CA Harsh Chandrakant Ruparelia

Registered Valuer – Securities or Financial Assets

(IBBI Registration No. IBBI/RV/05/2019/11106 and

Membership No. ICMAI RVO/S&FA/00054)

STRICTLY PRIVATE & CONFIDENTIAL

To,

The Board of Directors,

Thermax Cooling Solutions Limited

Thermax Instrumentation Limited

Thermax House, 14, Mumbai Pune Road,

Wakdewadi, Pune – 411 003.

Sub: **Report on recommendation of Share Entitlement Ratio for Scheme of Arrangement between Thermax Cooling Solutions Limited ("TCSL" or "Demerged Company") and Thermax Instrumentation Limited ("TIL" or "Resulting Company") and their respective shareholders ("Scheme")**

Dear Sirs,

I refer to my engagement letter, whereby CA Harsh Chandrakant Ruparelia, Registered Valuer – Securities or Financial Assets (hereinafter referred to as "the Valuer" or "I") has been appointed by the management of Thermax Cooling Solutions Limited [CIN: U29299PN2009PLC134761] and Thermax Instrumentation Limited [CIN: U72200MH1996PTC099050] to issue a report containing recommendation of Share Entitlement Ratio for the proposed Demerger of the Cooling Business *(as defined in the Scheme)* of TCSL and its vesting into TIL in terms of the Draft Scheme of Arrangement under Section 230 to 232 read with Section 66 and other applicable provisions of the Companies Act, 2013 and rules & regulations framed thereunder.

TCSL and TIL may be individually referred to as "Company" or "Demerged Company" or "Resulting Company", as the case maybe in terms of the Draft Scheme and the context stated therein and collectively hereinafter referred to as "Companies".

Phone No: +91 22 40144464
Cell No: +91 90043 57775
e-mail: harsh.ruparelia@yahoo.com
harsh@arch-associates.com

B/702, Jyoti Tower,
Kandivali Jyoti Park CHS Ltd,
Opp. Anand Ashram,
S.V. Road, Kandivali (West),
Mumbai – 400 067

The Proposed Scheme would help in achieving benefits as provided for in Rationale to the Draft Scheme.

In the following paragraphs, I have summarized my understanding of the key facts; key information relied upon, basis of recommendation and limitations to my scope of work. The report is structured as under:

1. Purpose of this Report
2. Background
3. Sources of Information
4. Valuation Approach
5. Share Entitlement Ratio
6. Exclusions and Scope Limitations

1. PURPOSE OF THIS REPORT

1.1 I understand that the management of the Companies is contemplating a Scheme of Arrangement under Sections 230 to 232 read with Section 66 and other applicable provisions of the Companies Act, 2013 and Rules and Regulations framed thereunder for demerger of the Cooling Business of TCSL into TIL in accordance with the applicable laws. The demerger is proposed to take effect from the Appointed Date as provided in the Scheme.

1.2 Further, as part of the Scheme, it is proposed that the face value of the equity shares of TCSL will to be reduced from INR 10 per share to INR 5 per share without any pay-out to the shareholder(s).

1.3 In this regard, CA Harsh Chandrakant Ruparelia, Registered Valuer – Securities or Financial Assets has been appointed by the Companies for recommendation of Share Entitlement Ratio for the proposed demerger considering 30th September 2022 as the Valuation Date.

2. BACKGROUND

2.1 THERMAX COOLING SOLUTIONS LIMITED ("TCSL")

2.1.1 TCSL was incorporated on 6th October 2009 under the erstwhile provisions of the Companies Act, 1956. The registered office of TCSL is currently situated at Thermax House, 14, Mumbai Pune Road, Wakdewadi, Pune – 411 003 in the State of Maharashtra.

2.1.2 The Authorised, Issued, Subscribed and Paid-up Share Capital of TCSL as on the date of this report is as under:

Particulars	Amount in INR
Authorised Share Capital 5,00,00,000 Equity Shares of INR 10/- each	 50,00,00,000
Total	**50,00,00,000**
Issued, Subscribed and Paid-up Share Capital 2,00,00,000 Equity Shares of INR 10/- each, fully paid-up*	 20,00,00,000
Total	**20,00,00,000**

** As part of the Scheme, it is proposed that the face value of the equity shares of TCSL will be reduced from INR 10 per share to INR 5 per share without any pay-out to the shareholder(s).*

2.1.3 TCSL is a wholly owned subsidiary of Thermax Limited. It is primarily engaged in the business of providing various wet and dry cooling solutions for removal of heat from different processes in manufacturing industries. TCSL is also providing cooling solutions and providing air cooling condensers to power projects of Thermax Limited and external customers for power and energy business. Further, it is also engaged in the business of supply of equipment for power plant such as Electrostatic Precipitators (for plant sizes more than 300 MW) and Regenerative Air Preheaters (for plant sizes more than 300 MW)

2.2 THERMAX INSTRUMENTATION LIMITED ("TIL")

2.2.1 TIL was incorporated on 23rd April 1996 under the erstwhile provisions of the Companies Act, 1956. The registered office of TIL is currently situated at Thermax House, 14, Mumbai Pune Road, Wakdewadi, Pune – 411 003 in the State of Maharashtra.

2.2.2 The Authorised, Issued, Subscribed and Paid-up Share Capital of TIL as on the date of this report is as under:

Particulars	Amount in Rs.
Authorised Share Capital 90,00,000 Equity Shares of Rs. 10/- each 1,50,00,000, 1% Non-Cumulative Redeemable Preference Shares of Rs. 10/- each	 9,00,00,000 15,00,00,000
Total	**24,00,00,000**
Issued, Subscribed and Paid-up Share Capital 90,00,000 Equity Shares of Rs.10/- each, fully paid-up	 9,00,00,000
Total	**9,00,00,000**

2.2.3 TIL is also a wholly owned subsidiary of Thermax Limited. It is primarily engaged in rendering erection, commissioning, civil works and operation and maintenance services for turnkey contracts for power plants.

3. SOURCES OF INFORMATION

3.1. For the purpose of the recommendation of the Fair Share Entitlement Ratio, I have relied upon the following sources of information provided by the management of the Companies:

(a) Audited Financial Statements of the Companies for the year ended 31st March 2022;

(b) Management certified provisional financial statements relating to the Demerged Undertaking of TCSL as on 30th September 2022;

(c) Management certified provisional financial statements relating of TIL as on 30th September 2022;

(d) Management certified projected financial statements (including key underlying assumptions) comprising of Balance Sheet, Statement of Profit and Loss and Cash Flow Statement relating to the Demerged Undertaking of TCSL for the period 1st October 2022 to 31st March 2023 and for FY 23-24 to FY 26-27;

(e) Shareholding pattern of the Companies as on the date of this report;

(f) Draft Scheme of Arrangement (as certified by the management of the Companies);

(g) Terms of Non-Convertible Non-Cumulative Redeemable Preference Shares (“NCRPS”) to be discharged as consideration pursuant to the Scheme;

(h) Memorandum and Articles of Association of the Companies;

(i) Other relevant details of the Companies such as its history, past and present activities, future plans and prospects, and other relevant information; and

(j) Such other information and explanations as required and which have been provided by the Management of the Companies.

Besides the above information and documents, there may be other information provided by the Companies which may not have been perused by me in any detail, if not considered relevant for the defined scope. The Companies have been provided with the opportunity to review the draft report as part of the standard practice to make sure that factual inaccuracy & omissions are avoided in the final report.

(This space has been intentionally left blank)

4. VALUATION APPROACH

4.1. “Value is a word of many meanings”. The term “value” can have different connotations depending upon the purpose for which it is intended to be used. The Valuation of equity shares of any Company would need to be based on a fair value concept. The purpose of fair value is to enable valuer to exercise his discretion and judgement in light of all circumstances, in order to arrive at a value, which is fair to all parties.

4.2. For the purpose of the valuation exercise, generally the following valuation approaches are adopted:

(a) the ‘Underlying Asset’ approach;

(b) the ‘Income’ approach; and

(c) the ‘Market’ approach.

4.3. <u>‘Underlying Asset’ Approach</u>

(a) In case of the ‘Underlying Asset’ approach, the value per equity share is determined by arriving at the Net Assets (Assets *Less* Liabilities) of the Business Undertaking / Company. The said approach is considered taking into account fair value of assets and liabilities, to the extent possible, the respective asset would fetch or liability is payable as on the Valuation Date. The following adjustments be made to arrive at the Fair Value per Share as per the ‘Underlying Asset’ Approach at Fair Values:

- The Fair Value of Quoted Shares held by the Business Undertaking / Company, if any, be considered at Market Value of such shares;
- The Fair Value of Unquoted Shares held by the Business Undertaking / Company, if any, in other entities be arrived at as per suitable approach to that entity to arrive at Fair Value of Investments held by the Business Undertaking / Company;
- The Fair Value of Immovable properties, if any, held by the Business Undertaking / Company be considered at Market Value / Ready Reckoner Value as on the Valuation Date, made available by the management of the Company;
- Adjustments may be made to book value of any other assets for their recoverability on conservative basis after taking into account the management representations and their estimate of the recoverability of the same;
- Liabilities of the Business Undertaking / Company be considered at their respective Book Values or their payable amounts as on the Valuation Date; and

- Potential Contingent Liability, if any, be considered based on the discussions with the management and their reasonable estimate of the outflow on account of the same.

