42nd Integrated Report **2022-23**

THERMAX

PARTNERING

TO BUILD AN EQUITABLE AND SUSTAINABLE FUTURE

#ThermaxForABetterTomorrow

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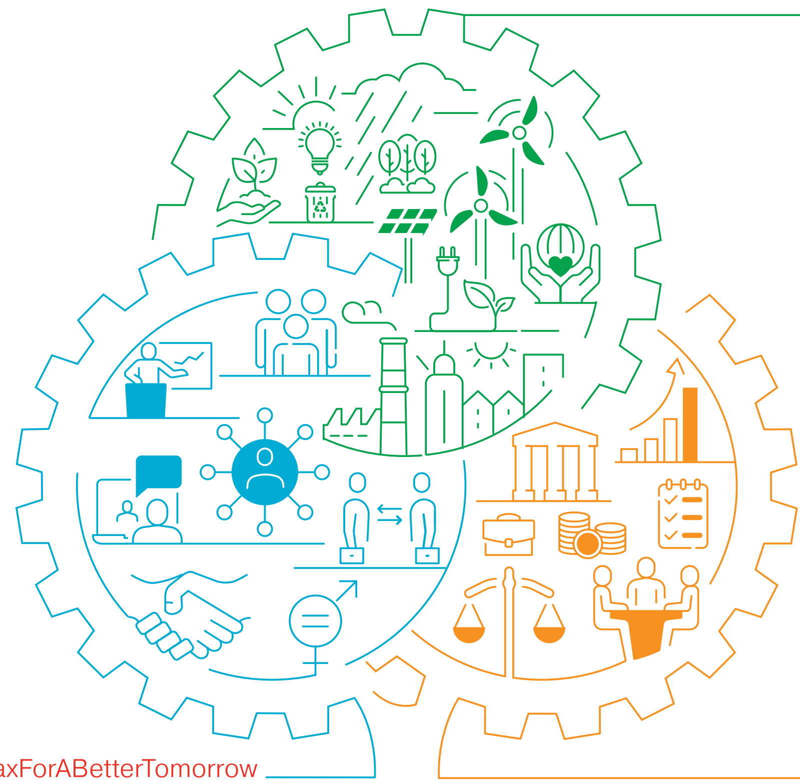


With five decades of experience in energy and the environment segments, a strong diversified order book, and our execution excellence, we reiterate our commitment to creating sustainable solutions for a better tomorrow. Along with 'Environment', Thermax recognises the crucial role that 'Social' and 'Governance' factors play in achieving this goal.

#ThermaxForABetterTomorrow

PARTNERING

TO BUILD AN EQUITABLE AND SUSTAINABLE FUTURE

We believe that we cannot create a better future for ourselves and our planet without collaboration. Our ethos is to partner with our stakeholders to build an equitable and sustainable future that offers access to clean air, clean energy, and clean water to all. This has been reflected in the strategic partnerships we have formed in recent years that have led to business expansion in green portfolios, enhancement of digital capabilities, as well as community outreach, enabling us to move forward on our ESG parameters.

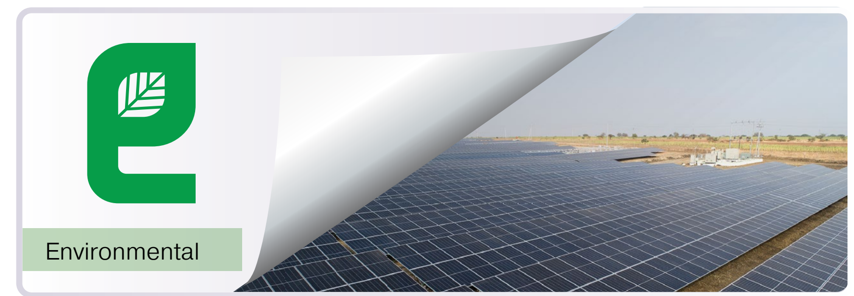
Given our forte and market leadership in the energy domain, Thermax is well-positioned to benefit from the increasing focus on clean energy and decarbonisation initiatives. We leverage our capabilities in green technologies to serve our customers with solutions that facilitate the efficient deployment of energy resources. We also assist our customers in their sustainability and low-carbon journeys, supporting them to overcome the challenge of fuel availability, helping them achieve cost efficiency and reduce their environmental footprint.

Scaling technology-led solutions that address sustainability challenges is another way we minimise our impact on nature. An array of IoT-enabled digital solutions powered by machine learning, and Thermax-engineered algorithms have proved to be beneficial for many of our customers.

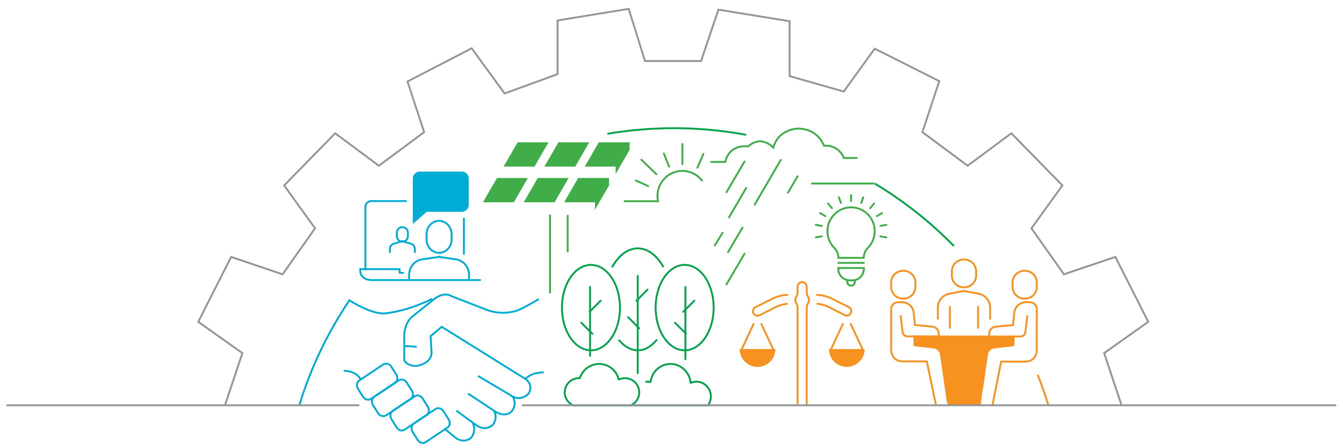
With some of our recent initiatives, we intend to play a critical and broad-based role in India's hydrogen sector, supporting the nation's mission of replacing grey with green hydrogen by 2030. We are working on creating a sturdy foundation to develop a competitive green hydrogen vertical.

