. Provision for deferred income tax at beginning of period, of which:	**2,656,414**	**2,760,732**
a) charged to financial result	(89,022)	15,295
b) charged to equity	277,442	277,442
c) charged to goodwill or negative goodwill	2,467,994	2,467,994
2. Increases	**153,813**	**16,766**
a) charged to financial result for the period due to positive temporary differences (relating to)	153,813	16,766
– accrued interest from Group loan in 2020	-	-
– exchange differences	-	16,766
– leased fixed assets	45,968	-
– non-invoiced revenues from long-term contracts	107,845	-
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)	-	-
3. Decreases	**114,976**	**121,084**
a) charged to financial result for the period due to positive temporary differences (relating to)	114,976	121,084
– difference in fixed asstes valuation for tax and balance sheet purpose	114,976	121,084
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:	**2,695,251**	**2,656,414**
a) charged to financial result	(50,185)	(89,022)
b) charged to equity	277,442	277,442
c) charged to goodwill or negative goodwill	2,467,994	2,467,994
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.	**-**	**-**

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Note 13
Provisions

	Opening balance	Increases	Use	Releases	Closing balance
1. For deferred income tax	**2,656,414**	**153,813**	**-**	**114,976**	**2,695,251**
2. For retirement and similar benefits, of which:	**-**	**-**	**-**	**-**	**-**
a) long-term	-	-	-	-	-
b) short-term	-	-	-	-	-
3. Other provisions, of which:	**255,494**	**114,970**	**80,250**	**-**	**290,214**
a) long-term	-	-	-	-	-
b) short-term	255,494	114,970	80,250	-	290,214
– unused annual leave	175,244	53,528	-	-	228,772
– accruals for not invoiced costs,audit	80,250	61,442	80,250	-	61,442
Total	**2,911,908**	**268,783**	**80,250**	**114,976**	**2,985,465**

Note 14
Information about transactions with related parties

Transaction description	Company name	01.04.2021 - 31.03.2022	01.04.2020 - 31.03.2021
Sales of products	Boilerworks A/S	31,686	2,523,581
Sales of services	Boilerworks A/S	448,445	1,898,384
Sales of trading goods	Boilerworks A/S	-	-
Total:		**480,131**	**4,421,965**
Sales of products	Danstoker A/S	4,667,905	9,137,297
Sales of services	Danstoker A/S	1,935,622	295,242
Sales of trading goods	Danstoker A/S	430	169,465
Sales of materials	Danstoker A/S	29,568	-
Loan repayment	Danstoker A/S	1,000,000	-
Total:		**7,633,525**	**9,602,005**
Sales of services	Thermax	-	-
Total:		**-**	**-**
Purchase of materials and fixed assets	Boilerworks A/S	30,956	303,336
Purchase of services	Boilerworks A/S	-	20,050
Total:		**30,956**	**323,386**
Purchase of materials	Danstoker A/S	3,013,307	1,202,498
Purchase of services	Danstoker A/S	101,527	101,409
Recharge of costs - freight, guarantees	Danstoker A/S	9,310	38,154
Purchase of IT services and licences	Danstoker A/S	215,697	248,915
Purchase of fixed assets	Danstoker A/S	39,907	
Loan and interests	Danstoker A/S	2,632,577	2,465,579
Total:		**6,012,325**	**4,056,556**
Business development services	Thermax	270,523	198,528
Total:		**270,523**	**198,528**

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	4.6525	4.6603
USD	4.1801	3.9676
GBP	5.4842	5.4679
DKK	0.6255	0.6267

Note 18

Breakdown of cash for the statement of cash flows

Item A.II.3. Interest and shares in profits (dividends)	31.03.2022	31.03.2021
Interest on deposits in excess of 3 months	-	-
Interest on loans	-	-
Interest on credits	-	-
Dividends received and booked	-	-
Dividends paid and booked	-	-
Other interest	133,867	-
Total interest	**133,867**	**-**

Item A.II.5. Changes in cost provisions	31.03.2022	31.03.2021
Provision for deferred income tax	2,695,251	2,656,414
Provision for retirement and similar benefits	-	-
Other provisions	290,214	255,494
Total	**2,985,465**	**2,911,908**
Change in value	**73,557**	**(245,105)**

Item A.II.6. Changes in inventory	31.03.2022	31.03.2021
Total inventory	10,327,893	5,006,915
Purchase costs	-	-
Revaluation	-	-
Total	**10,327,893**	**5,006,915**
Change in value, of which:	**(5,320,978)**	**18,833**
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	31.03.2022	31.03.2021
Long-term receivables	-	-
Short-term receivables from related parties	799,901	1,327,735
Short-term receivables from other parties in which the company has invested capital	-	-
Short-term receivables from other parties	2,431,262	2,381,423
Total receivables	**3,231,163**	**3,709,158**
Change in receivables	**477,995**	**(1,705,331)**

Item A.II.8. Change in short-term liabilities, excluding credits and loans	31.03.2022	31.03.2021
Short-term liabilities to related parties	3,414,651	3,039,705
Short-term liabilities to other parties in which the company has invested capital	-	-
Short-term liabilities to other parties	9,044,443	5,419,710
Special funds	43,984	57,524
Total liabilities, of which:	**12,503,078**	**8,516,939**
Liabilities relating to the purchase of tangible and intangible fixed assets	39,907	-
Liabilities relating to investments in real estate and intangibles	-	-
Other liabilities relating to investment activities	-	-
Total liabilities relating to investment activities	**39,907**	**-**
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	**12,463,171**	**8,516,939**
Change in liabilities	**3,946,232**	**975,660**

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Item A.II.9. Change in prepayments and accruals	31.03.2022	31.03.2021
DLong-term prepayments	1,360,589	1,186,640
Short-term prepayments	625,437	71,997
Total	**1,986,026**	**1,258,637**
1. Change in value	**(727,390)**	**(388,468)**
Negative goodwill	9,092,001	9,510,024
Long-term accruals	-	-
Short-term accruals	11,979	14,335
Total	**9,103,980**	**9,524,360**
2.Change in value	**(420,380)**	**(420,380)**
Total change in prepayments and accruals (1+2)	**(1,147,769)**	**(808,847)**

Item A.II.10. Other adjustments	31.03.2022	31.03.2021
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)
Other	-	3,153
Total	**-**	**3,065**
Change in value	**-**	**3,065**

Item E. Net change in cash balances	31.03.2022	31.03.2021
Cash in hand	4,315	443
Cash at bank	429,533	1,043,441
Bank deposits for up to 3 months	-	-
Cash equivalents, of which:	-	-
– checks	-	-
– promissory notes	-	-
– other	-	-
Total cash and cash equivalents	**433,848**	**1,043,885**
Change in cash and cash equivalents	**(610,036)**	**(344,792)**
Balance sheet valuation of cash	(6,470)	3,969
Change in cash relating to foreign exchange differences	**(10,439)**	**(2,244)**
Restricted cash	**14,603**	**19,568**

Note 19

Nature and economic objective of concluded agreements not included in the balance sheet to the extent necessary to assess their effect on the company's financial position and financial result

Description	Value of agreement
	-

Remark	
Does not exist	

Note 20

Average employment in the financial year by occupational group

	Average number of employees in the financial year	Average number of employees in the previous year
Total, of which:	**107.66**	**113.50**
– white collar (in non-labor positions)	40.92	40.70
– blue collar (in labor positions)	66.74	72.80
– apprentices	0.00	0.00
– home-based workers	0.00	0.00
– employees on parental or unpaid leave	0.00	0.00

Note 21

Remuneration due or paid out to members of the company's management, supervisory and administrative organs for the financial year

Comments

Do not exist. 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	01.04.2021 -31.03.2022	01.04.2020 - 31.03.2021
Mandatory audit of financial statements			31,000	36,000,00
Other assurance services			-	-
Tax advisory service			-	-
Consolidated financial statements			-	-
Other services			63,000	67,193
Total			**94,000**	**103,193**

Note 23

Information about significant events that occurred after the balance sheet date and have not been included in the financial statements, and about their effect on the company's financial position and financial result

Significant subsequent events not included in the financial statements	Effect on the company's financial position and financial result

Comments

Do not exist.

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

Remarks:

There are no uncertainty with regard to going concern. The Company financing is confirmed by the parent company.

In the financial year, the Company made an effort to optimize the client portfolio, which improved in the gross financial result. As at the balance sheet date, the value of the order portfolio was PLN 19 million. Current and potential orders, which are in the negotiation phase, 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 an oversized amount in periods with an excessive level of orders. At the end of the financial year, due to Russia's attack on Ukraine, the Company recorded an increase in the prices of materials, mainly metallurgical materials. Recent publications of the Central Statistical Office on the index of changes in the prices of consumer goods put pressure on the growth of wages. The nature of the Company's operations is limited by a correspondingly quick reaction in the form of an increase in product prices. The company performed a detailed analysis of the financial situation in the following years, taking into account the above-mentioned negative factors. Based on this analysis, no threats to going concern were identified.