(b) Alternatively, the value may be determined considering the book value of the net assets (Assets *Less* Liabilities) of the Business Undertaking / Company and/or replacement cost basis, to the extent possible.

4.4. ‘Income’ Approach

Under the ‘Income’ approach, the equity shares of the company can be valued using Discounted Cash Flow (DCF) method – FCFF approach or FCFE approach or such other approaches.

DCF Method – FCFF Approach (for instance)

(i) Under the DCF method, the projected free cash flows from business operations after considering fund requirements for projected capital expenditure, incremental working capital and other adjustments are discounted at the Weight Average Cost of Capital (WACC). The sum of the discounted value of such free cash flows and discounted value of perpetuity is the value of the business.

(ii) Using the DCF method involves determining the following:

- *Estimating the future free cash flows:*
  Future Free cash flows are the cash flows expected to be generated by the entity that are available to the providers of entity’s capital. The free cash flows under the FCFF method are determined by adjusting the Profit after tax for Depreciation and other Non-Cash Items, Interest, Incremental working capital requirements and capital expenditure.
- *Time Frame of such cash flows:*
  The time frame for free cash flows is determined by separating the value of the business in the explicit projection period and the post explicit projection period.
- *Appropriate Discount rate (WACC):*
  Under DCF-FCFF Method, the time value of money is recognized by applying a discount rate viz. WACC to the future free cash flows to arrive at their present value as on the date of valuation. WACC is considered as the most appropriate discount rate in the DCF Method, since it reflects both the business and the financial risk of the Business Undertaking / Company. In other words, WACC is generally the weighted average of the company’s cost of equity capital and debt.

Normally, in stable growth companies, the cost of equity is determined by using Capital Asset Pricing Model ('CAPM').

- *Terminal or perpetuity value:*
  The Perpetuity value of an ongoing business is determined as present value of the estimated future free cash flows by capitalizing the free cash flows of the last year of the explicit projection period into perpetuity using an appropriate rate of return and perpetual growth rate.
- *Valuation of Investment in other entities*
  The investment of the Business Undertaking / Company in other entities is to be valued as per the valuation methodologies suitable to that entity.
- *Value for Equity Shareholders:*
  The Value of Business so arrived considering the Net Present Value of the explicit period and terminal or perpetuity value is adjusted for net of cash & cash equivalents, loan funds and surplus assets viz. Deposits, Investments, etc. as on the valuation date to arrive at the value of the Business Undertaking or value for equity shareholders as on the Valuation Date.

4.5. 'Market' Approach

(a) Market Price Method ("MP Method")

Since the Companies are not listed on any stock exchange, the market price of the equity share of the Companies are not available and the said method is not applicable for the current valuation exercise.

(b) Comparable Companies Multiple Method ("CCM Method")

Under the CCM method, the value of the business / equity share of an unlisted company is determined based on publicly available information of the market valuations of the comparable companies on the basis of multiples derived from such market information. This method is applied on the premise that markets are perfect and have captured all the information and factors, which are reflected through their market valuations.

(c) Comparable Transaction Method ("CTM")

Under the CTM, the value of the business / equity share of an unlisted company is determined considering the past transactions of similar companies as well as the market value of comparable companies that have an equivalent business model to the business / company being valued.

4.6. The value so arrived at under any of the approaches is divided by the outstanding number of equity shares as on the Valuation Date to arrive at the value per equity share of the Company(ies).

4.7. Considering the nature of business of the Demerged Undertaking of TCSL and based on the review of projected financial statements of the Demerged Undertaking of TCSL made available to me by TCSL, I am of the view that 'Income' approach may be appropriate for the current valuation exercise for arriving at fair value per of the Demerged Undertaking of TCSL as the assets may not provide true reflection of the earning capacity of the Demerged Undertaking of TCSL. Further, based on the analysis and in my opinion, it may not be appropriate to consider CCM or CTM methods for the current valuation exercise, since the present nature or size of operations, financial parameters, etc. of the Demerged Undertaking may not reflect the true potential of business operations as that of the comparables.

4.8. Further, as the consideration for merger is proposed to be discharged by way of issue of NCRPS, the valuation of equity shares of TIL is not required to be undertaken.

4.9. It is universally recognized that the valuation is not an exact science and that estimating values necessarily involves selecting a method or approach that is suitable for the purpose. The application of any particular method of valuation depends upon various factors including nature of its business, overall objective of the transaction and the purpose of valuation.

5. SHARE ENTITLEMENT RATIO

5.1. In the ultimate analysis, recommendation will have to involve the exercise of judicious discretion and judgment taking into account all the relevant factors. There will always be several factors, e.g., present and prospective competition, yield on comparable securities and market sentiments, etc. which are not evident from the face of the balance sheets but which will strongly influence the worth of a business / share. This concept is also recognized in judicial decisions. For example, Viscount Simon Bd in Gold Coast Selection Trust Ltd. vs. Humphrey reported in 30 TC 209 (House of Lords) and quoted with approval by the Supreme Court of India in the case reported in 176 ITR 417 as under:

'If the asset takes the form of fully paid shares, the valuation will take into account not only the terms of the agreement but a number of other factors, such as prospective yield, marketability, the general outlook for the type of business of the company which has allotted the shares, the result of a contemporary prospectus offering similar shares for subscription, the capital position of the company, so forth. There may also be an element of value in the

fact that the holding of the shares gives control of the company. If the asset is difficult to value, but is nonetheless of a money value, the best valuation possible must be made. Valuation is an art, not an exact science. Mathematical certainty is not demanded, nor indeed is it possible.'

5.2. The fair basis of Share Entitlement Ratio under the Scheme of Arrangement would have to be determined after taking into consideration all the factors and approach mentioned hereinabove. It is however important to note that in doing so, I am not attempting to arrive at the absolute value per share of the Companies or the Demerged Undertaking. The exercise is to work out relative value of the Demerged Undertaking of the Demerged Company and of the Resulting Company to facilitate the determination of a share entitlement ratio solely for the purpose of proposed Scheme.

5.3. The value per equity shares of the Demerged Undertaking of TCSL as per the 'Income' approach – DCF Method works out to **INR 8.49 per equity share** – *Refer Annexure A*.

5.4. Considering the terms of the RPS, I have thought it appropriate to consider the face value of INR 100 each of the RPS of TIL for the purpose of determining the share entitlement ratio.

5.5. In the light of the above and on consideration of all the relevant factors and circumstances as discussed and outlined hereinabove earlier in this report (including disclaimer and exclusions given below), in my opinion, I recommend that the share entitlement ratio for the proposed transfer of the Demerged Undertaking of the Demerged Company into the Resulting Company as given under, would be fair and reasonable:

"85 (Eighty-Five) 10% Non-Convertible Non-Cumulative Redeemable Preference Shares ("NCRPS") of INR 100 (Rupees Hundred) each of the Resulting Company shall be issued and allotted for every 1,000 (One Thousand) fully paid-up equity share of INR 10* (Rupees Ten) each held in the Demerged Company"

** On capital reduction becoming effective as provided in the Scheme, INR 10 to be read as INR 5.*

6. EXCLUSIONS AND SCOPE LIMITATIONS

6.1. The report is subject to the scope limitations detailed hereinafter. As such, the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein.

6.2. No investigation of the title of assets of the Companies has been made for the purpose of my recommendation and their claim to such rights has been assumed to be valid as represented by the management of the Companies. Therefore, no responsibility is assumed for matters of a legal nature.

6.3. The recommendation is based on the estimates of future financial performance as projected by the management of TCSL, which represents their view of reasonable expectation at the point of time when they were prepared, after giving due considerations to the commercial and financial aspects of the Demerged Undertaking and the industry in which the Company operates. But such information and estimates are not offered as assurances that the particular level of income or profit will be achieved or events will occur as predicted. Actual results achieved during the period covered by the projected financial statements may vary from those contained in the statement and the variation may be material. The fact that I have considered the projections in this valuation exercise should not be construed or taken as I being associated with or a party to such projections.

6.4. The work does not constitute certification of the historical financial statements including the working results of the Business Undertaking / Companies referred to in this report. Accordingly, I am unable to and do not express an opinion on the fairness or accuracy of any financial information referred to in this report.

6.5. This report is issued on the understanding that the Companies have drawn my attention to all material information, which they are aware of concerning the financial position of the Business Undertaking / Companies and any other matter, which may have an impact on my opinion, on the recommendation of the Share Entitlement Ratio of the Companies, including any significant changes that have taken place or are likely to take place in the financial position, subsequent to the report date. I have no responsibility to update this report for events and circumstances occurring after the date of this report.