In our pursuit of a sustainable and equitable future, we have placed a strong emphasis on social responsibility and creating an inclusive workplace. Through our partnerships with like-minded NGOs, organisations, and employees, we have created job opportunities, promoted education, and supported local communities. We will continue to practice the highest level of corporate governance with ethical and legal standards in the conduct of our operations, and engraining good corporate governance systems. We will also continue to build on our strong foundation by enhancing processes and controls and supporting transparency.

We are proud of the progress we have made in FY 2022-23, but we understand that there is still much work to be done. Looking ahead, we remain committed to forging strategic partnerships that promote sustainability, social responsibility, and good governance. We believe that by weaving ESG considerations into everything we do, we can create a positive impact and make a difference in the world.



ABOUT THIS INTEGRATED REPORT



Reporting Approach

The terms 'Thermax', 'Thermax Group', 'the Group', 'the Company', 'your Company', 'we', 'our' and 'us' refer to Thermax Limited and its group of companies.

Developed in accordance with the International Integrated Reporting Council's (IIRC) <IR> framework, Thermax Limited is pleased to present its Integrated Report for FY 2022-23. The Report provides key insights into how the Company creates value in the short, medium and long-term for its stakeholders.

In addition to this and as mandated by SEBI, stakeholder relevant performance is also reported by Thermax through a Business Responsibility and Sustainability Report. Both reports have been combined to avoid duplication and ensure comprehensive yet concise information to all shareholders.

As a Company, we are committed to achieving the highest governance standards essential for sustainable value creation. This is reflected in our reporting philosophy which is founded on the principles of accountability, transparency, accuracy, integrity, responsibility and compliance.

Framework, Guidelines and Standards

The Report covers key performance indicators in line with the <IR> framework. It also links the Company's capital-wise performance to the United Nations Sustainable Development Goals (UN SDGs). Sections of the document also comply with the requirements of the Companies Act, 2013 (and the rules made thereunder); Indian Accounting Standards; the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015; and the Secretarial Standards issued by the Institute of Company Secretaries of India. Stakeholders are encouraged to read them in conjunction with the contents prepared using the <IR> format to get a holistic view of the Company's annual performance.

Boundary and Scope of Reporting

The Report covers information pertaining to, but not limited to, manufacturing facilities, products and solutions, operations and maintenance, office premises of the Thermax Group and its material subsidiaries. Disclosures pertaining to the period April 1, 2022, to March 31, 2023, are also covered under this Report, unless stated otherwise.

Responsibility Statement

The management has evaluated the contents presented in the Report and assured its integrity to the best of their knowledge in the capacity of Those Charged With Governance (TCWG). The publication of this Report has been approved by the Board on May 17, 2023.

Forward-looking Statements

Certain statements in this Report regarding Thermax's business operations may constitute forward-looking statements. While these statements reflect the Company's future expectations, it is important to remain mindful that a number of risks, uncertainties and other important factors could cause actual results to differ materially.

For more details, refer to the Principle 4 of the BRSR on page 96.

For more details, refer to the Business Model on page 18.

Feedback and Suggestions

We welcome your feedback and suggestions on this Report.

You may email us at cservice@thermaxglobal.com

Strategic Objectives

- **SO1:** Increase the share of green offerings
- **SO2:** Grow products and services portfolio
- **SO3:** Focus on internationalisation

Approach to Materiality

- To identify material issues
- To evaluate current status
- To map ambitions against issues
- To identify key actionable areas

Sustainable Development Goals

PERFORMANCE SNAPSHOT THERMAX GROUP FY 2022-23

We are committed to working with our stakeholders across our value chain to build a sustainable pathway forward. Through our focus on ESG, we are helping propel industry and the world forward – today and for generations to come.

Our key focus on reducing water and carbon footprints, initiatives on employee engagement and community development, and adherence to compliance and integrity reflect how we are becoming more sustainable as a Company. It also demonstrates our strong emphasis on delivering solutions that defy global challenges and create lasting value for our customers, communities, employees, and the overall business.