Note 25

Net revenue from the sale of goods for resale and finished products by type and territory

	01.04.2021 - 31.03.2022		01.01.2020- 31.03.2021	
	from related parties	from other parties	from related parties	from other parties
1. Sale of services (by type)	2,384,067	398,261	2,193,627	922,488
– services	2,384,067	398,261	2,193,627	922,488
2. Sale of raw materials (by type)	24,039	282,055	169,465	5,241
– materials	24,039	282,055	169,465	5,241
3. Sale of goods for resale (by type)	430	620,649	857,512	-
– goods for resale	430	620,649	857,512	-
4. Sale of finished products or other services (by	4,973,277	16,941,828	11,660,878	8,505,411
– products	4,973,277	16,941,828	11,660,878	8,505,411
5. Other sales revenue (by type)	-	-	-	-
TOTAL	**7,381,813**	**18,242,793**	**14,881,482**	**9,433,141**
of which:				
Sale to domestic customers	16,622,513		8,520,898	
– finished products/services	15,695,770		7,661,640	
– goods for resale	620,649		854,017	

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	01.04.2021 - 31.03.2022		01.01.2020- 31.03.2021	
	from related parties	from other parties	from related parties	from other parties
– materials	306,094		5,241	
Export sales	349,094		1,103,447	
– finished products/services	349,094		1,103,447	
– goods for resale	-		-	
EU sales	8,653,000		14,686,782	
– finished products/services - to related parties	7,140,243		12,883,374	
– finished products/services - to other parties	1,512,327		1,633,942	
– materials - to related parties	-		169,465	
– goods for resale - to related parties	430		-	
– goods for resale - to other parties	-		-	

Note 26

Costs by nature and costs of producing goods for the entity’s own needs

	01.04.2021-31.03.2022	01.01.2020-31.03.2021
A. Cost of producing goods for the entity's own needs	**68,670**	**(21,546)**
B. Costs by nature	**29,936,284**	**27,462,634**
1. Depreciation	1,353,519	1,365,290
2. Use of materials and energy	13,874,305	9,946,356
3. Third party services	5,218,186	5,881,172
4. Taxes and charges, of which:	343,198	316,747
– excise tax	-	-
5. Wages and salaries	7,173,401	7,991,580
6. Social insurance and other employee benefits, of which: 1 866	1,710,302	1,866,116
– retirement	638,137	709,516
7. Other costs by nature	263,373	95,373
C. Cost of goods for resale and raw materials sold	**425,072**	**1,136,875**
Total	**30,430,025**	**28,577,963**

Note 27

Other operating revenue

	31.03.2022	31.03.2021
I. Released provisions (relating to)	-	-
II. Subsidies	-	625,634
1) donation for remuneration costs - COVID	-	625,634
III. Revaluation of non-financial assets	-	-
IV. Other, of which:	1,426,995	1,139,289
A. Released provisions (relating to)	418,023	418,023
– badwill depreciation	418,023	418,023
B. Others	1,008,972	721,266
1) inventory surplus	920,245	593,851
2) WFOS loan cancellation	2,357	2,357
3) disabled persons fund	46,414	61,551
4) other revenues	39,956	63,507
Other operating revenue	**1,426,995**	**1,764,922**

Comments:
In the fiscal year, the Company did not use public aid from the FGŚP under the Anti-Crisis Shield to subsidize the renumeration of employee regarding the COVID-19 pandemic.

Note 28
Other operating costs

	01.04.2021-31.03.2022	01.04.2020-31.03.2021
I. I. Provisions (relating to)	**-**	**-**
II. Other, of which:	**1,151,780**	**864,459**
1) provision for doubtful debts	40,847	171,303
2) inventory losses	1,092,680	665,960
3) disposal costs of non-financial fixed assets	5,457	-
4) completed financial lease	-	-
5) other operating costs	12,796	27,196
TOTAL other operating costs	**1,151,780**	**864,459**

Note 29
Selected financial revenue

	01.04.2021-31.03.2022	01.04.2020-31.03.2021
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	**-**	**-**
1) on loans	-	-
a) from related parties, of which:	-	-
b) from other parties	-	-
2) other interest	-	-
a) from related parties, of which:	-	-
b) from other parties	-	-
III. Total other financial revenue	**-**	**121,782**
1) foreign exchange gains	-	105,612
– realized	-	43,827
– unrealized	-	61,785
2) released provisions (relating to)	-	-
3) other, of which:	-	16,171

Comments:
Change in the presentation of exchange rate differences compared to the previous year

Note 30
Selected financial costs

	01.04.2021-31.03.2022	01.04.2020-31.03.2021
I. Total financial interest costs	**136,857**	**60,192**
1) on credits and loans	132,577	56,341
a) to related parties, of which:	132,577	56,341
– to the holding company	132,577	56,341
b) to other parties	-	-
2) other interest	**4,280**	**3,850**
a) to related parties, of which:	-	-
b) to other parties	4,280	3,850
II. Total other financial costs	122,401	128,733
1) foreign exchange losses	119,749	128,722
– foreign exchange losses realized	151,353	468,098
– foreign exchange losses unrealized	31,098	(339,376)
– foreign exchange gains realized	(75,144)	-
– foreign exchange gains unrealized	12,443	-
2) provisions (relating to)	-	-
3) other, of which:	2,652	11

Comments:
Change in the presentation of exchange rate differences compared to the previous year

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Note 31

Prepayments and accruals

	01.04.2021-31.03.2022	01.04.2020-31.03.2021
Long-term prepaid expenses, of which:	**1,360,589**	**1,186,640**
1. Deferred income tax assets, of which:	1,360,589	1,186,640
– from tax losses, by date on which the right to deduct loss expires	1,125,689	1,030,794
– in the year 2026	152,177	-
– in the year 2025	163,272	381,073
– in the year 2024	106,819	649,721
– in the year 2023	42,290	-
– in the year 2022	661,131	-
–from unaccounted tax exempt income and unaccounted tax base reductions	-	-
– from other negative temporary differences, of which among others (please list the greatest):	234,900	155,846
– unpaid social insurance	46,052	42,297
– provision for receivables	75,831	68,070
– unpaid interests	25,190	10,705
– unrealized exchange differences	7,989	284
– leasing assets	35,370	-
– other (unoaid remuneration, provision for annual leave)	44,468	34,490
2. Total difference between the value of received financial assets and the liability due for them:	-	-
3. Other	-	-
Short-term prepayments, of which:	625,437	71,997
1. Personal and property insurance	5,107	6,007
2. Software subscription	49,506	64,810
3. Service costs prepaid	2,062	-
4. Magazine subscriptions	1,158	1,179
5. Surplus of estimated revenues over invoiced receivables for construction services	567,605	-
Accruals, of which:	**9,103,980**	**9,524,360**
1. Negative goodwill	9,092,001	9,510,024
Opening balance	9,510,024	9,928,047
a) increases, of which:	-	-
b) decreases, of which:	418,023	418,023
– negative goodwill depreciation	418,023	418,023
2. Other accruals, of which:	11,979	14,335
a) long-term, of which:	-	-
b) short-term, of which:	11,979	14,335
– loan cancellation WFOŚ	11,979	14,335
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	Plant and equipment	Vehicles	Other fixed assets	Total
Gross opening balance	**1,568,582**	**-**	**20,868,764**	**5,225,129**	**326,300**	**354,348**	**28,343,123**
Increases, of which:	-	-	49,776	111,955	182,439	-	344,170
– acquisition	-	-	49,776	111,955	182,439	-	344,170
– internal transfer	-	-	-	-	-	-	-
– other	-	-	-	-	-	-	-
Decreases, of which:	-	-	-	36,895	-	11,000	47,895
– liquidation	-	-	-	36,895	-	11,000	47,895
– revaluation	-	-	-	-	-	-	-
– disposal	-	-	-	-	-	-	-
– internal transfer	-	-	-	-	-	-	-
– other	-	-	-	-	-	-	-

	Freehold land	Land in perpetual usufruct	Buildings and constructions and separate strata title premises and rights to	Plant and equipment	Vehicles	Other fixed assets	Total
Gross closing balance	**1,568,582**	**-**	**20,918,540**	**5,300,189**	**508,739**	**343,348**	**28,639,398**
Accumulated depreciation at beginning of period	**-**	**-**	**2,344,031**	**2,417,277**	**186,676**	**237,451**	**5,185,435**
Current depreciation – increases	-	-	599,424	642,292	47,662	64,141	1,353,519
Decreases, of which:	-	-	-	31,805	-	10,633	42,438
– liquidation	-	-	-	31,805	-	10,633	42,438
– disposal	-	-	-	-	-	-	-
– internal transfer	-	-	-	-	-	-	-
– other	-	-	-	-	-	-	-
Accumulated depreciation at end of period	**-**	**-**	**2,943,455**	**3,027,764**	**234,338**	**290,959**	**6,496,516**
Permanent impairment at beginning of period	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Increases	-	-	-	-	-	-	-
Decreases	-	-	-	-	-	-	-
Permanent impairment at end of period	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net book value at beginning of period	**1,568,582**	**-**	**18,524,733**	**2,807,853**	**139,624**	**116,897**	**23,157,688**
Net book value at end of period	**1,568,582**	**-**	**17,975,086**	**2,272,425**	**274,401**	**52,389**	**22,142,882**
Percent used up from opening value (%)	-	-	0.14	0.57	0.46	0.85	0.23

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	**01.04.2021 - 31.03.2022**	**01.04.2020 - 31.03.2021**
Costs incurred in period,of which:	344,170	13,071
Acquisition of intangible fixed assets	-	-
Acquisition of fixed assets, of which:	344,170	13,071
– 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	-	-

Note 34

Inventory

	31.03.2022	**31.03.2021**
Raw materials	4,746,270	2,588,564
Semi-finished products and work in progress	5,200,636	1,914,291
Finished products	203,294	480,687
Goods for resale	4,924	4,924
Advances for deliveries	172,769	18,449
Total	**10,327,893**	**5,006,915**

Note 35

Finance leases at the lessee

Items	The present value of the lease payments payable in the following periods			
	up to 1 year	from 1 to 3 years	from 3 to 5 years	over 5 years
Car Volkswagen Arteon	30,230	64,800	66,681	-
Scissor lift JCB S2632E	9,536	21,094	22,570	-