6.6. This Report does not look into the business / commercial reasons behind the proposed transaction or address any potential synergies to the Companies and other parties connected thereto.

6.7. In the course of issuing this report, I was provided with both written and verbal information. I have evaluated the information provided to me by the management of the Companies through broad inquiry, analysis and review. I assume no responsibility for any errors in the above information furnished by the management of the Companies and consequential impact on the recommendation of the Share Entitlement Ratio. I do not express any opinion or offer any assurance regarding accuracy or completeness of any information made available to me.

6.8. The report is not, nor should it be construed as me opining or certifying any compliance with the provisions of any law, whether in India or any other country including companies, taxation and capital market related laws or as regards any legal implications or issues arising from any transaction proposed to be contemplated based on this Report.

6.9. The information contained herein and my report is confidential. Any person/party intending to provide finance/invest in the shares/businesses of the Companies, shall do so, after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision. It is to be noted that any reproduction, copying or otherwise quoting of this report or any part thereof, can be done only with prior permission in writing.

6.10. This report has been prepared solely for the purpose of assisting the Companies, under consideration, for the purpose of recommending the fair Share Entitlement Ratio under the Scheme in accordance with my engagement letter. Further, the fees for this engagement is not contingent upon the recommendation considering the facts and purpose of recommendation.

6.11. The decision to carry out the transaction (including consideration thereof) lies entirely with the Management / Board of Directors of the Companies and my work and finding shall not constitute recommendation as to whether or not the Management / the Board of Directors of the respective Companies should carry out the transaction.

6.12. By its very nature, valuation work cannot be regarded as an exact science, the conclusions arrived at in many cases will of necessity be subjective and dependent on the exercise of individual judgement. Given the same set of facts and using the same assumptions / approach, opinions may differ due to application of the facts and assumptions / approach, formulas used and numerous other factors. There is, therefore, no indisputable single or standard methodology / approach for arriving at the recommendation. Although my conclusions are in my opinion reasonable, it is quite possible that others may not agree.

6.13. CA Harsh Chandrakant Ruparelia, nor its employees or agents or any of them, makes any representation or warranty, express or implied, as to the accuracy, reasonableness or completeness of the information, based on which the report is issued. All such parties expressly disclaim any and all liability for, or based on or relating to any such information contained in the report. I am not liable to any third party in relation to issue of this report. In no event, I shall be liable for any loss, damage, cost or expense arising in any way from any acts carried out by the Companies referred herein or any person connected thereto.

If you require any clarifications on the above, I would be happy to clarify the same. I am thankful to your team for kind co-operation and support during this assignment.

Thanking you,

Yours faithfully,

HARSH C RUPARELIA Digitally signed by HARSH C RUPARELIA Date: 2022.12.20 11:56:12 +05'30'

CA HARSH CHANDRAKANT RUPARELIA

REGISTERED VALUER – Securities or Financial Assets

IBBI Registration No. IBBI/RV/05/2019/11106

Membership No. ICMAI RVO/S&FA/00054

ICAI Membership No. 160171

Date: 20th December 2022

Place: Mumbai

UDIN: 22160171BFTFFY9096

Annexure A

INR in Crores

Particulars		1 Oct 22 to 31 Mar 23	31-03-24	31-03-25	31-03-26	31-03-27	TV
PBT		**0.80**	**0.05**	**0.70**	**1.60**	**3.11**	**3.27**
Less: Tax		-	-	-	-	-	0.82
PAT		**0.80**	**0.05**	**0.70**	**1.60**	**3.11**	**2.45**
Depreciation		0.06	0.07	0.08	0.09	0.09	0.10
Interest (net of tax)		0.00	0.77	0.85	1.09	1.37	1.08
Adjustments:							
Adjustments for Working Capital		-4.65	-4.66	-0.86	-2.67	-3.11	-0.76
Additions to Fixed Assets (Net)		-	-0.10	-0.10	-0.10	-0.10	-0.10
Net Inflows/(Outflows)		**-3.79**	**-3.87**	**0.67**	**0.01**	**1.36**	**2.76**
Discounting Factor (WACC)	16%	0.95	0.83	0.72	0.62	0.53	
Net Present Value of Inflows/(Outflows)		**-3.59**	**-3.22**	**0.48**	**0.00**	**0.72**	

Calculation for Perpetuity		**INR in Crores**
FCFF for Perpetuity		**2.76**
Growth Rate		5%
Total Capitalised Value		**25.10**
Discount Factor		0.53
Present Value of Perpetuity		**13.36**

Equity Value of Company		**INR in Crores**
Net Present Value of Explicit Period		-5.59
Present Value of Perpetuity		13.36
FCFF		**7.76**
Add/(Less): Adjustments		
Cash and bank balances		9.08
PV of brought forward losses		0.14
Equity Value for Shareholders		**16.98**
No. of Equity Shares		20,000,000
Value per Share (INR)		**8.49**

IN THE NATIONAL COMPANY LAW TRIBUNAL

COURT No. V, MUMBAI BENCH

C.A. (CAA) / 284 (MB) / 2022

In the matter of the Companies Act, 2013

AND

In the matter of Section 230 to Section 232 read with section 66 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 and rules framed thereunder;

AND

In the matter of Scheme of Arrangement presented under Sections 230 to 232 read with Section 66 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder for the demerger of the Cooling Business ('Demerged Undertaking') of Thermax Cooling Solutions Limited ("First Applicant Company" or "Demerged Company") having CIN U29299PN2009PLC134761 into Thermax Instrumentation Limited ("Second Applicant Company" or "Resulting Company") having CIN U72200MH1996PTC099050 ("Scheme")

Thermax Cooling Solutions Limited, a company incorporated under the erstwhile provisions of the Companies Act, 1956, having its registered office at Thermax House, 14, Mumbai- Pune Road, Wakdewadi, Pune - 411003, Maharashtra, India.)... FIRST APPLICANT COMPANY / DEMERGED COMPANY

CIN: U29299PN2009PLC134761

Thermax Instrumentation Limited, a company incorporated under the erstwhile provisions of the Companies Act, 1956, having its registered office at Thermax House, 14, Mumbai- Pune Road, Wakdewadi, Pune - 411003, Maharashtra, India. **CIN: U72200MH1996PTC099050**	)... SECOND APPLICANT COMPANY / RESULTING COMPANY

(First Applicant Company and the Second Applicant Company together referred to as **"Applicant Companies")**.

Order delivered on: 06.01.2023

Coram: Hon'ble Shri Kuldip Kumar Kareer, Member (Judicial)
Hon'ble Smt. Anuradha Bhatia, Member (Technical)

Appearances (via videoconferencing):
For Applicant Companies: CA Harsh C. Ruparelia, i/b A R C H and Associates, Authorised Representatives for the Applicant Companies

ORDER

1. The Court convened through videoconference.

2. The Authorized Representative for the Applicant Companies submits that the present scheme is a Scheme of Arrangement between Thermax Cooling Solutions Limited **("First Applicant Company" or "Demerged Company")** and Thermax Instrumentation Limited **("Second Applicant Company" or "Resulting Company")** and their respective shareholders under Section 230 to 232 read with Section 66 and other applicable provisions of the Companies Act, 2013 and rules framed thereunder (**"Scheme")**.

3. The Authorized Representative for the Applicant Companies submits that the First Applicant Company is engaged in the business of providing various wet and dry cooling solutions for removal of heat from different processes in manufacturing industries. The First Applicant Company is also providing cooling solutions and providing air cooling condensers to power projects of Thermax India and external customers for power and energy business. Further, it is also engaged in the business of supply of equipment for power plant such as Electrostatic Precipitators (for plant sizes more than 300 MW) and Regenerative Air Preheaters (for plant sizes more than 300 MW).

4. The Authorized Representative for the Applicant Companies submits that the Second Applicant Company is rendering erection, commissioning, civil works and operation and maintenance services for turnkey contracts for power plants.