- Waste Management
- Climate Change Related Risks
- Energy Management
- Water Management
- Emissions Management

- 8% of energy consumption is contributed by renewable energy
- Installed rooftop solar plants with a combined capacity of 2.17 MWp at Savli, Jhagadia, Sri City and at Pune offices
- Harvested 25,490 m³ of rainwater during the year
- Achieved 5,665 tCO_2e of carbon emission reduction
- Saved 19,424 GJ of energy
- Incurred Rs. 4.14 crore capex on carbon footprint reduction-related projects
- 9% reduction in water consumption at domestic manufacturing units
- 2,49,510 m³ of water reused and recycled
- Planted 6,080 saplings
- Achieved 93% of waste recycling rate during the year
- Single-use plastic free certification received from the Confederation of Indian Industry for the Savli plant

SDGs Impacted

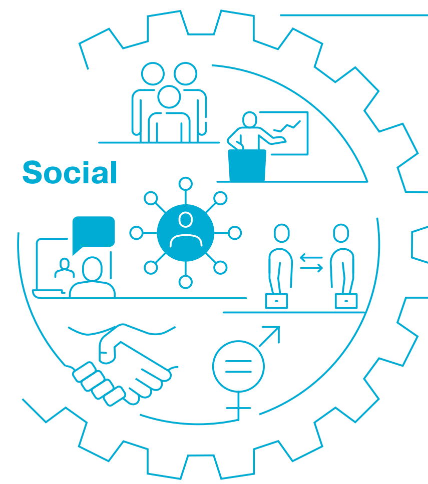
1, 2, 6, 7, 9, 11, 12, 13, 14, 15, 16

Capitals Covered

Manufactured Capital | Intellectual Capital | Natural Capital

Strategic Objectives

SO1 SO2 SO3



- Local Employment
- Community Engagement
- Occupational Health, Safety and Emergency Preparedness
- Talent Acquisition and Retention
- Protection of Human Rights
- Responsible Supply Chain Management

- Resolved 98.8% of customer complaints
- Held over 150 customer engagement programmes on energy & water conservation and minimising pollution
- Built capabilities for sustainability of 146 suppliers through training sessions
- 4,108 students benefitted from The School Project and Alumni Project
- Supported 676 alumni from Teach for India through iTeach
- Assisted 1,625 alumni from six schools to continue their higher education/vocational training
- 8,979 families benefitted through CSR around manufacturing facilities

SDGs Impacted

1, 2, 3, 4, 5, 6, 8, 10, 17

Capitals Covered

Human Capital | Social and Relationship Capital

Strategic Objectives

SO1 SO2 SO3

- Compliance and Integrity

- Zero cases under Prevention of Sexual Harassment (POSH) Act
- Compliance is followed with processes and tools in place, and the reporting under the same is done to the Board
- Restructuring of reporting segments for better transparency

SDGs Impacted

8, 9

Capitals Covered

Financial Capital | Human Capital

Strategic Objectives

SO1 SO2 SO3

THERMAX AT A GLANCE

A Brief Overview

Headquartered in Pune, India, Thermax Limited was incorporated in 1966 as Wanson India by A.S. Bhathena. It offers integrated solutions in heating, cooling, power generation, water treatment and recycling, air pollution control, and chemicals with a focus on ensuring clean air, clean energy, and clean water.

Our Global Operations

We operate globally through 34 international and 22 domestic offices, 14 manufacturing facilities – 10 in India and 4 overseas, spanning Europe and South East Asia.

Our Global Presence

Our presence extends to over 90 countries and we support customers through an extensive service network spread across Asia, South East Asia, the Middle East, Africa, Europe and the Americas.

Key Financial Highlights of FY 2022-23

- Recorded consolidated revenue of Rs.8,090 crore in FY 2022-23, up 32% as compared to Rs. 6,128 crore in FY 2021-22
- Profit After Tax (PAT) stood at Rs. 451 crore, up 45% as compared to Rs. 312 crore in the previous year
- Order booking for the year at a consolidated level stood at Rs. 8,788 crore as compared to Rs. 9,410 crore in FY 2021-22, down 7%
- Concluded an order of Rs. 522 crore for two units of 260 TPH high pressure utility boilers and associated systems for a grassroot refinery and petrochemical complex in Rajasthan, India
- Received an order for Rs. 251.7 crore from an Indian public sector power company for the renovation and modernisation of the ESP package of its 3 x 210 MW thermal power station in West Bengal, India

Thermax's Business Philosophy

Vision

To be a globally respected high-performance organisation offering sustainable solutions in energy and the environment.

Values

- Respect
- Commitment
- Honesty and Integrity
- Concern for Society and the Environment

Ethos

Our business ethos is rooted in good governance. We respect and balance the interests of our diverse stakeholders.

17
Domestic Subsidiaries

20
Overseas Subsidiaries

Rs. 8,090 Crore
Revenue

30+
Countries Sales and Service Presence

3,767
Permanent Employees Globally

Partnerships in FY 2022-23

- Thermax partnered with Fortescue Future Industries (FFI) to jointly develop fully integrated green hydrogen projects for commercial and industrial customers.
- Thermax collaborated with EverEnviro for setting up bio-CNG turnkey projects.
- Thermax partnered with Covacsis, an IoT solution partner, to provide enhanced energy management capabilities to customers.

- Thermax Foundation collaborated with RPG Foundation and NGO Lokbharati in Vadodara, Tata Motors CSR in Shirwal and Adani Foundation in Mundra to train girls and local youth respectively under skill development programmes, as its always more impactful to partner with local industry.
- Launched a worker facilitation centre (WFC) in collaboration with the Centre for Social Justice in Savli, and continued partnership with Aajeevika Bureau and Bajaj Auto CSR to operate a WFC at Pimpri Chinchwad Municipal Corporation as part of its Social Compact initiative.
- Thermax partnered with universities in India and abroad for leadership development programmes with an aim to equip talent for the Company's growth journey in the years ahead.

- Thermax's Board of Directors and Executive Council collaborated to devise a detailed three-year roadmap for 2023-2026 that supports the Company's overall strategic priorities for 2030.
- An external consultant conducted a training session for key Board members, key managerial personnel and the leadership team on Business Responsibility and Sustainability Reporting (BRSR) and ESG.
- Thermax, in collaboration with the Institute of Directors (IOD), India, conducted a masterclass on corporate governance topics for directors who are on the Boards of its subsidiaries.