Note 36

Ownership of tangible fixed ssets

	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	1,568,582	-	20,918,540	5,240,689	326,300	343,348	28,397,459
Tangible fixed assets used on the basis of rental, tenancy or other agreements, including lease agreements	-	-	-	59,500	182,439	-	241,939
used based on rental agreements	-	-	-	-	-	-	-
used based on tenancy agreements	-	-	-	-	-	-	-
used based on lease agreements	-	-	-	59,500	182,439	-	241,939
used based on other agreements (specify)	-	-	-	-	-	-	-
Total tangible fixed assets	**1,568,582**	**-**	**20,918,540**	**5,300,189**	**508,739**	**343,348**	**28,639,398**

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	**799,901**	**-**	**-**	**799,901**
a) trade receivables due within 12 months	**799,901**	**-**	**-**	**799,901**
Opening balance	1,327,735	-	-	1,327,735
Closing balance, of which:	799,901	-	-	799,901
– current	592,862	-	-	592,862
– overdue by 1 month or less	174,641	-	-	174,641
– overdue by 1 to 3 months	32,399	-	-	32,399
– overdue by 3 to 6 months	-	-	-	-
– overdue by 6 months to 1 year	-	-	-	-
– overdue by more than 1 year	0	-	-	0
b) trade receivables due in more than 12 months	**-**	**-**	**-**	**-**
Opening balance	-	-	-	-
Closing balance, of which:	-	-	-	-
c) inne	**-**	**-**	**-**	**-**
Opening balance	-	-	-	-
Closing balance, of which:	-	-	-	-
2. Receivables from other parties	**2,830,375**	**-**	**399,113**	**2,431,262**
a) trade receivables due within 12 months	**2,738,789**	**-**	**399,113**	**2,339,676**
Opening balance	2,188,859	-	358,266	1,830,593
Closing balance, of which:	**2,738,789**	**-**	**399,113**	**2,339,676**
– current	836,750	-	-	836,750
– overdue by 1 month or less	33,928	-	-	33,928
– overdue by 1 to 3 months	(29)	-	-	(29)
– overdue by 3 to 6 months	141,987	-	-	141,987
– overdue by 6 months to 1 year	633,498	-	-	633,498
– overdue by more than 1 year	1,092,655	-	399,113	693,542

	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	**69,039**	**-**	**-**	**69,039**
Opening balance	535,428	-	-	535,428
Closing balance, of which:	69,039	-	-	69,039
– current	69,039	-	-	69,039
– 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	**22,547**	**-**	**-**	**22,547**
Opening balance	15,402	-	-	15,402
Closing balance, of which:	22,547	-	-	22,547
– current	22,547	-	-	22,547
– overdue by 1 month or less	-	-	-	-
– overdue by 1 to 3 months	-	-	-	-
– overdue by 3 to 6 months	-	-	-	-
– overdue by 6 months to 1 year	-	-	-	-
– overdue by more than 1 year	-	-	-	-
e) receivables in court	**-**	**-**	**-**	**-**
Opening balance	-	-	-	-
Closing balance, of which:	-	-	-	-

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:	**799,901**	**-**	**799,901**
a) subsidiary companies	-	-	-
b) co-subsidiary companies	32,399	-	32,399
c) associated companies	-	-	-
d) significant investor	-	-	-
e) co-subsidiary's shareholder	-	-	-
f) holding company	767,503	-	767,503
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	**799,901**	**-**	**799,901**

DANSTOKER POLAND SP. ZO.O.

Note 39

Short-term receivables (currency structure)

	in PLN	in Euro	Translated into PLN	in DKK	Translated into PLN	otal short- term receivables in PLN
1. From related parties, of which from:	**799,901**	**-**	**-**	**-**	**-**	**799,901**
subsidiaries relating to:	-	-	-	-	-	-
co-subsidiary companies	32,399	-	-	-	-	32,399
sales of products and services	32,399	-	-	-	-	32,399
associates relating to:	-	-	-	-	-	-
significant investor relating to:	-	-	-	-	-	-
co-subsidiary's shareholder relating to:	-	-	-	-	-	-
holding company relating to:	767,503	-	-	-	-	767,503
sales of products and services	767,503	-	-	-	-	767,503
2. From other parties relating to:	**875,982**	**375,908**	**1,748,913**	**328,504**	**205,479**	**2,830,375**
sales of products and services	784,396	375,908	1,748,913	328,504	205,479	2,738,789
public-law liabilities	69,039	-	-	-	-	69,039
other	22,547	-	-	-	-	22,547

Note 40

Long-term liabilities to the holding company – ageing

	Credits and loans	Securities	Other financial liabilities	Finance leases	Other	Total
from 1 to 3 years						
beginning of period	9,422,572	-	-	-	-	9,422,572
end of period	-	-	-	-	-	-
from 3 to 5 years						
beginning of period	-	-	-	-	-	-
end of period	-	-	-	-	-	-
more than 5 years						
beginning of period	-	-	-	-	-	-
end of period	-	-	-	-	-	-
Total						
beginning of period	9,422,572	-	-	-	-	9,422,572
end of period	-	-	-	-	-	-

Note 41

Long-term liabilities (currency structure)

	in PLN	in Eur	Translated into PLN	Total long-term liabilities in PLN
1. To related parties, of which to:	**-**	**-**	**-**	**-**
subsidiaries relating to:	-	-	-	-
co-subsidiaries relating to:	-	-	-	-
associates relating to:	-	-	-	-
significant investor relating to:	-	-	-	-
co-subsidiary's shareholder relating to:	-	-	-	-
holding company relating to:	-	-	-	-
To other parties relating to: 0,00 0,00	175,146	-	-	175,146
leasing	175,146	-	-	175,146

Note 42

Short-term liabilities to holding company

	31.03.2022	31.03.2021
1. Credits and loans, of which:	**11,055,150**	**-**
– with a long-term repayment period	11,055,150	-
– debt securities	-	-
– dividends	-	-
2. Other financial liabilities, of which:	**-**	**-**
3. Trade payables, with due dates:	**2,028,598**	**3,039,705**
– within 12 months	2,028,598	3,039,705
– in more than 12 months	-	-
4. Advances received on deliveries	**-**	**-**
5. Promissory notes	**-**	**-**
Total	**13,083,748**	**3,039,705**

Note 43

Short-term liabilities to other companies

	31.03.2020	31.03.2019
1. Credits and loans, of which:	**-**	**-**
– with a long-term repayment period	-	-
– debt securities	-	-
– dividends	-	-
2. Other financial liabilities, of which:	**39,766**	**-**
– leasing	39,766	-
3. Trade payables, with due dates:	**4,196,038**	**2,326,115**
– within 12 months	4,196,038	2,326,115
– in more than 12 months	-	-
4. Advances received on deliveries	**3,787,019**	**2,166,278**
5. Due to taxes, customs and social security	**547,656**	**496,203**
6. Promissory notes	**-**	**-**
7. Liabilities to employees due to salaries	**513,397**	**430,666**
8. Other	**333**	**448**
Total	**9,084,209**	**5,419,710**

Note 44

Short-term liabilities (currency structure)

	in PLN	in EUR	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:	**13,112,697**	**280,069**	**1,303,023**	**12,938**	**54,080**	**-**	**-**	**14,469,801**
subsidiaries relating to:	-	-	-	-	-	-	-	-
co-subsidiaries relating to:	30,956	-	-	-	-	-	-	30,956
trade payables	30,956	-	-	-	-			30,956
associates relating to:	-	-	-	-	-	-	-	-
significant investor relating to:	-	-	-	-	-	-	-	-
co-subsidiary's shareholder relating to:	-	-	-	-	-	-	-	-
holding company relating to:	13,081,741	280,069	1,303,023	12,938	54,080	-	-	14,438,844
loans	11,055,150	-	-	-	-	-	-	11,055,150
trade payables	2,026,591	280,069	1,303,023	12,938	54,080	-	-	3,383,694
2. To other parties relating to:	**6,291,332**	**596,291**	**2,782,923**	**-**	**-**	**15,913**	**9,954**	**9,084,209**
leasing	39,766							39,766
trade payables	3,189,275	214,252	996,809	-	-	15,913	9,954	4,196,038
advances received on deliveries	2,000,905	382,038	1,786,114	-	-	-	-	3,787,019
taxes and social security	547,656	-	-	-	-	-	-	547,656
salaries	513,397	-	-	-	-	-	-	513,397
other liabilities	333	-	-	-	-	-	-	333

Note 45

Short-term liabilities relating to

Company name	Registered officei	Loan amount according to the agreement in currency	Loan amount according to the agreement in PLN	Loan amount to pay in currency	Loan amount to pay in PLN	Interest conditions	Due date	Loan security	Other information, including information on defaults on a loan or breach of loan agreement, for which no remedial action has been taken by the end of the reporting
Danstoker A/S	Industrivej Nord 13, 7400 Herning, Dania	10,922,572	10,922,572	10,922,572	10,922,572	CIBOR (no less than 0 p.p.) + margin 1,25 p.p.	31.03.2023	there aren't	does not concern
Total		**10,922,572**	**10,922,572**	**10,922,572**	**10,922,572**				

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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**	**-**	**4,923**
Increases, of which:	-	-	-	-	-	-	-
– acquisition	-	-	-	-	-	-	-
– internal transfer	-	-	-	-	-	-	-
– other	-	-	-	-	-	-	-
Decreases	-	-	-	-	-	-	-
– liquidation	-	-	-	-	-	-	-
– disposal	-	-	-	-	-	-	-
– internal transfer	-	-	-	-	-	-	-
– other	-	-	-	-	-	-	-
Gross closing balance	**-**	**-**	**-**	**-**	**4,923**	**-**	**4,923**
Accumulated amortization at beginning of period	**-**	**-**	**-**	**-**	**4,923**	**-**	**4,923**
Current amortization – increases	-	-	-	-	-	-	-
Accumulated amortization – decreases	-	-	-	-	-	-	-
– liquidation	-	-	-	-	-	-	-
– disposal	-	-	-	-	-	-	-
– internal transfer	-	-	-	-	-	-	-
– other	-	-	-	-	-	-	-
Total accumulated amortization at end of period	**-**	**-**	**-**	**-**	**4,923**	**-**	**4,923**
Permanent impairment at beginning of period	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Increases	-	-	-	-	-	-	-
Decreases	-	-	-	-	-	-	-
Permanent impairment at end of period	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net book value at beginning of period	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net book value at end of period	**-**	**-**	**-**	**-**	**-**	**-**	**-**
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