5. The Authorized Representative for the Applicant Companies submits that the Applicant Companies are wholly owned subsidiaries of the same shareholder i.e., Thermax Limited. The business activities carried out by the First Applicant Company as a part of its Cooling Business and by The Second Applicant Company are complementary in nature and provide vertical integration for completion of power projects. The Board of Directors of the First Applicant Company and the Second Applicant Company are of the opinion that the Demerger of Cooling Business under this Scheme would result in benefit to members, creditors and employees of each of the First Applicant Company and the Second Applicant Company, will not be detrimental to the public and would result in expansion of Cooling Business attached with the increase in the value for its members in long run. The demerger, transfer and vesting of the Cooling Business of the First Applicant Company on a going concern basis to the Second Applicant Company will result in the following benefits for the group as whole:
   a) Vertical integration of operations for Second Applicant Company resulting in enhanced co-ordination and flexibility in operations.
   b) Enhanced management focus on business of Second Applicant

राष्ट्रीय कम्पनी विधी अधिकरण NATIONAL COMPANY LAW TRIBUNAL मुंबई न्यायपीठ MUMBAI BENCH

Company post the proposed Demerger due to complementary business being consolidated under the same entity resulting in scalability and operative effectiveness

c) Elimination of duplication of administrative and compliance functions resulting in cost saving

6. The Authorized Representative for the Applicant Companies further submits that, in consideration of transfer and vesting of the Demerged Undertaking of the First Applicant Company in the Second Applicant Company pursuant to this Scheme, the Second Applicant Company shall, without any further application, act, instrument or deed, issue and allot Redeemable Preference Shares in the Second Applicant Company credited as fully paid-up, to all the equity shareholder(s) of the First Applicant Company whose name is appear in the register of members of the First Applicant Company on the Record Date or to their respective heirs, executors, administrators or other legal representatives or the successors-in-title as the case may be, in the following manner:

"85 (Eighty-Five) 10% Redeemable Preference Shares of the Second Applicant Company of INR 100 each credited as fully paid up for every 1,000 (One Thousand) equity shares held in the First Applicant Company of INR 10 each fully paid up."*

**On Part B of the Scheme (reorganization of share capital and reduction of paid-up share capital of the Demerged Company) becoming effective as provided in the Scheme, INR 10 to be read as INR 5.*

7. The Authorized Representative for the Applicant Companies submits that the Board of Directors of the First Applicant Company and the Second Applicant Company vide their resolution dated **20th December 2022** approved the Scheme of Arrangement between Thermax Cooling Solutions Limited and Thermax Instrumentation Limited and their respective shareholders. The Appointed Date for the purpose of the Scheme means **1st April 2023** or such other date as may be fixed or approved by NCLT in

relation to the Demerger of the Demerged Undertaking of the Demerged Company.

8. The Authorized Representative for the First Applicant Company further submits that pursuant to the provisions of Sections 230 to 232 read with Section 66 of the Act and upon the Scheme coming into effect, the issued, subscribed and paid-up share capital of the First Applicant Company shall stand reduced from INR 20,00,00,000 (Rupees Twenty Crores Only) divided into 2,00,00,000 (Two Crores Only) equity shares with face value of INR 10 (Rupees Ten Only) per equity share to INR 10,00,00,000 (Rupees Ten Crores Only) divided into 2,00,00,000 (Two Crores Only) equity shares with face value of INR 5 (Rupees Five Only) per equity share without any payment or consideration to the shareholders of the First Applicant Company for effecting such reduction in face value and paid-up value per equity share, without any further act or deed as per Para 6 of the Scheme.

9. That there are 7 (Seven) Equity Shareholders in First Applicant Company and that the First Applicant Company having procured the consent affidavit from 6 (Six) Equity Shareholder holding 99.9999% of the total shareholding of the First Applicant Company which are annexed to the Company Scheme Application. The First Applicant Company undertakes to submit consent affidavit of the one shareholder representing 0.0001% shareholding at the time of filing of Company Scheme Petition. The undertaking is accepted. Therefore, the meeting of equity shareholders of the First Applicant Company is hereby dispensed with.

10. That there are 7 (Seven) Equity Shareholders in the Second Applicant Company and that the Second Applicant Company having procured the consent affidavits from all the Equity Shareholders which are annexed to the Company Scheme Application.

11. In view of the fact that the Equity Shareholders of the Applicant Companies have given their consent affidavits, the meetings of the Equity Shareholders

राष्ट्रीय कम्पनी विधि अधिकरण
NATIONAL COMPANY LAW TRIBUNAL
मुंबई न्यायपीठ
MUMBAI BENCH

of the Applicant Companies are hereby dispensed with.

12. The Authorized Representative for the Applicant Companies submits that as on 30th November 2022, there are no Secured Creditors in the First Applicant Company and the Second Applicant Company, Therefore, the question of holding the meeting or sending notices to the Secured Creditors of the First Applicant Company and Second Applicant Company does not arise.

13. The Authorized Representative for the Applicant Companies submits that as on 30th November 2022, there are 70 (Seventy) Unsecured Creditors in the First Applicant Company amounting to INR 3,45,93,808/- (Rupees Three Crores Forty Five Lakhs Ninety Three Thousand Eight Hundred and Eight), and 315 (Three Hundred and Fifteen) Unsecured Creditors for the Second Applicant Company amounting to INR 23,82,87,833/- (Rupees Twenty-Three Crores Eighty-Two Lakhs Eighty Seven Thousand Eight Hundred and Thirty Three Only).

14. This Bench directs conduct of meetings of Unsecured Creditors of the First Applicant Company and Second Applicant Company as on 30th November 2022 as follows:

    a) That the meeting of the Unsecured Creditors of the First Applicant Company be convened and held on 14th March 2023 at 2.30 pm through video conferencing or other audio-visual means for the purpose of considering and, if thought fit, approving with or without modification(s) the proposed Scheme. The Unsecured Creditors of the First Applicant Company will be able to cast their vote in the meeting either in person or through proxy to the adoption of proposed Scheme.

    b) That the meeting of the Unsecured Creditors of the Second Applicant Company be convened and held on 14th March 2023 at 4.30 pm through video conferencing or other audio-visual means for the purpose of considering and, if thought fit, approving with or without modification(s) the proposed Scheme. The Unsecured Creditors of the Second Applicant Company will be able to cast their vote in the meeting either in person or through proxy to the adoption of proposed Scheme.

c) That at least 30 clear days before the said meetings of the Unsecured Creditors of the First Applicant Company and the Second Applicant Company be held as aforesaid, a notice in the prescribed form CAA.2, convening the said meeting at the place, day, date and time as aforesaid, together with a copy of the Scheme, a copy of a statement disclosing all material facts as required under Section 230(3) of the Companies Act, 2013 read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rule, 2016 shall be sent by courier / R.P.A.D / hand delivery and e-mail to each of the Unsecured Creditors at their registered address / registered email-address as per the records of the respective Applicant Company. And in case the e-mail ids are not available, by way of registered post acknowledge due enclosing a copy of the Scheme, with instructions that they may submit their representations, if any, to the Tribunal within a period of 30 days from the date of receipt of such notice, and copy of such representations shall simultaneously be served upon the Applicant Companies.

d) That at least 30 clear days before the said meetings of the Unsecured Creditors of First and Second Applicant Company to be held as aforesaid, an advertisement in prescribed Form No. CAA.2 as per Rule 7 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, convening the said meetings indicating the place, day, date and time as aforesaid, stating that copies of the Scheme and the statement required to be furnished pursuant to Section 230(3) of the Companies Act, 2013 read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules

2016 copy of the Scheme can be obtained free of charge the Applicant Companies as aforesaid, be published once each in 'Business Standard' in English language and the translation thereof in 'Navshakti' in Marathi language both be circulated in Pune.

e) That Mr. Ajit Sharma, failing him Mr. Prashant Bhosale, shall be the Chairman, for the above-mentioned meetings of the Unsecured Creditors of First and Second Applicant Company to be held as aforesaid or any adjournments thereof.

f) That the Chairman to file an affidavit not less than 7 days before the date fixed for the holding of the meeting of the First Applicant Company and the Second Applicant Company and to report this Tribunal that the direction regarding the issue of notices and advertisement have been duly complied with as per Rule 12 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.

g) The Chairman appointed for the aforesaid meeting of the First Applicant Company and the Second Applicant Company to issue the notices of the meeting of the Unsecured Creditors referred to above. The said Chairman shall have all powers under the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 in relation to the conduct of the meeting(s), including for deciding procedural questions that may arise or at any adjournment thereof or any other matter including an amendment to the Scheme or resolution, if any, proposed at the meeting by any person(s).

h) That the quorum of the aforesaid meeting of the unsecured creditors of First and Second Applicant Company shall be 5 unsecured Creditors (in number) present in person or through proxy or as prescribed under Section 103 of the Companies Act, 2013. However, voting in case of body corporate be permitted through authorised representative. The voting by proxy or authorised representative in case of body corporate shall be permitted provided that proxy or authorization duly signed by the person entitled to attend and vote at the meeting, is filed with the respective Applicant Companies, as applicable at its respective Registered Offices not later than, 48 hours before the aforesaid meeting as required under Rule 10 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.

i) The value and number of the Unsecured Creditors of the respective Applicant Companies, shall be in accordance with the books/ records maintained by the respective Applicant Companies and where the entries in the books/ records are disputed, the Chairperson of the meeting shall determine the value and number for the purpose of the aforesaid meeting and his decision in that behalf would be final.

j) That the Chairman to report to this Tribunal, the result of the aforesaid meetings within 30 days of the conclusion of the meetings of First Applicant Company and Second Applicant Company The Authorized Representative for the Applicant Companies further clarifies that the Applicant Companies will file petition and comply with the provision of service of notices upon all the regulatory authorities.

k) That the scrutinizer for the aforesaid meetings of First Applicant Company and Second Applicant Company shall be Mr. Surendra Vyas, Practicing Company Secretary (M. No. 9668 and C.P. No. 21404) with remuneration fixed at Rs. 10,000/- for each meeting.