Our Core Business Segments

Industrial Products

Heating

Boilers and Fired Heaters
- Electric Boilers
- Energy Plants
- Heat Recovery Boilers
- Heat Recovery Systems
- High Pressure Boilers
- Hot Water / Air / Gas Generators
- Lean Gas Fired Boilers
- Oil & Gas Fired Boilers
- Solid Fuel Fired Boilers
- Supercritical Boilers
- Thermal Oil Heaters and Vapourisers
- Waste Heat Recovery Boilers

Cooling

Absorption Cooling and Heating
- Chiller-Heaters
- Heat Pumps
- Heat Transformers
- Hybrid Chillers
- Vapour Absorption Chillers

Process Cooling
- Adiabatic Coolers
- Air Cooled Heat Exchangers
- Closed Loop Cooling Towers
- Dry Coolers
- Evaporative Condensers

Air Pollution Control

- Bag Filters
- Coal Preparation Plants and Coal Injection Systems
- ComboFilters
- Dedusting and Fume Extraction Systems
- Electrostatic Precipitators
- Heat Exchangers
- Scrubbers for Particulate and Gaseous Abatement

Steam Engineering Solutions

- Condensate Management Systems and Valves
- Process Automation and Monitoring Equipment
- Steam Generation and Distribution Products

Water and Waste Solutions

- Desalination
- Recycle and Zero Liquid Discharge
- Wastewater Treatment (Sewage and Effluent)
- Water Treatment

Specialised Services

- Digital Asset Availability and Optimisation
- Genuine and Reliable Spare Parts
- Life Extension Services
- Overhauling of Air Pollution Control Equipment
- Plant Improvement and Upgrades
- Proactive, Preventive and Corrective Maintenance Services
- Remote Monitoring and Assistance Services
- Retrofit & Revamps, Upgrades

Industrial Infra

Projects and Energy Solutions

- Air Cooled Condensers
- Bio-CNG Plants
- Cogen/Trigen Power Plants
- EPC Offerings
- Flue Gas Desulphurisation (FGD)
- Refinery Process Units
- Waste Heat Recovery Power Plants

Boilers and Fired Heaters (Higher Capacity)

- Fired Heaters (10 MM kcal/hr to 250 MM kcal/hr)
- Heat Recovery Boilers (25 TPH to 500 TPH)
- Lean Gas Fired Boilers (25 TPH to 500 TPH)
- Oil & Gas Fired Boilers (30 TPH to 500 TPH)
- Solid Fuel Fired Boilers (30 TPH to 1,000 TPH)
- Supercritical Boilers (800 TPH to 4,535 TPH)
- Waste to Energy Boilers (8 TPH to 500 TPH)

Specialised Services

- Digital Asset Availability and Optimisation
- Energy Audit and Utility Piping Consultancy
- Genuine and Reliable Spare Parts
- Life Extension Services
- Operations & Maintenance of Utilities and Power Plants
- Plant Improvement Projects
- Proactive, Preventive and Corrective Maintenance Services
- Remote Monitoring and Assistance Services
- Retrofits and Upgrades

Green Solutions

Renewable Energy

- Energy Management Solutions
- Green Hydrogen Projects
- RE Power Projects
- Solar and Wind Hybrid Farms and Storage Batteries
- Utility Delivery Services on Build-Own-Operate Model

Chemical

- Construction Chemicals
- Ion Exchange Resins
- Oil Field Chemicals
- Performance Chemicals

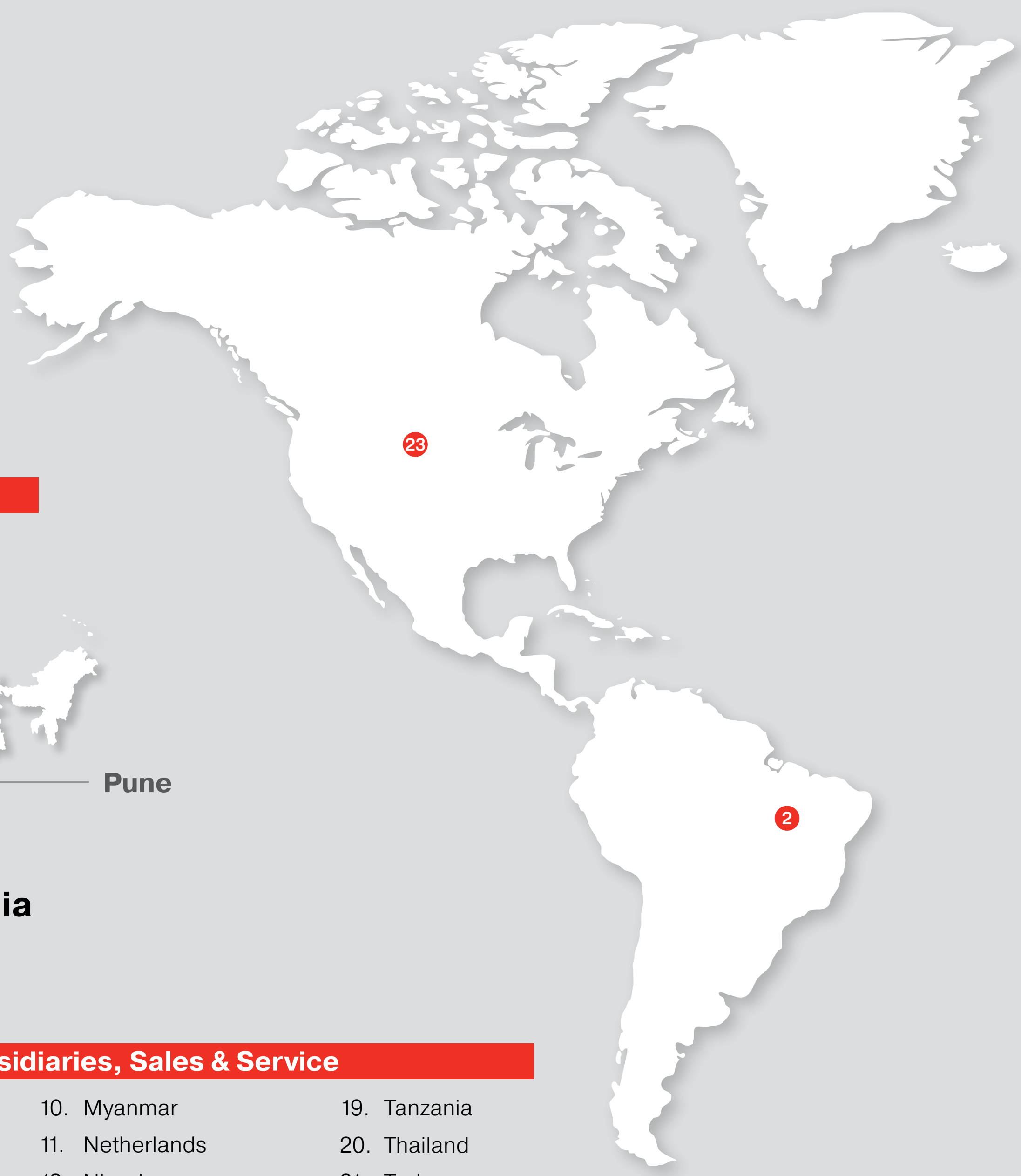
For more details on Business Segments, refer to MDA on page 26.