	31.03.2022	31.03.2021
Cost of fixed assets under construction excluding interest and foreign exchange differences	33,230	-
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	**33,230**	**-**

Note 48

Special funds

Item	31.03.2022	31.03.2021
Social fund	43,984	57,524
Company fund for the rehabilitation of the disabled	-	-
Housing cooperative repair and renovation fund	-	-
Razem	**43,984**	**57,524**

Note 49
Cost settlement data

	01.04.2021 - 31.03.2022	01.04.2020 - 31.03.2021
I. Changes in settled costs +/-	**3,030,791**	**2,632,463**
1. Relating to inventory differences	68,670	72,109
2. Written off discontinued production	-	-
3. Write off of costs with no economic effect	2,962,106	2,560,353
4. Other	15	-
II. Change in inventory, finished products and accrued costs +/-	**3,008,951**	**2,394,978**
1. Finished products	(277,393)	480,687
2. Semi-finished products and work in progress	3,286,345	1,914,291
3. Accrued costs	-	-
III. Cost of goods sold	**23,965,211**	**24,429,170**
– cost of finished products sold	17,062,666	16,731,357
– cost of producing goods for the entity's own needs	68,670	(21,546)
– sales costs	1,875,484	2,028,264
– general administrative costs	4,958,390	5,691,095
IV. Cost of goods for resale and raw materials sold	**425,072**	**1,136,875**

Note 50
Accumulated profit (loss) from previous years

	31.03.2022	31.03.2021
Accumulated profit (loss) from previous years at beginning of period	**(11,198,903)**	**(5,190,329)**
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	**11,198,903**	**5,190,329**
– changes in accounting methods (policies)	-	-
– adjustments of errors	-	-
Adjusted accumulated loss from previous years at beginning of period	**11,198,903**	**11,198,903**
a) increases (relating to)	2,505,595	-
– transfer of loss from previous years to be covered	2,505,595	-
– reducing the share capital: loss on the sale of own shares not covered by supplementary capital	-	-
- ...	-	-
b) decreases (relating to)	-	-
– coverage of loss from previous years from profit	-	-
– coverage of loss from previous years from capital: spare and reserve	-	-
– covering the loss from previous years from the reduction of share capital	-	-
– covering the loss from previous years from additional payments from partners	-	-
– ...	-	-
Accumulated loss from previous years at end of period	**13,704,497**	**11,198,903**
Accumulated profit (loss) from previous years at end of period	**(13,704,497)**	**(11,198,903)**

Note 51
Changes in reserve capital

	31.03.2022	31.03.2021
Opening balance	**17,055,000**	**17,055,000**
increases (relating to)	**-**	**-**
– share premium	-	-
use (relating to)	**-**	**-**
Closing balance	**17,055,000**	**17,055,000**

Ostrowiec Świętokrzyski, June 15th 2022

Financial statements prepared by

....
Michał Musiał

Management Board

....
Peter Overgaard
Vice-President of the Board

....
Sanjay Reddy
Member of The Board

THERMAX (THAILAND) LIMITED

Board of Directors
Bhavesh Chheda
Janhavi Khele
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.

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, 2022, 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, 2022 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

April 28, 2022

Statement of Financial Position as at March 31, 2022

Particulars	NOTE	2022		2021	
		Baht	Rs Lacs	Baht	Rs Lacs
CURRENT ASSETS					
Cash and cash equivalents		**30**	**0.00**	2,764,667	64.70
Trade accounts receivable	4,12	**17,005,328**	**387.26**	89,024	2.08
Other current assets	12	**137,455**	**3.13**	69,328	1.62
TOTAL CURRENT ASSETS		17,142,813	390.39	2,923,019	68.40
NON-CURRENT ASSETS					
Equipment	5	**245,339**	**5.59**	67,521	1.58
Refundable deposit		**788,542**	**517.96**	383,850	8.98
TOTAL NON-CURRENT ASSETS		**1,033,881**	**23.54**	451,371	10.56
TOTAL ASSETS		18,176,694	413.94	3,374,390	78.96
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Bank Overdraft	6	**206,996**	**4.71**	-	-
Other payables	7	**673,792**	**15.34**	-	-
Income tax payable		**183,760**	**4.18**	537,605	12.58
Other current liabilities	8	**1,311,729**	**29.87**	12,737	0.30
TOTAL CURRENT LIABILITIES		**2,376,277**	**54.11**	550,342	12.88
NON-CURRENT LIABILITIES					
Employee benefit obligation	9	**1,003,299**	**22.85**	-	-
		1,003,299	**22.85**	-	-
TOTAL LIABILITIES		**3,379,576**	**76.96**	550,342	12.88
SHAREHOLDERS' EQUITY					
Share capital					
Authorized share capital					
Ordinary shares, 150,000 shares of par Baht 100 each		**15,000,000**	**341.60**	15,000,000	351.02
Issued and paid up share capital					
Ordinary shares, 150,000 shares of par Baht 100 each (Ordinary shares, 150,000 shares of par Baht 25 each)		**15,000,000**	**341.60**	3,750,000	87.75
Deficit		**-202,882**	**(4.62)**	-925,952	(21.67)
TOTAL SHAREHOLDERS' EQUITY		**14,797,118**	**336.97**	2,824,048	66.09
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**18,176,694**	**413.94**	3,374,390	78.96

Exchange rate : as at 31 March 2022 is THB = Rs 2.27

Exchange rate : as at 31 March 2021 is THB = Rs 2.23

STATEMENT OF INCOME FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

Particulars	NOTE	2022		2021	
		Baht	Rs Lacs	Baht	Rs Lacs
REVENUE					
Service income	11	**16,123,841**	**367.19**	246,800	5.78
Other income		**21,000**	**0.48**	-	-
TOTAL REVENUE		**16,144,841**	**367.67**	246,800	5.78
EXPENSES					
Cost of services		**5,089,907**	**115.91**	-	-
Administrative expenses		**10,127,662**	**230.64**	1,139,752	26.67
TOTAL EXPENSES		**15,217,569**	**346.55**	1,139,752	26.67
NET LOSS FOR THE YEAR / PERIOD		**927,272**	**21.12**	(892,952)	(20.90)
Finance Cost		**(834)**	**(0.02)**	-	-
PROFIT/(LOSS) BEFORE INCOME TAX		**926,438**	**21.10**	(892,952)	(20.90)
Income tax expense		**(203,368)**	**(4.63)**	-	-
NET PROFIT/(LOSS) FOR THE YEAR		**723,070**	**16.47**	(892,952)	(20.90)

Statement of Changes in Equity For the Year Ended March 31, 2022

Particulars	Issued and paid up share capital		Share subscription receivable		Deficit		Total	
	Baht	Rs Lacs	Baht	Rs Lacs	Baht	Rs Lacs	Baht	Rs Lacs
Balance as at March 31, 2020	3,750,000	85.40	(3,750,000)	(85.40)	(33,000)	(0.75)	(33,000)	(0.75)
Cash contribution for share capital	-	-	3,750,000	85.40	-	-	3,750,000	85.40
Net loss for the period	-	-	-	-	(892,952)	(20.34)	(892,952)	(20.34)
Balance as at March 31, 2021	3,750,000	85.40	-	-	(925,952)	(21.09)	2,824,048	64.31
Cash contribution for share capital	11,250,000	256.20	-	-	-	-	11,250,000	256.20
Net loss for the year	-	-	-	-	723,070	16.47	723,070	16.47
Balance as at March 31, 2022	**15,000,000**	**341.60**	**-**	**-**	**(202,882)**	**(4.62)**	**14,797,118**	**336.97**

This fiancials statment have been approved at the Annual General Meeting of shareholders No. ____ dated 28 April 2022

Umesh Barde
Director

THERMAX (THAILAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. General information

Thermax (Thailand) Limited was incorporated as a limited company under Thai laws on March 9, 2020.

The Company has become a subsidiary of Thermax Engineering Singapore Pte Ltd., a company incorporated in Singapore with effect from December 7, 2021 upon the transfer of shares by Thermax Limited, a company incorporated in India to Thermax Engineering Singapore Pte Ltd.

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

The Coronavirus 2019 pandemic is resulting in an economic slowdown and adversely impacting most business and industries in many countries around the world. This situation may bring uncertainties and have an impact on the environment in which the business operates. The management has continuously monitored ongoing developments and assessed the financial impact in respect of the revenues and expenses, valuation of assets, provisions and contingent liabilities which using estimates and judgement in respect of various issues as the situation has evolved.

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. No depreciation is provided on assets under construction and installation.

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.

Employee benefits

Obligations for retired benefits and other long-term employee benefits are recognised using the best estimate method at the reporting date.