15. The First Applicant Company is directed to serve notices of present Application along with its enclosures upon:- (i) concerned Income Tax Authority within whose jurisdiction the First Applicant Company is assessed to tax, bearing PAN No. AADCT2703M to the jurisdictional Income

Tax Officer, (ii) the Central Government through the office of Regional Director, Western Region, Ministry of Corporate Affairs, Mumbai, (iii) concerned Registrar of Companies, Maharashtra at Pune and (iv) concerned GST Authority within whose jurisdiction the First Applicant Company is assessed to tax, pursuant to section 230(5) of the Companies Act, 2013 and as per Rule 8 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 with a direction that they may, if they so wish, submit their representations, if any, within aperiod of thirty days (30) from the date of receipt of such notice to the Tribunal with copy of such representations shall simultaneously be served upon the First Applicant Company failing which, it shall be presumed that the authorities have no representations to make on the proposed Scheme.

16. The Second Applicant Company is directed to serve notices of present Application along with its enclosures upon:- (i) concerned Income Tax Authority within whose jurisdiction the Second Applicant Company is assessed to tax, bearing PAN No. AACCT1032C to the jurisdictional Income Tax Officer, (ii) the Central Government through the office of Regional Director, Western Region, Ministry of Corporate Affairs, Mumbai, (iii) concerned Registrar of Companies, Maharashtra at Pune and (iv) concerned GST Authority within whose jurisdiction the Second Applicant Company is assessed to tax, pursuant to section 230(5) of the Companies Act, 2013 and as per Rule 8 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 with a direction that they may, if they so wish, submit their representations, if any, within a period of thirty days (30) from the date of receipt of such notice to the Tribunal with copy of such representations shall simultaneously be served upon the Second Applicant Company failing which, it shall be presumed that the authorities have no representations to make on the proposed Scheme.

17. The Authorized Representative for the Applicant Companies further clarifies that the Applicant Companies will file petition and comply with the provision of service of notices upon all the regulatory authorities.

18. That the Applicant Companies to file an Affidavit of Service of the directions given by the Tribunal in the Registry for service of notice to the regulatory authorities as stated above and do report to this Tribunal that the directions regarding the issue of notices have been duly complied with. The Applicant Companies are also directed to include in the affidavit of service of proof of dispatch of documents sent to unsecured creditors of the Applicant Companies, wherever applicable or as directed hereinabove.

19. Ordered accordingly.

Sd/-
Anuradha Sanjay Bhatia
Member (Technical)

Sd/-
Kuldip Kumar Kareer
Member (Judicial)

राष्ट्रीय कम्पनी विधी अधिकरण
NATIONAL COMPANY LAW TRIBUNAL
मुंबई न्यायपीठ
MUMBAI BENCH

Certified True Copy
Copy Issued "free of cost"
On 17/01/2023

P. S. Sonawane.
17.01.2023
Deputy Registrar
National Company Law Tribunal Mumbai Bench
(D. 0932) 17/01/2023

Thermax Cooling Solutions Limited
Balance Sheet as at September 30, 2022
(All amounts are in Rupees Lakh, except per share data and unless stated otherwise)

Particulars	Note No.	As at Sept 30, 2022	As at March 31, 2022
Assets			
I. Non-current assets			
Property, plant and equipment	4(a)	1.68	1.71
Intangible assets	4(b)	6.65	12.76
Financial assets:			
(a) Other assets	5 (a)	1.56	1.56
Income tax assets (net)		-	18.09
Other assets	6 (a)	1.73	1.73
Total non-current assets		**11.62**	**35.85**
II. Current assets			
Inventories	7	0.28	244.71
Financial assets:			
(a) Trade receivables	8	952.55	772.98
(b) Cash and cash equivalents	9 (a)	6.08	79.28
(c) Bank balances other than (b) above	9 (b)	901.64	1,058.81
Other assets	6 (b)	33.82	88.13
Total current assets		**1,930.88**	**2,243.91**
Total assets		**1,942.50**	**2,279.76**
III. Equity and liabilities			
Equity share capital	10	2,000.00	2,000.00
Other equity	11	(1121.07)	(1347.07)
Total equity		**878.93**	**652.93**
IV. Current liabilities			
Financial liabilities			
(a) Trade payables	13		
Total outstanding dues of micro and small enterprises		43.93	248.90
Total outstanding dues of creditors other than micro and small enterprises		476.49	356.96
(b) Other liabilities	14	107.69	65.71
Provisions	15	75.62	133.04
Other liabilities	16	348.12	822.22
Income tax liabilities (net)		11.72	-
Total current liabilities		**1,063.57**	**1,626.83**
Total equity and liabilities		**1,942.50**	**2,279.76**

Thermax Cooling Solutions Limited
Statement of profit and loss for the period ended September 30, 2022
(All amounts are in Rupees Lakh, except per share data and unless stated otherwise)

Particulars	Note No.	Period ended Sept 30, 2022	Year ended March 31, 2022
Income			
Revenue from operations	17	1,794.33	1,875.82
Other income	18	20.13	55.90
Total Income (I)		**1,814.46**	**1,931.72**
Expenses			
Projects bought outs and components consumed	19	1,019.05	1,501.80
(Increase) in inventories of finished goods and work in progress	20	244.71	(203.04)
Employee benefits expense	21	138.58	282.17
Finance cost	22	-	2.75
Depreciation and amortisation expense	23	6.14	13.34
Other Expenses	24 (a)	174.91	173.26
Total expenses (II)		**1,583.39**	**1,770.28**
Profit before tax (III) = (I-II)		**231.07**	**161.44**
Tax expense	25		
Current tax		5.07	11.43
Deferred tax		-	-
Total tax expense (IV)		**5.07**	**11.43**
Profit for the year (V) = (III - IV)		**226.00**	**150.01**
Other comprehensive income (OCI)			
Items that will not be reclassified subsequently to profit or loss			
Re-measurement of defined benefit plans	26	-	14.90
Total other comprehensive income for the year (VI)		**-**	**14.90**
Total comprehensive income for the year (VII) = (V) + (VI)		**226.00**	**164.91**
Earning per equity share (Basic and Diluted) [Nominal value per share Rs.10/- (March 31, 2022: Rs 10/-)]	27	1.13	0.75

Thermax Cooling Solutions Limited
Statement of Changes in Equity for the period ended September 30, 2022
(All amounts are in Rupees Lakh, except per share data and unless stated otherwise)

A Equity Share Capital

Particulars	Note No	June 30, 2022	March 31, 2022
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 period	**10**	**2,000.00**	**2,000.00**

B Other Equity^

Particulars	Reserves & Surplus
	Retained Earnings
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)**
Profit for the period	226.00
Other Comprehensive Income	-
Total comprehensive income	**226.00**
As at Sept 30, 2022	**(1,121.07)**

Thermax Cooling Solutions Limited
Cash flow statement for the year ended September 30, 2022
(All amounts are in Rupees Lakh, except per share data and unless stated otherwise)

	Particulars	Note No.	Period ended Sept 30, 2022	Year ended March 31, 2022
A)	**Cash flows from operating activities**			
	Profit before tax		231.07	161.44
	Adjustments to reconcile profit before tax to net cash flows			
	Depreciation and amortisation expense	23	6.14	13.34
	Liabilities no longer required written back	18	-	(5.93)
	Fair value gain on financial instrument at fair value through profit & loss	18	-	-
	Interest Expense	22	-	2.75
	Interest income	18	(20.13)	(45.43)
	Profit on sale of Property, plant and equipment		-	-
	Working capital adjustments			
	(Increase)/ Decrease in trade receivables		(179.57)	649.97
	(Increase) in Inventories		244.43	(33.60)
	Decrease in other financial assets		(36.51)	0.07
	Decrease in other assets		54.31	18.38
	(Decrease) in trade payables		(85.44)	(495.19)
	(Decrease) / Increase in other financial liabilities		41.98	(96.96)
	(Decrease) / Increase in provisions		(57.42)	(3.64)
	(Decrease) in other liabilities		(474.10)	(142.72)
	Net Cash generated from operations (A)		**(275.24)**	**22.48**
	Direct taxes (paid) (net)		24.74	(10.65)
	Net cash flow from operating activities		**(250.50)**	**11.83**
B)	**Cash flows from investing activities**			
	(Purchase) of Property, plant and equipment and Intangible assets		-	(0.04)
	Proceeds from sale of Investments		-	-
	Interest/dividend received		20.13	45.43
	Proceeds from bank deposits		157.17	29.78
	Net cash flow from investing activities (B)		**177.30**	**75.17**
C)	**Cash flows from financing activities**			
	(Repayment) of short term borrowings		-	(8.79)
	Interest paid		-	(2.75)
	Net cash flow (used in) financing activities (C)		**-**	**(11.54)**
	Net increase in cash and cash equivalents		**(73.20)**	**75.46**
	Cash and cash equivalents at the beginning of the year		79.28	3.82
	Cash and cash equivalents at the end of the period		**6.08**	**79.28**

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

	Note No.	Sept 30, 2022	March 31, 2022
Cash and cash equivalents	9 (a)	**6.08**	**79.28**
Balances as per cash flow statement		**6.08**	**79.28**