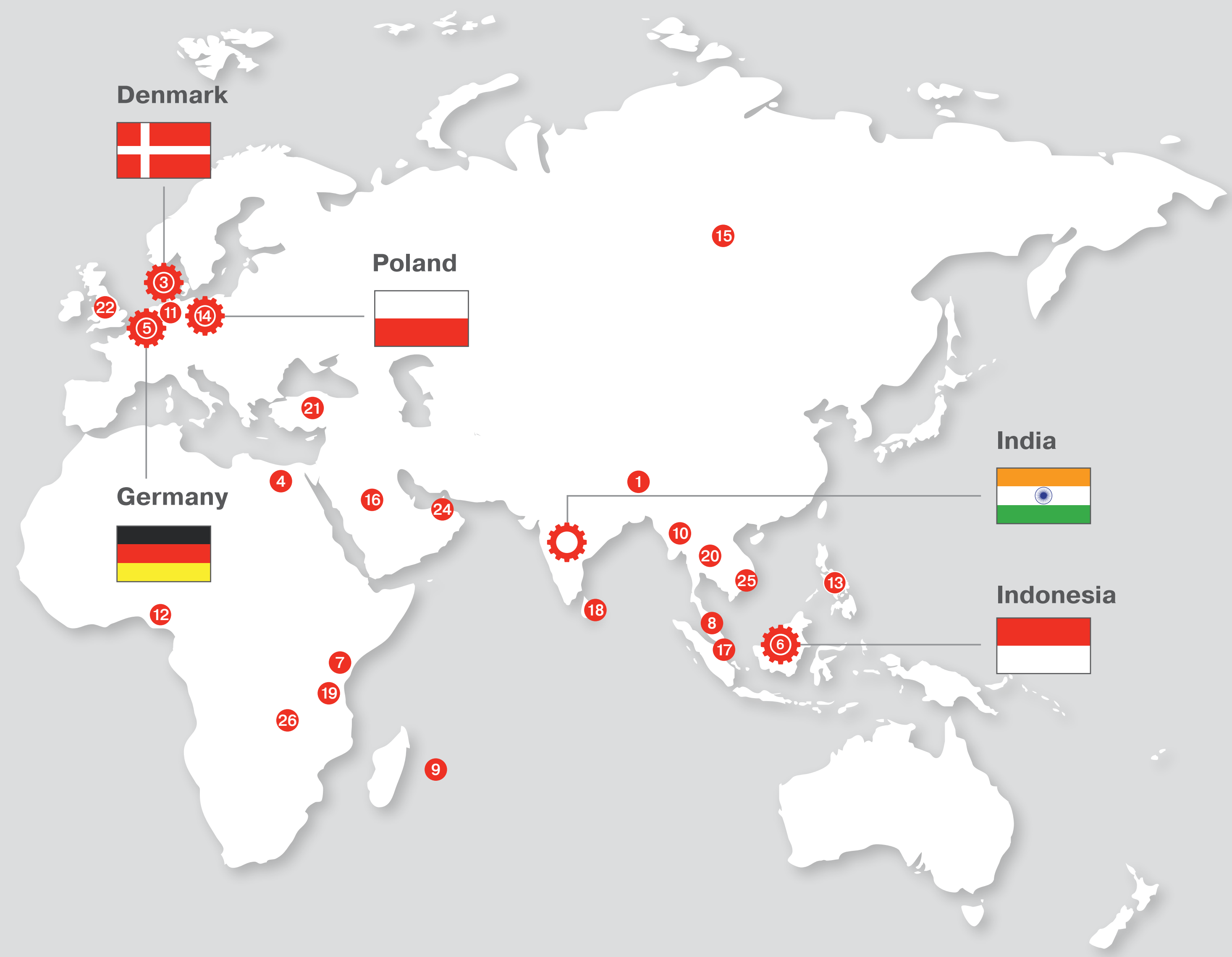
Industries Served

Agriculture & Allied Industries | Automobiles & Auto Components | Aviation | Biotechnology | Cement | Chemicals | Construction | Manufacturing | Medical Devices | Metals | Oil & Gas | Paper & Pulp | Pharmaceuticals | Engineering & Capital Goods | Food & Beverages | FMCG | Healthcare | Hospitality | Infrastructure | IT & Data Centre | Power | Renewable Energy | Rubber | Telecommunications | Textiles | Wood