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. Trade and other receivables

	2022	2021
	Baht	**Baht**
Trade accounts receivable		
Related parties	**16,573,702**	-
Other parties	**68,480**	89,024
	16,642,182	89,024
Other receivables		
Advance payment	**263,800**	25,000
Prepaid expenses	**99,346**	-
	363,146	25,000
	17,005,328	114,024

NOTES TO THE FINANCIAL STATEMENTS

5. Equipment

	Furniture and fixtures	Office equipment	Tota
	Baht	Baht	Baht
COST			
At start 01/04/21	-	75,000	75,000
Additions	85,665	121,199	206,864
At end 31/03/22	**85,665**	**196,199**	**281,864**
ACCUMULATED DEPRECIATION			-
At start 01/04/21	-	7,479	7,479
Charge for the year	6,539	22,507	29,046
At end 31/03/22	**6,539**	**29,986**	36,525
NBV at start 01/04/21	-	67,521	67,521
NBV at end 31/03/22	**79,126**	**166,213**	**245,339**
Depreciation - 2021			7,479
Depreciation - 2022			**29,046**

6. Bank overdrafts

As at March 31, 2022 bank overdrafts bearing interest at the rate of 6.75% per annum is secured by the parent company.

7. Other payables

	2022	2021
	Baht	Baht
Other payables - related parties	**-**	405,750
Accrued expenses	**673,792**	131,855
Total	**673,792**	537,605

8. Other current liabilities

	2022	2021
	Baht	Baht
Undue output tax	**1,088,741**	5,824
Withholding tax payable	**197,488**	6,913
Social security payable	**25,500**	-
Total	**1,311,729**	12,737

9. Employee benefit obligations

	2022	2021
	Baht	Baht
At beginning of the year	**-**	-
Provisions made	**1,003,299**	-
At ending of the year	**1,003,299**	-

Employee benefit obligations recognised as expenses are calculated based on the last salary and length of employment in accordance with the conditions specified in the regulations of the Company and criteria for severance pay specified

in the labour law, and taking into account the possibility that each employee will work with the Company until retirement.

10. 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:

	2022	2021
	Thousand Baht	Thousand Baht
Not later than 1 year	**1,114**	1,784
Later than 1 year but not later than 5 years	**213**	604
	1,327	2,388

11. 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, 2022

	NON BOI	BOI	TOTAL
	Baht	Baht	Baht
SERVICES INCOME			
Domestic services	-	16,123,841	16,123,841
TOTAL	**-**	**16,123,841**	**16,123,841**

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**

12. Reclassification

Certain items in the 2021 financial statements have been reclassified for comparative purposes and to coincide with the classification presented in the 2022 financial statements as follows :-

For the year ended March 31, 2021

	Before reclassification	Reclassification	After reclassification
	Baht	Baht	Baht
Statement of financial position			
Trade and other receivables	89,024	25,000	114,024
Other current assets	69,328	(25,000)	44,328

13. Approval of financial statements

These financial statements were authorized for issuance by the Company' s director on April 28, 2022.

THERMAX INTERNATIONAL TANZANIA LIMITED

Board of Directors
Bhavesh Kumar Chheda
Kirtiraj Rajendra Jilkar
Sunil Raina

Registered Office
Thermax International Tanzania Limited
Girl Guides building, 1st building,
1st Floor -Tower B Plot No. 1088
Kibasila Street, Upanga
P.O. Box 7323
Dar es Salaam, Tanzania

Auditors
BDO East Africa
Certified Public Accountants
ZO Spaces, 4th Floor, Plot No. 4
New Bagamoyo Road
P.O. BOX 9912
Dar es salaam, Tanzania

Bankers
Citibank Tanzania Limited
Citibank House, Plot 1962
P.O. Box 71625
Dar es Salaam, Tanzania

Company Secretary
PKF Advisory Limited
P.O. Box 7323
Dar es Salaam, Tanzania

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

REPORT BY THOSE CHARGED WITH GOVERNANCE

1. INTRODUCTION

The members charged with governance present their report together with audited financial statements which disclose the state of affairs of Thermax International Tanzania Limited (the "Company"). This report has been prepared in accordance with the Tanzania Financial Reporting Standards (TFRS) No. 1, The report by those charged with governance issued by National Board of Accountants and Auditors (NBAA).

2. INCORPORATION

Thermax International Tanzania Limited is a private company limited by shares. It was registered in the United Republic of Tanzania on 7 December 2019 through Certificate of Incorporation number 140562629.

3. COMPANY'S VISION

To be a globally respected, high performance organization offering sustainable solutions in energy and the environment.

4. COMPANY'S MISSION

Our mission is as listed below:

- ✓ We will harness best available technology, operational excellence and service innovation to our customers
- ✓ We will be extremely service focused – predicting and fulfilling customer needs and expectations
- ✓ Environment sustainability will be foundation of our business and will drive our thinking and actions at every time
- ✓ Our services will enable long term economic benefit to our customers

5. PRINCIPAL ACTIVITIES AND RESOURCES

The company's principal activity is the manufacture and supply of industrial equipment, erection and commissioning of Power Plant and Substations.

By allocating capital to our businesses, we provide differentiation, create value and share it with our stakeholders, while also increasing our own capitals. We present below a brief description of the capitals that are most relevant to our business model.

Financial capital:

Financial capital is composed of the financial resources available and allocated to provision of services to our customers. These resources are obtained through funding from owner's equity and internally generated capital through operations (retained earnings).

Human resource:

This is composed of our employees and their skills and experiences, as well as their motivations to innovate and develop better services, in an ethical and responsible way, by means of their capabilities for management, leadership and cooperation.

5. PRINCIPAL ACTIVITIES AND RESOURCES (CONTINUED)

Intellectual capital:

This is a collection of how the brand is perceived, its intellectual property, technical know-how, and the ability to be creative and innovative in provision of its products and deployment of technology. The entity places maximum emphasis on harnessing intellectual capital such as through implementation of digital business operation model.

Social and relationship resource:

This is mainly composed of ethical and transparent relationships with our customers, shareholders, investors, suppliers, regulatory agencies, government and society. This also includes the ability to share value with our stakeholders to enhance individual and collective well-being.

6. Review of financial results and activities

During the year, the Company managed to secure a contract with customer when compared to last year as a result revenue generated activities were performed.

The statement of affairs of the Company and operating results are fully set out on pages 13 and 12 respectively, and do not in our opinion, require any further comment

7. Key performance indicators and liquidity

The following Key Performance Indicators (KPIs) are effective in measuring the delivery of the Company's strategy and managing business

Key performance indicators	Definition and calculation method	Ratios 2022
Net profit margin	Net profit/Total revenue	29%
Current ratio	Current asset/Current liability	1.86

As at year end the member of those charged with governance are conversant on the entities ability to meet its current liabilities when they fall due.

8. DIVIDENDS

No dividends were declared or paid to shareholders during the year (2021: nil)

9. RISK MANAGEMENT AND INTERNAL CONTROL

The board accepts final responsibility for the risk management and internal control system of the company. It is the task of management to ensure that adequate internal financial and operational control systems are developed and maintained on an ongoing basis in order to provide reasonable assurance regarding:

- ✓ The effectiveness and efficiency of operations;
- ✓ The safeguarding of the company's assets;
- ✓ Compliance with applicable laws and regulations;
- ✓ The reliability of accounting records;
- ✓ Business sustainability under normal as well as adverse conditions; and
- ✓ Responsible behavior towards the stakeholders.

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance of such measures by staff. Whilst no system of internal control can provide absolute assurance against misstatement or losses, the company system is designed to provide the Board with reasonable assurance that the procedures in place are operating effectively.

The board assessed the internal control systems throughout the year and is of the opinion that they met accepted criteria.

In addition, the company's activities expose it to a number of financial risks including credit risk, and liquidity risk as set-out below:

10. PRINCIPLA RISKS AND UNCERTAINITIES

The entity 's activities expose it to a variety of financial risks including credit risk, liquidity risk, market risks and operational risks. Company 's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance. More details of the financial risks facing the entity are provided in Note 6 to the financial statements.

11. CAPITAL STRUCTURE AND SHAREHOLDING

On 8th April 2021 the owners of the Company passed the resolution to increase the registered capital by TZS 32,500,000 equivalent to 32,500 ordinary shares.

Company's capital structure for the year under review is shown below:

Authorized share capital

6,325,000 ordinary shares of TZS 100 each (2021: 6,000,000 ordinary shares of TZS 100 each)

Called up and fully paid share capital

6,000,003 ordinary shares of TZS 100 each (2021: 6,000,000 ordinary shares of TZS 100 each)

Shareholding

The total number of shareholders during the year 2022 was three. (2021: Two)

Shareholder	2022		2021	
	Number of shares	%	Number of shares	%
Thermax International Limited	**5,999,999**	**99.99993%**	5,999,999	99.99998%
Bhavesh Kumar Chheda	**1**	**0.00002%**	1	0.00002%
Kirtiraj Rajendra Jilkar	**3**	**0.00005%**	-	-
	6,000,003	**100%**	6,000,000	100%

12. MANAGEMENT

The day-to-day management of the Company is under Plant Operations Manager (POM) and is organized under the following departments:

- ✓ Operations department
- ✓ Finance and administrations

13. COMPOSITION OF THE BOARD OF DIRECTORS

The directors of the Company at the date of this report and who have served since 1 April 2021 (except otherwise mentioned) are:

No.	Name	Position	Nationality	Qualification	Date of appointment
1.	Bhavesh Kumar Chheda	Director	Indian	Chartered Accountant	07-12-2019
2.	Kirtiraj Rajendra Jilkar	Director	Indian	Engineer	07-12-2019
3.	Sunil Raina	Director	Indian	Engineer	07-12-2019

The Board is required to meet at least once a year and oversee the management of the business. During the year the Board met two times.

Directors' interest in the shares of the company

The directors' interests in the issued and fully paid capital of the company were as follows:

Shareholder	2022		2021	
	Number of shares	%	Number of shares	%
Bhavesh Kumar Chheda	**1**	**0.00002%**	1	0.00002%
Kirtiraj Rajendra Jilkar	**3**	**0.00005%**	-	-

Secretary

The Company secretary as at 31 March 2022 was PKF Tanzania Limited.