Thermax Cooling Solutions Limited
Notes to financial statements for the period ended September 30, 2022
(All amounts are in Rupees Lakh, except per share data and unless stated otherwise)

4 (a) Property, Plant and Equipment

Particulars	Computer	Office Equipment	Furniture & Fixtures	Plant & Machinery	Vehicles	Total
Gross carrying amount as at April 1, 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**
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Gross carrying amount as at Sept 30, 2022	**11.36**	**0.21**	**0.02**	**1.31**	**-**	**12.90**
Accumulated depreciation as at April 1, 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**
Charge for the year	0.03	-	-	-	-	0.03
Disposals	-	-	-	-	-	-
Closing accumulated depreciation as at Sept 30, 2022	**9.86**	**0.14**	**-**	**1.22**	**-**	**11.22**
Net block September 30, 2022	**1.50**	**0.07**	**0.02**	**0.09**	**-**	**1.68**
Net block March 31, 2022	**1.53**	**0.07**	**0.02**	**0.09**	**-**	**1.71**

4 (b) Intangible assets

Particulars	Computer Software	Total
Gross carrying amount as at April 1, 2021	**42.91**	**42.91**
Additions	-	-
Disposals	-	-
Gross carrying amount as at March 31, 2022	**42.91**	**42.91**
Additions	-	-
Disposals	-	-
Gross carrying amount as at Sept 30, 2022	**42.91**	**42.91**
Accumulated amortisation as at April 1, 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**
Charge for the year	6.11	6.11
Disposals	-	-
Closing accumulated amortisation as at Sept 30, 2022	**36.26**	**36.26**
Net block September 30, 2022	**6.65**	**6.65**
Net block March 31, 2022	**12.76**	**12.76**

(This space is intentionally left blank)

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

5 Financial assets

(a) Other non current assets

	As at Sept 30, 2022	As at March 31, 2022
Security deposits	1.56	1.56
Total	**1.56**	**1.56**

6 Other assets

(a) Other non-current assets

	As at Sept 30, 2022	As at March 31, 2022
Unsecured, considered good		
Balances with government authorities	1.73	1.73
Total	**1.73**	**1.73**

(b) Other current assets

	As at Sept 30, 2022	As at March 31, 2022
Unsecured considered good		
Advance to supplier	24.25	79.83
Advances to employee	2.51	2.40
Prepaid expenses	7.06	5.90
Total	**33.82**	**88.13**

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 Sept 30, 2022	As at March 31, 2022
Raw Materials, components and bought-outs	0.28	-
Work-in-progress	-	-
Finished goods*	-	244.71
Total	**0.28**	**244.71**

* includes goods in transit of Rs. Nil (March 31, 2022 : Rs. 244.71)

(This space is intentionally left blank

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

9 (a) Cash and cash equivalents

	As at Sept 30, 2022	As at March 31, 2022
At amortized cost		
Balances with banks		
- in current accounts	6.08	79.28
Total	**6.08**	**79.28**

9 (b) Other bank balances

	As at Sept 30, 2022	As at March 31, 2022
At amortized cost		
Deposits with original maturity of more than 3 months but less than 12 months	901.64	1,058.81
Total	**901.64**	**1,058.81**

10 Share capital

	As at Sept 30, 2022	As at March 31, 2022
Authorized shares (Nos)		
50,000,000 (March 31, 2022 : 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, 2022 : 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

	No. of shares
Equity share of Rs. 10 each issued, subscribed and fully paid	
At April 1, 2021	2,00,00,000
Changes during the year	-
At March 31, 2022	2,00,00,000
Changes during the year	-
At September 30, 2022	**2,00,00,000**

(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 Sept 30, 2022	As at March 31, 2022
Holding company		
Thermax Limited	2,000.00	2,000.00
20,000,000 (March 31, 2022: 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 Sept 30, 2022	As at March 31, 2022
Thermax Limited		
%	100.00	100.00
No. of shares	2,00,00,000	2,00,00,000

11 Other equity

	As at Sept 30, 2022	As at March 31, 2022
Reserves and surplus		
Retained earnings		
Opening balance	(1,347.07)	(1,511.98)
Add: Profit for the period	226.00	150.01
Items of other comprehensive income recognised directly in retained earnings:		
Re-measurements (loss) of post-employment benefit obligations.	-	14.90
Net (deficit) in the statement of profit and loss	**(1,121.07)**	**(1,347.07)**
Total	**(1,121.07)**	**(1,347.07)**

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

14 Other financial liabilities

	As at Sept 30, 2022	As at March 31, 2022
Derivative instruments at fair value through profit or loss		
Derivative not designated as hedges		
Foreign exchange forward contracts	41.10	7.50
At amortised cost		
Employee related payables	34.54	26.16
Other Payables to group company	32.05	32.05
Total	**107.69**	**65.71**

15 Current provisions

	As at Sept 30, 2022	As at March 31, 2022
Provision for employee benefits		
Provision for gratuity (refer note 29 (a))	25.25	24.43
Provision for leave encashment	19.68	18.98
	44.93	**43.41**
Other provisions		
Provision for onerous contracts	1.65	34.09
Provision for warranties	29.04	55.54
	30.69	**89.63**
Total	**75.62**	**133.04**

16 Other liabilities

	As at Sept 30, 2022	As at March 31, 2022
Unearned revenue (Contract liabilities)	130.83	449.59
Customer advance (Contract liabilities)		
(i) Related parties (refer note 30(e))	189.74	168.84
(ii) Others	24.92	190.13
Statutory dues and other liabilities*	2.63	13.66
Total	**348.12**	**822.22**

*includes GST, tax deducted at source, professional tax, provident fund etc.
For terms and conditions with related parties, refer note 30.

(This space is intentionally left blank

Thermax Cooling Solutions Limited
Notes to financial statements for the period ended September 30, 2022
(All amounts are in Rupees Lakh, except per share data and unless stated otherwise)

17 Revenue from operations

(a) Revenue from contracts with customers:

	Sept 30, 2022	March 31, 2022
Revenue from projects and products	1,857.40	1,889.05
	1,857.40	**1,889.05**

(b) Other operating income

	Sept 30, 2022	March 31, 2022
Export Incentive	-	0.33
Exchange fluctuation (loss) / gain (net)	(63.07)	(13.56)
Total	**(63.07)**	**(13.23)**
Total revenue from operations	**1,794.33**	**1,875.82**

18 Other income

	Sept 30, 2022	March 31, 2022
Interest income from financial assets at amortised cost		
Bank deposits	20.13	45.28
Others	-	0.15
Liabilities no longer required written back	-	5.93
Fair value gain on financial instrument at fair value through profit and loss	-	-
Miscellaneous income	-	4.54
Total	**20.13**	**55.90**

19 Projects bought outs and components consumed

	Sept 30, 2022	March 31, 2022
Inventories at the beginning of the year	-	169.44
Projects bought outs and Components	1,019.32	1,332.36
	1,019.32	**1,501.80**
Inventories at the end of the period	(0.27)	-
	1,019.05	**1,501.80**
Less: Capitalised during the period	-	-
Total	**1,019.05**	**1,501.80**

20 (Increase) in inventories of finished goods and work in progress

	Sept 30, 2022	March 31, 2022
Inventories at the beginning of the year		
Work-in-progress	-	26.25
Finished goods	244.71	15.42
	244.71	**41.67**
Less: inventories at the end of the period		
Work-in-progress	-	-
Finished goods	-	(244.71)
	-	**(244.71)**
Total	**244.71**	**(203.04)**

21 Employee benefits expense

	Sept 30, 2022	March 31, 2022
Salaries,wages and bonus	126.82	231.08
Contribution to provident and other funds	8.76	22.17
Gratuity expense (refer note 29 (a))	1.68	26.63
Staff welfare expenses	1.32	2.29
Total	**138.58**	**282.17**

22 Finance cost

	Sept 30, 2022	March 31, 2022
Interest expense:		
- Bank	-	0.66
- Others	-	2.09
Total	**-**	**2.75**

23 Depreciation and amortisation expense

	Sept 30, 2022	March 31, 2022
Depreciation of property, plant and equipment (refer note 4(a))	0.03	0.07
Amortisation of intangible assets (refer note 4(b))	6.11	13.27
Total	**6.14**	**13.34**

(This space is intentionally left blank)

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

24 (a) Other expenses

	Sept 30, 2022	March 31, 2022
Consumption of stores and spare parts	(0.85)	2.23
Power and fuel	-	-
Freight and forwarding charges (net)	140.39	94.83
Site expenses and Contract labour charges	1.92	77.73
Drawing, design and technical service charges	-	-
Advertisement and sales promotion	-	0.01
Rent	2.07	3.74
Rates and taxes	-	0.54
Insurance	-	2.44
Repairs and maintenance : Others	4.02	12.19
Travelling and conveyance	2.34	15.01
Legal and professional fees (includes payment to auditor, refer note 24(b)	5.00	16.88
Commission on Sales	-	0.29
Provision for impairment allowance of financial asset (net	37.39	(44.29)
Warranty expenses (net)	(26.50)	(18.91)
Miscellaneous expenses (includes printing, communication, postage, security expense, etc.)	9.13	10.57
Total	**174.91**	**173.26**