Our Diversified Presence

Head Office





International Subsidiaries, Sales & Service

1. Bangladesh
2. Brazil
3. Denmark
4. Egypt
5. Germany
6. Indonesia
7. Kenya
8. Malaysia
9. Mauritius
10. Myanmar
11. Netherlands
12. Nigeria
13. Philippines
14. Poland
15. Russia
16. Saudi Arabia
17. Singapore
18. Sri Lanka
19. Tanzania
20. Thailand
21. Turkey
22. U.K.
23. U.S.A.
24. UAE
25. Vietnam
26. Zambia

Manufacturing Units

14 Manufacturing Facilities

161 Channel Partners in and around India

80 International Channel Partners

MESSAGE FROM THE CHAIRPERSON

> We have realigned our businesses into four segments: Industrial Products, Industrial Infra, Green Solutions and Chemical. Both Industrial Products and Industrial Infra are predominantly green while the Green Solutions business provides 100% sustainable offerings.

> Thermax Foundation collaborated with NGOs such as Lokbharati and Manavlok, as well as like-minded corporates, to provide skill development programmes for youth and capacity-building initiatives for farmers respectively. I want to express my heartfelt appreciation and commend our NGO partners, CSR team and local support from our employees, for their unwavering efforts in making a significant positive impact on people's lives.
>
> *-Meher Pudumjee*

My Dear Shareholder,

I am delighted to present the 42nd Annual Report of your Company for the financial year 2022-23. I am very happy to mention that almost every division of the company did a lot better than the previous year, but not just in numbers and growth, but achieving several firsts. New and stronger partnerships were entered into, and businesses developed new applications especially focussed on reducing our customer's carbon and water footprints. They implemented new processes, penetrated newer markets and most importantly, built a growth mindset, capable of thinking big, challenging themselves, being innovative, and doing things differently.

Heartfelt thanks to Ashish Bhandari, our Managing Director & CEO, for partnering in our vision to shift the Company's predominant focus towards green. We thank our Executive Council members, our Strategic Business Unit heads and all our employees for their hard work and execution. Thank you to our customers who have had continued faith in Thermax; to all our vendor and business partners, as well as all other stakeholders. This year, we developed an extensive strategy framework for the period 2023-26, tying into our overarching strategic priorities for 2030. Sincere gratitude to our Board members for their valuable guidance and advice.

Even though the year 2022-23 started with the Russia-Ukraine war and the sudden increase in commodity and freight prices, we have reached new milestones, with the highest revenue and profit in our Company's history. Unfortunately, with all the good news, it pains me to report a negative arbitration award of Rs. 250 crore slapped on the Company in the month of June 2023. Since the 2022-23 results were already audited, it does not form a part of the financials; however, we have mentioned the award in this Annual Report. The Company will be appealing the matter.

In the past year, we saw demand across business segments with an uptick in order book predominately from the refinery, steel, power, and chemical sectors. The order pipeline in waste heat recovery for cement and steel, waste-to-energy and build-own-operate based solutions grew. Our Industrial Products group comprising Heating, Water and Waste Solutions, Cooling and Air Pollution Control witnessed a demand from sugar, distilleries, paper and pulp, and food processing industries for green offerings.

Going forward, although India is on a growth trajectory, we are seeing a marginal slowdown in industrial infrastructure orders. If the government continues to invest heavily in infrastructure projects, Thermax will benefit from the 'derived demand', through investments in refineries, steel, and cement.

Since the Company operates and reviews its businesses in four major buckets, we have decided to project the same going forward in revenues. Thus we have realigned our businesses into four segments: Industrial Products, Industrial Infra, Green Solutions and Chemical. Both Industrial Products and Industrial Infra are predominantly green while the Green Solutions business provides 100% sustainable offerings.

As always, a strong ESG proposition has formed a key ingredient and filter for our decisions and actions. The 'E' (Environmental) impact of ESG is gaining traction the world over. Customers are constantly looking for economically viable solutions that have a lower carbon footprint. With the current war, every country has started to think of energy security seriously. The recently concluded COP27 summit carries forward the legacy of Glasgow – mainly on fossil fuels and emission reduction, by agreeing to keep the 1.5-degree temperature rise target alive and countries agreeing to 'phase down' coal use. For India, this enhances the emphasis on energy security through renewables and the use of coal with carbon capture, to bring down the dependence on oil and chemical imports. Thermax has developed and partnered with companies for technologies that could provide an alternative to importing chemicals. We are also constantly developing as well as looking to buy technologies that will help our customers with energy transition.

Thermax is witnessing a growing interest in renewable opex solutions, based on long-term agreements. I am happy to share that within one year, our subsidiary, First Energy Private Limited (FEPL), has successfully commissioned solar and solar-wind hybrid farms to fulfil our customers' captive renewable power requirements. Another subsidiary under our Green Solutions segment, TOESL (Thermax Onsite Energy Solutions Limited), has achieved significant growth in revenues. Responding to the rising demand for utilities through build-own-operate solutions, TOESL is expanding its portfolio to include other sustainable avenues, such as cogeneration, recycled water, biomass gasification, and bio-CNG, and also spreading geographically.