14. CORPORATE GOVERNANCE

The Board of directors consists of three (3) directors. The Board takes overall responsibility for the Company, including responsibility for identifying key risk areas, considering and monitoring investment decisions, considering significant financial matters, and reviewing the performance of management business plans and budgets. The Board is also responsible for ensuring that a comprehensive system of internal control policies and procedures is operative, and for compliance with sound corporate governance principles.

Company's corporate governance structure involves managing and controlling relationships amongst different stakeholders, Board of Directors, employees, customers, suppliers and the community at large. The Board and all employees observe values and ethical business in all its business interactions and relationships to stakeholders.

The Board is required to meet at least once a year. The Board delegates the day-to-day management of the business to the Directors assisted by senior management. The Company is committed to the principles of effective corporate governance. The directors also recognize the importance of integrity, transparency and accountability. The Board met twice during the year.

15. SOLVENCY

Those charged with governance confirms that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis.

The members have reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

16. EMPLOYEES' WELFARE

Management and employees' relationship

There were continued good relations between employees and management for the year 2022. There were no unresolved complaints received by Management from the employees during the year. A healthy relationship continues to exist between management and the trade union for the period under review.

The Company is an equal opportunity employer. It gives equal access to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind and without regard to factors like gender, marital status, tribes, religion and disability, which does not impair ability to discharge duties.

Training facilities

Training programs have been and are continually being developed to ensure employees are adequately trained at all levels. All employees have some form of annual training to upgrade skills and enhance development.

Medical assistance

All members of staff with a maximum number of four beneficiaries (dependents) for each employee were availed medical insurance guaranteed by the Board. Currently these services are provided through National Health Insurance Fund (NHIF).

Health and safety

The Company has a strong health and safety department which ensures that a strong culture of safety prevails at all times. A safe working environment is ensured for all employees and contractors by providing adequate and proper personal protective equipment, training and supervision as necessary.

Financial assistance to Staff

Staff advances are available to all confirmed employees depending on the assessment of and the discretion of management as to the need and circumstances.

Persons with Disabilities

Applications for employment by disabled persons are always considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and appropriate training is arranged. It is the policy of the Company that training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employees Benefit Plan

The Company pays contributions to a publicly administered pension plan on mandatory basis which qualifies to be a defined contribution plan.

17. GENDER PARITY

The Company is equal opportunity employer. It gives equal access to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind and without regard to factors like gender, marital status, tribes, religion and disability which does not impair ability to discharge duties.

18. RELATED PARTY TRANSACTIONS

The details of the related party transactions and balances are disclosed in Note 22 to these financial statements.

19. SUBSEQUENT EVENTS

There are no material events after the reporting period which require adjustment to, or disclosure, in the financial statements.

20. POLITICAL AND CHARITABLE DONATIONS

The Company did not make any political or charitable donations during the year (2021: NIL).

21. CORPORATE SOCIAL RESPONSIBILITY

During the period the company did not participate in any community activities and development programs however the company intend in future to engage in corporate social responsibility

22. FUTURE DEVELOPMENT PLANS

The Company intends to increase its customer base, give support to local customers, expand and secure profit of the shareholders.

23. AUDITORS

The auditor, BDO, having accepted the appointment in accordance with Section 170(1) of the Companies Act, 2002. BDO have expressed their willingness to continue in office and are eligible for re-appointment. A resolution to re-appoint BDO, as auditor will be put to the Annual General Meeting.

The details of the firm are provided on page ii.

Approved by the Order of the Board and signed on its behalf by:

Bhavesh Kumar Chheda
Director

Date:18.05.2022

STATEMENT OF RESPONSIBILITIES BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 MARCH 2022

The Companies Act, No.12 of 2002 requires directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company as at the end of the financial year and of its profit or loss for the year. It also requires the directors to ensure that the Company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company. They are also responsible for safeguarding the assets of the Company and hence taking reasonable steps for the prevention and detection of fraud, error and other irregularities.

The directors accept responsibility for the 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 (IFRS) and the requirements of the Companies Act, No.12 of 2002.

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 in accordance with International Financial Reporting Standards (IFRS). 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 designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

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.

Signed on behalf of the Board of Directors by:

Bhavesh Kumar Chheda
Director

Date:18.05.2022

DECLARATION OF HEAD OF FINANCE FOR THE YEAR ENDED 31 MARCH 2022

The National Board of Accountants and Auditors (NBAA) according to the power conferred under the Auditors and Accountants (Registration) Act. No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied with a declaration issued by the Head of Finance responsible for the preparation of financial statements of the entity concerned.

It is the duty of a Professional Accountant to assist the Board of Directors to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity position and performance in accordance with applicable International Financial Reporting Standards and statutory financial reporting requirements. Full legal responsibility for the preparation of financial statements rests with the Board of Directors' as per the statement of Directors Responsibility statement on an earlier page.

I, Mazaher A Yusuf being the Financial Controller of Thermax International Tanzania Limited hereby acknowledge my responsibility of ensuring that financial statements for the year ended have been prepared in compliance with International Financial Reporting Standards (IFRS) and the Companies Act, No. 12 of 2002.

I thus confirm that the financial statements give a true and fair view position of I Thermax International Tanzania Limited as at 31 March 2022 and that they have been prepared based on properly maintained financial records.

Signed by: Mr. Mazaher Yusuf

Position: Head Finance (outsourced)

NBAA registration no: ACPA 1452

Date: 18.05.2022

THERMAX INTERNATIONAL TANZANIA LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF THERMAX INTERNATIONAL TANZANIA LIMITED

Report on the Audit of the Financial Statements

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Thermax International Tanzania Limited (the Company) as at 31 March 2022, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act, CAP 212 Act No. 12 of 2002.

What we have audited

The financial statements of Thermax International Tanzania Limited set out on pages 12 to 31 comprise:

- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of financial position as at 31 March 2022;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Other information

The directors are responsible for the other information. The other information comprises Directors' 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.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act, CAP 212 Act No. 12 of 2002, 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 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.

The directors are responsible for overseeing the 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 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 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 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

This report, including the opinion, has been prepared for, and only for, the company's members as a body in accordance with the Companies Act, CAP 212 Act No. 12 of 2002 and for no other purposes.

As required by the Companies Act, CAP 212 Act No. 12 of 2002, we are also required to report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if the financial statements are not in agreement with the accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed. In respect of the foregoing requirements, we have no matter to report.

Signed by: _________________ Date: 18th May 2022

Juvinal Betambira, TACPA 1994

For and on behalf of BDO East Africa,
Dar es Salaam, Tanzania

FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2022
STATEMENT OF FINANCIAL POSITION

Particulars	NOTE	2022		2021	
		TZS	Rs. Lacs	TZS	Rs. Lacs
ASSETS					
Non-current assets					
Property and equipment	13	**1,089,388**	**0.36**	-	-
Deffered tax assets	14	**499,897**	**0.16**	-	-
Total Non-current assets		**1,589,285**	**0.52**	-	-
Current assets					
Trade and other receivables	15	**6,233,694,286**	**2,050.89**	600,000,000	189.60
Cash and cash equivalents	16	**771,877,275**	**253.95**	-	-
Total current assets		**7,005,571,561**	**2,304.83**	600,000,000	189.60
Total assets		**7,007,160,846**	**2,305.36**	600,000,000	189.60
EQUITY					
Share Capital	17	**600,000,300**	**197.40**	600,000,000	189.60
Retained earnings		**2,636,245,918**	**867.32**	(2,299,000)	(0.73)
Total equity		**3,236,246,218**	**1,064.73**	597,701,000	188.87
LIABILITIES					
Current liabilities					
Trade and other payables	18	**3,667,438,039**	**1,206.59**	2,299,000	0.73
Income tax payables	19	**103,476,589**	**34.04**	-	-
Total current liabilities		**3,770,914,628**	**1,240.63**	**2,299,000**	**0.73**
Total equity and liabilities		**7,007,160,846**	**2,305.36**	600,000,000	189.60

Ther financials statements on pages 12 to 13 were authorized for issue by the board of director's and were signed on its behalf by

Bhavesh Kumar Chhed
Director
Date : 18.05.2022

Exchange Rate : as at 31 March 2022 is 1 TZS = Rs 0.0329

Exchange Rate : as at 31 March 2021 is 1 TZS = Rs 0.0316

FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2022
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Particulars	NOTE	2022		Sixteen months period ended 31 March 2022	
		TZS	Rs. Lacs	TZS	Rs. Lacs
Revenue	7	**9,162,741,807**	**3,014.54**		-
Other Operating income	8	**38,752,986**	**12.75**		-
Employment benefits	9	**(2,318,008,169)**	**(762.62)**		-
Other operating expenses	10	**(3,082,826,485)**	**(1,014.25)**	(2,299,000)	(0.73)
Depreciation and amortization	11	**(145,612)**	**(0.05)**		-
Profit from operations		**3,800,514,528**	**1,250.37**	(2,299,000)	(0.73)
Tax expenses	12	**(1,161,969,610)**	**(382.29)**	-	-
(Loss)/Profit for the year		**2,638,544,918**	**868.08**	(2,299,000)	(0.73)
Other Comprehensive income		**-**	**-**	-	-
Total Comprehensive income for the year		**2,638,544,918**	**868.08**	(2,299,000)	(0.73)

THERMAX INTERNATIONAL TANZANIA LIMITED

FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2022
STATEMENT OF CASH FLOW