25 Income Taxes

	Sept 30, 2022	March 31, 2022
Current Tax	5.07	11.43
Deferred Tax	-	-
Total	**5.07**	**11.43**

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 Sept 30, 2022	
Re-measurement gains on defined benefit plan	-
Total	-
During the year ended March 31,2022	
Re-measurement (losses) on defined benefit plan	14.90
Total	**14.90**

27 Earning per share

	Sept 30, 2022	March 31, 2022
Net profit attributable to the Equity shareholders of the Company	226.00	150.01
Weighted average number of Equity shares of Rs.10/- each	2,00,00,000	2,00,00,000
Basic and Diluted Earning per share	1.13	0.75

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 follow

	Sept 30, 2022	March 31, 2022
Lease payments for the period	2.07	3.74

(This space is intentionally left blank)

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

8 Trade receivables

	As at Sept 30, 2022	As at March 31, 2022
Trade Receivables from:		
i) Related parties (refer note 30(e))	501.89	140.53
ii) Others	450.66	632.45
Total	**952.55**	**772.98**
Break-up for security details:		
Secured, considered good	-	-
Less: Impairment allowance	-	-
Total (A)	**-**	**-**
Unsecured, considered good	1,072.34	855.37
Less: Impairment allowance	(119.79)	(82.39)
Total (B)	**952.55**	**772.98**
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)	**952.55**	**772.98**

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

13 Trade payables

	As at Sept 30, 2022	As at March 31, 2022
Total outstanding dues of micro and small enterprises	43.93	248.90
Total outstanding dues of creditors other than micro and small enterprises		
(i) Related parties (refer note 30(e))	69.24	60.34
(ii) Others	407.25	296.62
Total	**520.42**	**605.86**

Thermax Cooling Solutions Limited
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(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.			

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 Cooling Solutions Limited
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.	Year ended March 31, 2022	Year ended 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

S R B C & CO LLP * CHARTERED ACCOUNTANTS *

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 COOLING SOLUTIONS LIMITED PUNE

Thermax Cooling Solutions Limited
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	March 31, 2022	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.

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 Cooling Solutions 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		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

S R B C & CO LLP ★ CHARTERED ACCOUNTANTS ★ SRBC&CO

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 COOLING SOLUTIONS LIMITED ★ PUNE

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

1. Corporate information
Thermax Cooling Solutions Limited ('the Company') supplies Air Cooled Condensers [ACC] which are widely used on turbine exhaust application with a view to reduce water consumption in power generation.

The Company's portfolio also includes electrostatic precipitators (ESP), Bag Houses, Rotary Air Pre-Heaters (RAPHs) and related services.

The Company is a public limited company incorporated and domiciled in India. The address of its registered office is Thermax House, 14, Mumbai – Pune Road, Wakdewadi, Pune - 411003, India. The Board of Directors have authorized to issue these financial statements on May 12, 2022. The CIN of the Company is U29299PN2009PLC134761.

2. Significant accounting policies

2.1. Basis of preparation, measurement

(a) Basis of preparation
These financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS), notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation 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 normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

b. Foreign currencies

The Company's financial statements are prepared in Rupees, which is the also functional currency of the Company.

Transactions and balances

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

c. Fair value measurement

The Company measures financial instruments at fair value at each balance sheet date.

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

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

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

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

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

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

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

S R B C & CO LLP * CHARTERED ACCOUNTANTS *

THERMAX COOLING SOLUTIONS LIMITED * PUNE

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

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

S R B C & CO LLP ★ CHARTERED ACCOUNTANTS ★
THERMAX COOLING SOLUTIONS LIMITED ★ PUNE

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.

S R B C & CO LLP * CHARTERED ACCOUNTANTS *

THERMAX COOLING SOLUTIONS LIMITED * PUNE

- ***Revenue from Sale of goods***

If the criteria for revenue under over-a-period of time as mentioned above are not met, the Company recognizes revenue at a point-in-time. The point-in-time is determined when the control of the goods or services is transferred which is generally determined based on when the significant risks and rewards of ownership are transferred to the customer. Apart from this, the Company also considers its present right to payment, the legal title to the goods, the physical possession and the customer acceptance in determining the point in time where control has been transferred. The Company provides for warranty provision for general repairs up to 12 – 24 months on its products sold, in line with the industry practice. A liability is recognized at the time the product is sold. The Company does not provide any extended warranties.

Contract balances

Contract assets: A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration and are transferred to Trade receivables on completion of milestones and its related invoicing. Contract assets are recorded in balance sheet as unbilled revenue.

Trade receivables: A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Also refer note 2.3(h) below.

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

ii. Interest Income

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

iii. Dividend

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

h. Financial instruments

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

Financial Assets

Initial Recognition and measurement

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

S R B C & CO LLP ★ CHARTERED ACCOUNTANTS ★

THERMAX COOLING SOLUTIONS LIMITED ★

Subsequent measurement

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

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

Debt instruments at amortized cost

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

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

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

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

Debt instrument at FVTOCI

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

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

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

Debt instrument at FVTPL

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

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

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

Equity investments

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

If the Company decides to classify an equity instrument at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to

S R B C & CO LLP CHARTERED ACCOUNTANTS

THERMAX COOLING SOLUTIONS

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

S R B C & CO LLP
CHARTERED ACCOUNTANTS
SRBC&CO

THERMAX COOLING SOLUTIONS LIMITED

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

S R B C & CO LLP * CHARTERED ACCOUNTANTS *
SRBC&CO

THERMAX COOLING SOLUTIONS LIMITED * PUNE

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

S R B C & CO LLP * CHARTERED ACCOUNTANTS *

THERMAX COOLING SOLUTIONS LTD PUNE

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

S R B C & CO LLP * CHARTERED ACCOUNTANTS *
SRBC&CO

THERMAX COOLING SOLUTIONS LTD. PUNE

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

S R B C & CO LLP * CHARTERED ACCOUNTANTS *

SRBC&CO

THERMAX COOLING SOLUTIONS LIMITED * PUNE

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.

(This space is intentionally left blank)

S R B C & CO LLP ★ CHARTERED ACCOUNTANTS ★

THERMAX COOLING SOLUTIONS LIMITED ★ PUNE

Thermax Cooling Solutions Limited
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)

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**

(This space is intentionally left blank)

S R B C & CO LLP ★ CHARTERED ACCOUNTANTS ★

THERMAX COOLING SOLUTIONS ★ PUNE

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

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)

(This space is intentionally left blank)

S R B C & CO LLP * CHARTERED ACCOUNTANTS *

THERMAX COOLING SOLUTIONS LIMITED PUNE

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

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**
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**

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	
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	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables- credit impaired	-	-	-	-	-	-	-
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.

(This space is intentionally left blank)

S R B C & CO LLP ★ CHARTERED ACCOUNTANTS ★

THERMAX COOLING SOLUTIONS PUNE

Thermax Cooling Solutions Limited
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)

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**

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

	No. of shares
Equity share of Rs. 10 each issued, subscribed and fully paid	
At April 1, 2020	2,00,00,000
Changes during the year	-
At March 31, 2021	2,00,00,000
Changes during the year	-
At March 31, 2022	**2,00,00,000**

(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	2,00,00,000	2,00,00,000

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.

S R B C & CO LLP ★ CHARTERED ACCOUNTANTS ★

THERMAX COOLING SOLUTIONS LIMITED ★ PUNE

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

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

	March 31, 2022	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
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.

(This space is intentionally left blank)

S R B C & CO LLP * CHARTERED ACCOUNTANTS *
SRBC&CO

THERMAX COOLING SOLUTIONS LIMITED ★
Pune

Thermax Cooling Solutions Limited
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)

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.

Movement in provisions

	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**

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

(This space is intentionally left blank)

S R B C & CO LLP * CHARTERED ACCOUNTANTS *
SRBC&CO

THERMAX COOLING SOLUTIONS LTD. * PUNE

Thermax Cooling Solutions Limited
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)

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.

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.

S R B C & CO LLP * CHARTERED ACCOUNTANTS *

THERMAX ★ COOLING SOLUTIONS LIMITED

Thermax Cooling Solutions Limited
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)

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**

(This space is intentionally left blank)

S R B C & CO LLP ★ CHARTERED ACCOUNTANTS ★

THERMAX COOLING SOLUTIONS LIMITED ★ PUNE

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

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**	-

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 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	2,00,00,000	2,00,00,000
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

(This space is intentionally left blank)

SRBC&CO
S R B C & CO LLP * CHARTERED ACCOUNTANTS *
THERMAX COOLING SOLUTIONS LIMITED * PUNE

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

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 :

Particulars	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%

(This space is intentionally left blank)

SRBC&CO LLP CHARTERED ACCOUNTANTS

THERMAX COOLING SOLUTIONS LIMITED

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

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 :

Particulars	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:

Particulars	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)

(This space is intentionally left blank)

S R B C & CO LLP * CHARTERED ACCOUNTANTS

THERMAX COOLING SOLUTIONS LIMITED * PUNE

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

30 Related party disclosures

(a) Parent entities

Sr 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	-	-	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)

(This space is intentionally left blank)

SRBC & CO LLP ★ CHARTERED ACCOUNTANTS ★ SRBC&CO

THERMAX COOLING SOLUTIONS LIMITED ★

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

(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

Particulars	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

(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.