> I am happy to share that within one year, our subsidiary, First Energy Private Limited (FEPL), has successfully commissioned solar and solar-wind hybrid farms to fulfil our customers' captive renewable power requirements.

Thermax responded to the challenge of stubble burning, to counter carbon emissions and produce a value added product. Every year in November, India enjoys a hearty kharif or rice harvest season, but the flip side of a good yield is an abundance of waste paddy straw stubble which is burned in farms prior to the next sowing season. The impact of this burning (apart from other factors) leaves northern India, especially parts of Delhi NCR and Punjab regions, choked by smog. To address this issue, Thermax, in partnership with EverEnviro and utilising Primove's technology, has been able to convert this waste into bio-CNG, which is predominantly used in vehicles. The technology is a promising solution to replace carbon-positive fossil fuels and reduce the import of costly natural gas. Being a first-of-its- kind, the outcome is encouraging, but is taking time to reach the committed output.

Our clean energy portfolio is set to be augmented with the government's support to green technologies and the various reforms introduced in the Union Budget for an increased focus on energy transition and environmental well-being. One of these is green hydrogen. With our recent partnership with Fortescue Future Industries (FFI), Australia, we believe, over time, that the production of green hydrogen will be a key step forward in decarbonising hard-to-abate industries in India, such as refineries, fertilisers, and steel.

Although not a large emitter of CO_2 within the company, we have charted our decarbonisation path. By 2025, we will achieve 25% reduction in CO_2, from our 2019 baseline, to support India in transitioning into a low-carbon economy. Progress has been made by enhancing operational efficiency, renewable energy generation, procurement, and fuel switch. In this financial year, we have achieved an absolute reduction of 17% in emissions from the base year of 2019. Moreover, our carbon emission intensity with respect to revenue has improved by 38.6%.

We remain committed to transforming Thermax as a future-ready, agile, productive, and effective organisation. We are leveraging tech-enabled processes and digitisation to ensure customer delight externally and reduce bureaucracy as well as repetitive processes internally. Leveraging the company's experience in the domains of energy and environment over 55 years, Thermax introduced a unique digital solution called 'Edge Live' over a year ago. Our customers have experienced increased efficiency, improved plant performance, enhanced uptime and knowledge management of their industrial assets.

We understand that a sustainable business, in the long run, is one that maintains a consistent focus on the 'S' (Social) imperative of ESG.

> I am delighted that our own workers in Pune have come forward to volunteer their time for this initiative.

Being a responsible organisation, we constantly find opportunities to take actions not only towards the planet, but also our people, and positively impact society.

The initiative Social Compact (SoCo), which Thermax and other companies have signed up for along with the NGO Dasra and others, ensures greater dignity and equity for unorganised industrial workers in India. Apart from our own manufacturing facilities and sites, Thermax started a worker facilitation centre (WFC) in Pune and another in Savli to help informal workers across industries access benefits linked to government schemes they are entitled to, such as the e-Shram card, BOCW benefits, Aadhaar card, PAN card, and health insurance. I am delighted that our own workers in Pune have come forward to volunteer their time for this initiative.

To further social equity, we are partnering with local communities near our manufacturing locations. During FY 2022-23, Thermax Foundation collaborated with NGOs such as Lokbharati and Manavlok, along with like-minded corporates, to provide skill development programmes for youth and capacity-building initiatives for farmers respectively. We also continue our support towards school education and the alumni programme at The Akanksha Foundation and iTeach. I'd like to express my heartfelt appreciation and commend our NGO partners, the CSR team and the local support from our employees, for their unwavering efforts in making a positive impact on people's lives.

Last year we put together a Diversity, Equity, and Inclusion strategy, focussing on four pillars: enhancing diversity representation, nurturing and sponsoring talent, fostering mindset change, and promoting openness and inclusiveness in the workplace. We've taken some baby steps in hiring more women in leadership roles as well as on the shop floor and a few differently-abled individuals in our workforce. We aim to double the women working with Thermax within the next three years.

Through our ethical and inclusive corporate governance practices, which form an integral part of our Environmental, Social, and Governance (ESG) framework, we aim to add value to all our stakeholders and successfully fulfil our long-term business objectives. Once again, my heartfelt gratitude and appreciation to every stakeholder who has and continues to partner with us on this journey. We thank you for your ongoing trust and support.

Warmly,

Meher Pudumjee
Chairperson

MESSAGE FROM THE MANAGING DIRECTOR & CEO

> In an ever-evolving technology environment, no company can work in isolation. Partnerships across the ecosystem are crucial to success, and Thermax is well-positioned to be a trusted partner in its customers' energy transition journey.

As India and the world move to decarbonise and clean up their energy systems, companies such as Thermax will have a valuable role to play in this journey. This means a sense of urgency in everything we do, fostering numerous partnerships within our ecosystem, and shifting capabilities from large specification-driven projects to projects that are bespoke, technology-driven, often smaller in scale but distributed in breadth.

-Ashish Bhandari

My Dear Shareholder,

It is my pleasure to share with you this year's Annual Report. FY 2022-23 was a watershed year for Thermax with the business reaching all-time highs on multiple financial metrics including those of revenues, order backlog, profits, and cash flow from operations. These numbers were a result of strength across business sub-segments. I would like to thank each one of Thermax's stakeholders as it is their partnership that is at the core of our achievements.