	Notes	31 March 2022		Sixteen months period ended 31 March 2022	
		TZS	**Rs. Lacs**	**TZS**	**Rs. Lacs**
Cash flows from operating activities					
Cash generated from operations	20	**1,832,104,893**	**602.76**	(600,000,000)	(189.60)
Income tax paid		**(1,058,992,918)**	**(348.41)**	-	-
Net cash flows from operating activities		**773,111,975**	**254.35**	(600,000,000)	(189.60)
Cash flows from investing activities					
Payment for property and equipment	13	**(1,235,000)**	**(0.41)**	-	-
Net cash flows from investing activities		**(1,235,000)**	**(0.41)**	-	-
Cash flows from investing activities					
Proceeds share capital		**300**	**0.00**	600,000,000.00	189.60
Net cash flows from financing activities		**300**	**0.00**	600,000,000.00	189.60
Net increase in cash and cash equivalents		**771,877,275**	**253.95**	-	-
Movement in cash and cash equivalents					
At start of the year		**-**	**-**	-	-
Increase		**771,877,275**	**253.95**	-	-
At end of the year	16	**771,877,275**	**253.95**	-	-

FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2022
STATEMENT OF CHANGES IN EQUITY

Particulars	**Share Capital**		**Accumulated Profits**		**Total**	
	TZS	**Rs. Lacs**	**TZS**	**Rs. Lacs**	RM	Rs Lacs
Year ended 31 March 2022						
At Start of the year	600,000,000	197.40	(2,299,000)	(0.76)	597,701,000	196.64
Changes in share capital	300	0.00	-	-	300	0.00
Comprehensive income :						
Profit for the year	-	-	2,638,544,918	868.08	2,638,544,918	868.08
Other Comprehensive income	-	-	-	-	-	-
Total Comprehensive income	**-**	**-**	**2,638,544,918**	**868.08**	**2,638,544,918**	**868.08**
At end of the year	**600,000,300**	**197.40**	**2,636,245,918**	**867.32**	**3,236,246,218**	**1,064.73**

Particulars	**Share Capital**		**Accumulated Profits**		**Total**	
	TZS	**Rs. Lacs**	**TZS**	**Rs. Lacs**	**TZS**	**Rs. Lacs**
Year ended 31 March 2021						
At Start of the year	-	-	-	-	-	-
Changes in share capital	600,000,000	197.40	-	-	600,000,000	197.40
Comprehensive income :						
Loss for the year	-	-	(2,299,000)	(0.76)	(2,299,000)	(0.76)
Other Comprehensive income	-	-	-	-	-	-
Total Comprehensive income	-	-	(2,299,000)	(0.76)	(2,299,000)	(0.76)
At end of the year	600,000,000	197.40	(2,299,000)	(0.76)	597,701,000	196.64

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Thermax International Tanzania Limited ("the Company") principal activities include manufacture and supply of industrial equipment, erection and commissioning of Power Plant and Substations and is incorporated in Tanzania as a private limited liability Company.

The address of its registered office and principal place of business are disclosed on page ii.

2. STATEMENT OF COMPLIANCE AND PRESENTATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and comply with the Tanzanian Companies Act, 2002.

The statement of financial position is presented in order of liquidity. Reference to the current maturities of these financial assets is disclosed in the notes to the statement of financial position and in the analysis of financial assets and liabilities. The accounting policies are consistent with previous year, except where specifically stated otherwise

2.1 Basis of preparation

The financial statements have been prepared on a historical cost basis, except were stated otherwise. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account characteristics of the asset or liability if the market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for the financial reporting purposes, fair value measurement is categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirely, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

The financial statements are presented in Tanzanian Shillings (TZS). These financial statements cover the year ended 31 March 2022.

2.2 Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management, to make judgements, estimates and assumptions that may affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision only affects that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Certain accounting policies have been identified where management has applied a higher degree of judgement that have significant effect on the amounts recognized in the financial statements, or estimates and assumptions that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next financial year.

2.2.1 Critical judgements in applying the company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the financial statements.

a. Assets useful lives and residual values

Property and equipment are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed at each financial year end and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programs are taken into account.

2.2.2 Key sources of estimation uncertainty

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 disclosed below

a. Deferred tax assets

Deferred tax assets are recognized to the extent it is possible that taxable income will be available in the future against which they can be utilized. Future taxable profits are estimated based on budgets which include estimates and assumptions regarding economic growth, interest, inflation, tax rates and competitive forces.

b. Impairment of financial assets

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

In the process of applying the Company's accounting policies, the directors made judgements in determining whether assets are impaired. For trade receivable balances, the directors have determined expected credit loss by assessing individually each trade receivable balance.

Factors considered in making the assessment of whether the balance is impaired are such as past history with the customer, economy of the business and customer relationship with Company at the time of making assessment.

Impairment of trade receivables is further explained in Note 5 below.

3. GOING CONCERN

The company's financial statements have been prepared on a going concern basis. Directors are of the view that there are sufficient resources for the Company to continue operating in a foreseeable future.

4. NEW STANDARDS AND INTERPRETATIONS

In the current year, the Company has applied all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Committee (IFRIC) of the IASB that are relevant to its operations and effective for accounting periods beginning on or after 1 April 2021

4.1 New and revised Standards and Interpretations that are effective and adopted in the current year.

The following relevant Standards and Interpretations have been applied in these financial statements. However, they did not have any impact on the Company's financial statements but may impact the accounts for future transactions or arrangements.

IFRS 7	Financial Instruments - Disclosures Amendments regarding replacement issues in the context of the IBOR
IFRS 9	Financial Instruments - Amendments regarding replacement issues in the context of the IBOR reform
IFRS 16	Leases - Amendments regarding replacement issues in the context of the IBOR reform

4. NEW STANDARDS AND INTERPRETATIONS (CONTINUED)

4.2 New and revised Standards and Interpretations that are effective and adopted in the current year.

At the date of authorization of these financial statements, the following relevant Standards and Interpretations were in issue but effective on annual period on or after the respective dates as indicated:

IFRS 1	First -time Adoption of International Financial Reporting Standards - Amendments resulting from Annual Improvements to IFRS Standards 2018-2020 (subsidiary as a first-time adopter)	Effective 1 January 2022
IFRS 9	Financial Instruments: Amendments resulting from Annual Improvements to IFRS Standards 2018-2020 (fees in the '10 per cent' test for derecognition of financial liabilities)	Effective 1 January 2022
IFRS 9	Financial Instruments - Amendments resulting from Annual Improvements to IFRS Standards (fees in the '10 per cent' test for derecognition of financial liabilities)	Effective 1 January 2022
IAS 1	Presentation of Financial Statements - Amendment to defer the effective date of the January 2020 amendments	Effective 1 January 2023
IAS 1	Presentation of Financial Statements - Amendments regarding the classification of liabilities	Effective 1 January 2023
IAS 16	Property, Plant and Equipment - Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended used	Effective 1 January 2022
IAS 37	Provision, Contingent, Liabilities and Contingent Assets - Amendments regarding the costs to include when assessing whether a contract is onerous	Effective 1 January 2022

The directors anticipate that these amendments will be applied in the Company annual financial statements for the annual periods beginning on the respective dates as indicated above. The directors have not yet assessed the potential impact of the application of these amendments.

5. 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 years presented, unless otherwise stated.

5.1 Foreign currency translation

a. 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 Tanzania Shilling ("TZS) which is the Company's functional currency.

b. 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 such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss and other comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income or cost'. All other foreign exchange gains and losses are presented in profit or loss within 'other income or expenses.

5.2 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 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.

Revenue is primarily derived from sale of plant commissioning and maintenance services to customers. Revenue is recognized on a time proportion basis under the contracts.

The five-step model stipulated in IFRS 15 Revenue from contracts with customers is applied when accounting for revenue from contracts with customers. The Company accounts for a revenue contract with a customer only when all the following criteria are met:

- Identify contracts with customers
- Identify the separate performance obligation
- Determine the transaction price of the contract
- Allocate the transaction price to each of the separate performance obligations, and
- Recognise the revenue as each performance obligation is satisfied.

It is probable that the Company will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

5.3 Property and equipment

Property and equipment are stated at historical cost less depreciation. Historical costs include expenditure that is directly attributable to the acquisition of the items.

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 de-recognised. All other repairs and maintenance are charged to the statement of profit or loss in during the financial period in which they are incurred.

Depreciation on items of property and equipment is calculated using the straight-line method to allocate their cost to the residual values over their estimated useful lives, as follows:

ASSET TYPE	RATE
Office equipment	33.3%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Property and equipment 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 asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are included in profit or loss.

5.4 Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment

Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses.

Other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired.

Prepayments and advances to staff for expenses are not considered as financial assets.

5.5 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less.

5.6 Dividends

Dividends on ordinary shares are charged to equity in the period in which they are declared. Proposed dividends are shown as a separate component of equity until declared.

5.7 Income tax

The 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

a. Current income tax

The current income tax charge is calculated on the basis of the tax enacted or substantively enacted at the reporting date. The directors periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

b. Deferred income tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

5.8 Employee benefits

a. Retirement benefits obligations

The Company operates a defined benefit scheme for unionized employees. The Company and all its unionized employees also contribute to the National Social Security Fund, which qualifies to be a defined contribution scheme.

A defined contribution plan is a pension plan under which the Company pays contributions to a publicly administered pension plan on mandatory basis. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognized as employee benefit expense when they are due. A defined benefit plan is a retirement benefit plan that is not a defined contribution plan.

b. Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

5.11 Share capital

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity. Dividends are recognised as a liability in the year in which they are declared.

5.12 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts 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 payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

5.13 Provisions

Provisions are recognized 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 has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of the expenditures 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. The increase in the provision due to passage of time is recognized as interest expense.