(This space is intentionally left blank)

S R B C & CO LLP ★ CHARTERED ACCOUNTANTS ★

SRBC&CO

THERMAX COOLING SOLUTIONS LIMITED ★

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

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.

(This space is intentionally left blank)

S R B C & CO LLP * CHARTERED ACCOUNTANTS *

SRBC&Co

THERMAX COOLING SOLUTIONS LIMITED *

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

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.

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	-	-

SRBC & CO LLP ★ CHARTERED ACCOUNTANTS ★

SRBC&CO

SOLUTIONS L PUNE

Thermax Cooling Solutions Limited
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)

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

(This space is intentionally left blank)

S R B C & CO LLP * CHARTERED ACCOUNTANTS *
SRBC&CO

COOLING SOLUTIONS LIMITED * THERMAX *
PUNE

Thermax Cooling Solutions Limited
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)

34 Capital Management

For the purpose of the Company's capital management, capital includes issued equity capital to the equity holders. The primary objective of the Company's capital management is to maximise the shareholder value. The Company manages its capital structure and makes adjustments in light of changes in economic conditions. The Company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents. No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2021 and March 31, 2022.

	March 31, 2022	March 31, 2021
Trade payables	605.86	1,101.05
Current Borrowings	-	8.79
Less: Cash and cash equivalents	(1,138.09)	(1,092.41)
Net debt	**(532.23)**	**17.43**
Equity	652.93	488.02
Capital and net debt	**(1,185.16)**	**(470.59)**

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).

36 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 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

S R B C & CO LLP * CHARTERED ACCOUNTANTS *

THERMAX COOLING SOLUTIONS LIMITED * PUNE

THERMAX COOLING SOLUTIONS LIMITED 4TH FLOOR, ENERGY HOUSE, D-II BLOCK, PLOT NO. 38 & 39, MIDC, CHINCHWAD, PUNE 411 019, INDIA. □ TEL.: +91 20 66126464 FAX : +91-20-66126612 □ Website : www.thermaxglobal.com □ IT PAN : AADCT2703M Customer Care: 18002090115 (India Toll Free)

REPORT ADOPTED BY THE BOARD OF DIRECTORS OF THERMAX COOLING SOLUTIONS LIMITED UNDER SECTION 232(2)(c) OF THE COMPANIES ACT, 2013 EXPLAINING THE EFFECT OF THE SCHEME OF ARRANGEMENT ON EQUITY SHAREHOLDERS (PROMOTERS AND NON-PROMOTER SHAREHOLDERS), KEY MANAGERIAL PERSONNEL (KMPs) AND DIRECTORS ADOPTED BY IT AT ITS MEETING HELD ON TUESDAY, 20 DECEMBER 2022

1. **BACKGROUND**

1.1. As per section 232(2)(c) of the Companies Act, 2013 ("Act"), a report adopted by the Board of Directors of the Company explaining effect of the arrangement on equity shareholders (including promoters and non-promoter shareholders), Key Managerial Personnel ("KMPs"), and Directors of the Company and laying out in particular the share exchange ratio, is required to be circulated to the shareholders / creditors of the Company if meeting of such shareholders / creditors is required to be convened as per the directions of the National Company Law Tribunal. This report is accordingly being made in pursuance to the requirements of section 232(2)(c) of the Act.

1.2. The following documents were, inter alia, placed before the Board:

1.2.1. Scheme of Arrangement between Thermax Cooling Solutions Limited ("Demerged Company" or " the Company") and Thermax Instrumentation Limited ("Resulting Company") and their respective shareholders under sections 230 to 232 read with section 66 and other applicable provisions of the Companies Act, 2013 and rules and regulations framed thereunder ("Scheme").

1.2.2. Draft statutory Auditors' Certificate dated 19 December 2022 issued by SRBC & Co. LLP, the statutory auditors of the Demerged Company as required under section 232(3) of the Companies Act, 2013 certifying that the accounting treatment in the draft Scheme is in accordance with the accounting standards and applicable law;

1.2.3. Valuation report dated 20 December 2022 ("Valuation Report") as submitted by Mr. CA Harsh Chandrakant Ruparelia, Chartered Accountant, Registered Valuer – Securities or Financial Assets, describing the methodology adopted in arriving at the share entitlement ratio in relation to the Scheme. The share entitlement ratio recommended by the Valuer is as follows:

"85 (Eighty-Five) 10% Non-Convertible Non-Cumulative Redeemable Preference Shares ("NCRPS") of INR 100 (Rupees Hundred) each of the Resulting Company shall be issued and allotted for every 1,000 (One Thousand) fully paid-up equity share of INR 10 (Rupees Ten) each held in the Demerged Company"*

** On capital reduction becoming effective as provided in the Scheme, INR 10 to be read as INR 5.*

No special valuation difficulties were observed or reported in the valuation report.

2. EFFECT OF THE SCHEME ON THE EQUITY SHAREHOLDERS (PROMOTERS AND NON-PROMOTERS) OF THE DEMERGED COMPANY

2.1. As far as the promoter and non-promoter shareholders of the Demerged Company are concerned, pursuant to the Scheme they will continue to remain shareholders of the Demerged Company.

2.2. Part B of the Scheme provides for reorganization of share capital and reduction of paid-up share capital of the Demerged Company such that upon the Scheme coming into effect, the issued, subscribed and paid-up share capital of the Demerged Company shall stand reduced from INR 20,00,00,000 (Rupees Twenty Crores Only) divided into 2,00,00,000 (Two Crores Only) equity shares with face value of INR 10 (Rupees Ten Only) per equity share to INR 10,00,00,000 (Rupees Ten Crores Only) divided into 2,00,00,000 (Two Crores Only) equity shares with face value of INR 5 (Rupees Five Only) per equity share without any payment or consideration to the shareholders of the Demerged Company for effecting such reduction in face value and paid-up value per equity share, without any further act or deed.

2.3. Pursuant to the aforementioned reduction of share capital, the face value of equity shares of the Demerged Company shall stand reduced to INR 5 (Rupees Five Only) per equity share and consequently, the authorised share capital of the Demerged Company shall stand reorganised from:

INR 50,00,00,000 (Rupees Fifty Crores Only) divided into 5,00,00,000 (Five Crore Only) equity shares having face value of INR 10 each (Rupees Ten) to 10,00,00,000 (Ten Crores) equity shares having face value of INR 5 (Rupees Five) each.

2.4. The aforesaid reduction of the share capital pursuant to this Scheme shall be given effect as an integral part of the Scheme and the consent given to the Scheme by the shareholders and the creditors of the respective Companies shall be deemed to be their consent under the provisions of Section 66 of the Act and all other applicable provisions of the Act read with applicable rules & regulations framed in this regard to such reduction of capital and shall not be required to convene any separate meeting for that purpose. The order of the NCLT or such other authority sanctioning the Scheme shall be deemed to be an Order under Section 66 of the Act. Notwithstanding, the reduction of issued, subscribed and paid-up equity share capital of the Demerged Company, the Demerged Company shall not be required to add "And Reduced" as suffix to its name.

2.5. On demerger, the Resulting Company will issue and allot Redeemable Preference Shares (terms and conditions of the same are mentioned in Annexure 1 of the Scheme) to each member of the Demerged Company whose name is in the register of members as on the record date, as per the share entitle ratio mentioned in the Scheme.

3. EFFECT OF THE SCHEME ON THE KMPs OF THE DEMERGED COMPANY

3.1. There will be no impact on the KMPs and directors of the Demerged Company pursuant to the Scheme.

THERMAX COOLING SOLUTIONS LIMITED 4TH FLOOR, ENERGY HOUSE, D-II BLOCK, PLOT NO. 38 & 39, MIDC, CHINCHWAD, PUNE 411 019, INDIA. ☐ TEL.: +91 20 66126464 FAX : +91-20-66126612 ☐ Website : www.thermaxglobal.com ☐ IT PAN : AADCT2703M
Customer Care: 18002090115 (India Toll Free)

A THERMAX GROUP COMPANY
THERMAX

4. ADOPTION OF THE REPORT BY THE BOARD OF DIRECTORS

The Board of Directors have adopted this report after noting and considering the information set forth in this report.

By order of the Board
For Thermax Cooling Solutions Limited

Ajit Sharma
Chief Financial Officer
Place: Pune
Date: December 20, 2022

THERMAX COOLING SOLUTIONS LIMITED
PUNE