5.14 Financial instruments

All financial instruments are initially recognized at fair value, plus, in the case of financial assets and liabilities not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue. Financial instruments are recognized when the Company becomes a party to the contractual arrangements. All regular way transactions are accounted for on trade date. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place. In the current year, the Company has adopted IFRS 9 and all financial assets and liabilities were classified at amortized cost; and financial liabilities at amortized cost.

<u>Classification and measurement under IFRS 9</u>

Trade and other receivables and bank balances are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial assets or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issued. A trade receivable without a significant financing component is initially measured at the transaction price.

On initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI debt investment; FVOCI or FVTPL. The classification depends on the business model applied and the cash flow characteristics of an asset.

Business model: The business model reflects how the Company manages the assets to generate cash flows. That is, whether the Company's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets, if neither of these is applicable, then the financial assets are classified as part of 'other' business model and measured at FVPL. Factors considered by the Company in determining the business model for assets include past experience on how the cash flows of these assets were collected, how the performance of the assets is evaluated and reported to key management personnel, the risks that affect the performance of the business model (and the financial assets within) and in particular, the way that those risks are managed; and how assets managers are compensated.

Cash flow characteristic of the asset: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flow and sell, the Company assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the SPPI test). In making this assessment. The Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e., interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement i.e., interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement the related financial asset is classified and measured at FVPL.

5.15 Impairment of financial assets

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The Company has therefore concluded that the expected loss rates for rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

5.16 Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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 costs of disposal and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of nonfinancial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

6.1 Financial risk factors

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 minimize potential adverse effects on its financial performance. The Company does not hedge any of its risk exposures.

Financial risk management is carried out by the finance department under policies approved by the Board of Directors.

Market risk

a. Foreign exchange risk

As and when the need arises, the Company enters into transactions denominated in foreign currencies (primarily US dollar). In addition, the Company has financial assets and liabilities denominated in US dollar. As a result, the Company is subject to transaction and translation exposure from fluctuations in foreign currency exchange rates. The effect of foreign currency risk is not significant and therefore management does not hedge against this risk.

b. Price risk

The Company does not hold any financial instruments subject to price risk.

c. Interest rate risk

The Company does not hold any financial instruments subject to interest rate risk.

Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions as well as credit exposures to customers, including outstanding receivables and committed transactions. Credit risk is the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company.

Credit risk is managed by the finance department. Credit risk arises from cash at bank and short-term deposits with banks, as well as trade and other receivables.

For banks and financial institutions, only reputable well-established financial institutions are accepted. For trade receivables, the finance department assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. The Company does not grade the credit quality of receivables. Individual risk limits are set based on internal ratings in accordance with limits set by the board. The utilization of credit limits is regularly monitored.

Trade receivables are written off where there is no reasonable expectation of recovery indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management includes maintaining sufficient cash balances, and the availability of funding from an adequate amount of committed credit facilities.

The Company's approach when managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Company's reputation.

6.2 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 to shareholders 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 number of dividends paid to shareholders or issue new shares.

The Company is fully financed by equity as a result it does not monitor capital on the basis of the gearing ratio.

7. REVENUE

	31 March 2022	Sixteen months period ended 31 March 2021
	TZS	TZS
Revenue from contract	**9,162,741,807**	-

8. OTHER OPERATING INCOME

Net foreign exchange gain on working capital items	**38,752,986**	

9. EMPLOYMENT BENEFITS

Salaries and wages	465,097,500	-
National Social Security Fund	46,509,750	-
Skills and development levy	93,969,127	-
Workers' compensation	14,293,200	-
Service rendered from outside	1,698,138,592	-
	2,318,008,169	**-**

10. OTHER OPERATING EXPENSES

Foreign exchange loss	10,639,573	-
Miscellaneous	64,899,123	-
Interest and penalties	72,163,895	-
Power & Fuel	37,269,344	-
Professional fees	543,086,851	2,299,000
Rates & Taxes	309,792,365	-
Hotel charges	339,451,443	-
Repair and maintenance	218,999	-
Site expenses	1,525,992,679	-
Staff welfare	6,065,414	-
Travel	173,246,798	-
	3,082,826,485	**2,299,000**

11. DEPRECIATION AND AMORTIZATION

	31 March 2022	Sixteen months period ended 31 March 2021
	TZS	TZS
Office equipment	**145,612**	-

12. TAX EXPENSE

Current income tax		-
Current tax	1,162,469,507	-
Deferred income tax charge/ (credit) (Note 14):	-	-
Derecognized/(Recognized) deferred tax asset	(499,897)	-
Tax expense	**1,161,969,610**	-
Accounting Profit before tax	3,800,514,527	(2,299,000)
Tax at the applicable rate of 30%	1,140,154,358	(689,700)
Tax effects of:		
Permanent disallowable	21,815,252	-
Unrecognized provision for deferred income tax asset		(689,700)
Tax expense	**1,161,969,610**	-

13. PROPERTY AND EQUIPMENT

	EFD machine	Printer	Total
	TZS	TZS	TZS
COST			
At 1 April 2021	-	-	-
Additions	585,000	650,000	1,235,000
Disposals	-	-	-
At 31 March 2022	**585,000**	**650,000**	**1,235,000**
DEPRECIATIONS			
At 1 April 2021			
Charge for the year	(83,877)	(61,735)	(145,612)
At 31 March 2022	**(83,877)**	**(61,735)**	**(145,612)**
NET BOOK VALUES			
At 31 March 2022	**501,123**	**588,265**	**1,089,388**
At 31 March 2021	**-**	**-**	**-**

None of these items of equipment have been pledged as security against liabilities

14. DEFERRED TAX ASSETS

Deferred income tax is calculated using the enacted income tax rate of 30% (2021: 30%). The movement on the deferred income tax account is as follows:

At beginning of year	-	-
Credit/ (Charge) to profit or loss (Note 12)	499,897	-
At end of year	499,897	-

Deferred income tax assets and deferred income tax charge in profit or loss are attributable to the following items:

	At 1 April	Credit/ (Charge) to profit or loss	At 31 March
	TZS	TZS	TZS
Year ended 31 March 2022			
Deferred income tax assets:			
Property and equipment	-	51,379	51,379
Foreign exchange gain/ loss	-	(551,276)	(551,276)
Provisions	689,700	-	689,700
Derecognized temporary difference	(689,700)	-	(689,700)
Net deferred income tax assets	**-**	**(499,897)**	**(499,897)**

	At 1 April	Credit/ (Charge) to profit or loss	At 31 March
	TZS	TZS	TZS
Year ended 31 March 2021			
Deferred income tax assets:			
Provisions	-	689,700	689,700
Derecognized temporary difference	-	(689,700)	(689,700)
Net deferred income tax assets	-	-	-

During the year the company had TZS 0.449 million (2021: NIL) as deferred tax asset. Deferred tax asset amounting to TZS 0.689 million was derecognized in prior year due to the fact that it was not certain that the Company will make future taxable profit to utilise such tax losses. Deferred tax assets arose from PPE and Forex gain/loss amounting to TZS 0.051 million and (0.449) million.

15. TRADE AND OTHER RECEIVABLES

	31 March 2022	Sixteen months period ended 31 March 2021
	TZS	TZS
Trade receivables	**6,002,312,309**	-
Prepayments	**228,658,486**	-
Value added tax	**1,541,215**	-
Other receivables	**1,182,276**	600,000,000
	6,233,694,286	600,000,000

Included in other payables of the Company are advances of RM1,709,265 (2021: RM150,821) received from customers prior to commencement of construction projects

16. CASH AND CASH EQUIVALENTS

Cash at Bank	**768,106,575**	-
Cash in Hand	**3,770,700**	-
	771,877,275	-

17. SHARE CAPITAL

Authorized:		
6,325,000 (2021: 6,000,000) authorized ordinary shares of TZS 100 each	**632,500,000**	**600,000,000**
Issued and fully paid:		
6,000,300 (2021: 6,000,000) ordinary shares, issued and fully paid, of TZS 100 each	**600,000,300**	**600,000,000**

18. TRADE AND OTHER PAYABLES

	31 March 2022	Sixteen months period ended 31 March 2021
	TZS	TZS
Trade payables	**2,858,421,751**	
Accrued expenses	**44,679,201**	
Other payables	**764,337,087**	2,299,000
	3,667,438,039	2,299,000

19. INCOME TAX PAYABLE

As at 1 April	**-**	-
Current tax	**1,162,469,507**	-
Repayments	**(1,058,992,918)**	-
As at 31 March	**103,476,589**	-

20. CASH GENERATED FROM OPERATING ACTIVITIES

Reconciliation of profit before income tax to cash generated from operations:		
Profit before income tax	**3,800,514,527**	(2,299,000)
Adjustments for:		
Prior year adjustment		
Depreciation and amortization	**145,612**	-
Changes in working capital		
- trade and other receivables	**(5,633,694,285)**	600,000,000
- trade and other payables	**3,665,139,039**	-
Cash generated from operations	**1,832,104,893**	597,701,000

21. COMMITMENT AND CONTIGENT LIABILITIES

The directors are not aware of no any commitment or contingent liability as at year end (2021: Nil)

22. RELATED PARTY TRANSACTIONS AND BALANCES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

i) Payments made on behalf of the entity		
Thermax Limited	**2,309,917,485**	-
ii) Purchases of services		
Thermax Instrumentation Limited	**338,866,015**	-
Thermax International Limited	**740,140**	-
	339,606,155	-
iii) Amount due to related parties		
Thermax Limited	**2,309,917,485**	-
Thermax Instrumentation Limited	**338,866,015**	-
Thermax International Limited	**740,140**	-
	2,649,523,640	-

23. EVENTS AFTER REPORTING DATE

There were no events after the reporting date which requires adjustment or disclosure in the financial statements.

THERMAX

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