Robust Domestic Economic Environment

The post Covid-19 revival of the Indian economy continued through the entirety of last year. The strong growth of the GDP at a rate of 7% was supported by a consistently robust manufacturing Purchasing Managers' Index (PMI) that maintained a healthy average of 55.6. Private credit offtake increased by 15% despite an increasing rate environment and signs of a global recession. The domestic economic policy aligned well with industry needs and supported this growth.

Additionally, the Union Budget 2023-24 provided a push for green growth, encouraging the use of alternate sources of energy such as bioenergy and green hydrogen. The Budget projected an increase in capital investment in infrastructure by Rs. 10 lakh crore (3.3% of India's GDP). The allocation of Rs. 19,744 crore towards the National Green Hydrogen Mission, and the production-linked incentive (PLI) scheme for 14 sectors to establish India as a strong manufacturing base have been some welcome moves. Thermax has, directly and indirectly, benefitted from these policies. Also, growth in Thermax's channel business is a good benchmark for this broad-based revival. The channel business witnessed orders growth in the high teens with strength across sectors including food and beverages, chemicals, cement, steel, edible oils, and textiles.

The Green Engine

Customers today are desiring green solutions like never before. For Thermax, these range from waste (including biomass) to energy to heat recovery to solar and wind hybrid renewable energy. Also, customers are requesting zero liquid discharge solutions, close to zero (<10 ppm) emission plants, advanced effluent treatment, and evaluation of carbon capture technologies. As India and the world move to decarbonise and clean up their energy systems, companies such as Thermax will have a valuable role to play in this journey. This means a sense of urgency in everything we do, fostering numerous partnerships within our ecosystem, and shifting capabilities from large specification-driven projects to projects that are bespoke, technology-driven, often smaller in scale but distributed in breadth.

To achieve this shift in capabilities, we have been making several changes internally. FY 2022-23 was a year when many initiatives started to take root and, in several cases, bore fruit. This is reflected in our business advancements.

With more than a decade of experience and 40+ installations in India, our subsidiary, Thermax Onsite Energy Services Limited (TOESL), has now ventured into international geographies such as Indonesia and Sri Lanka. The business portfolio is being further expanded with biomass gasification and bio-CNG solutions under the build-own-operate model. Moreover, TOESL has invested in dedicated briquetting facilities to ensure self-sustained operations for the contract tenure with customers and has supplied over 2.9 lakh tonnes of biomass during the fiscal.

First Energy Private Limited (FEPL), another of our subsidiaries, has concluded 180 MWp captive renewable power projects for some major industrial consumers in Maharashtra, Gujarat and Tamil Nadu. We have also set up a wind-solar hybrid project for captive users. Moving ahead, we will continue to expand our horizons in other states as well and will continue to explore new products, platforms and services to improve its topline. Besides, we are also exploring the possibility of connecting large power projects with the central transmission utility (CTU).

To foray into the bio-CNG space, Thermax has signed a shareholders' agreement with EverEnviro Resource Management Pvt. Ltd. (EverEnviro), a company of green growth equity fund, India's largest climate fund, to establish Thermax Bioenergy Solutions Pvt. Ltd. (TBSPL). The newly established business is seeing good traction with a surge in enquiries for bio-CNG projects. The business is in the process of commissioning one pilot plant in collaboration with TOESL along with setting up a bio-CNG plant for a municipal corporation, and two other customer projects are under execution - all in Northern India. All major field stock like rice straw, press mud and organic municipal waste is being utilised to generate biogas. This business model is an excellent way of achieving resource optimisation, reducing carbon footprint and facilitating circularity.

We have observed consistent traction for our non-recyclable solid waste (NRSW) boiler and received multiple orders for our vapour absorption technology and multi-fuel fired boiler in the first year of its launch. Additionally, a breakthrough export waste-to-energy order was also bagged from an international construction engineering company.

> To foray into the bio-CNG space, Thermax has signed a shareholders' agreement with EverEnviro Resource Management Pvt. Ltd. (EverEnviro), to establish Thermax Bioenergy Solutions Pvt. Ltd. (TBSPL). The newly established business is seeing good traction with a surge in enquiries for bio-CNG projects.

Making a Progressive Shift

Edge Live (ML-based asset performance enhancement solution), being launched last year, was a major capability enhancement to our customer portal, Edge.

Edge Live has been successfully deployed for over 70 customers at 140 sites, and 4,000 assets.

Four specialised operations centres have been set up in Pune and Chennai, India, which are responsible for the constant monitoring of assets. These centres are staffed by subject matter experts who oversee asset classes. Acting as a hub for customer success, the centres work closely with stakeholders to improve the uptime, efficiency, and reliability of assets.

We are currently undergoing two internal shifts. The first shift involves improving our processes to create a more agile and digitally-driven Thermax. This initiative, called Project Sprint, involves partnering with a top-tier consulting firm for 18 months. While we have experienced growth in our revenue and orders this year, our headcount growth has been limited. This limitation has had an impact on work-life balance, as indicated by employee surveys, and has contributed to higher attrition rates. Moving forward too, we aim to restrict our headcount increase specifically in growth sectors like hydrogen and services. Project Sprint is crucial for establishing a scalable business model.

The second internal initiative focusses on building a performance-based culture. The employee performance evaluation methodology has been refreshed with the aim of encouraging frequent discussion on goals and on the process of achieving such goals. Talent development, especially career acceleration of high potential employees, has also been emphasised. This also involves implementing a performance-styled compensation structure with an increased variable component. In addition, we are adopting rigorous talent management practices, enhanced training modules, and introducing Employee Stock Option Plans (ESOPs).

Growth through Partnerships

In an ever-evolving technology environment, no company can work in isolation. Partnerships across the ecosystem are crucial to success, and Thermax is well-positioned to be a trusted partner in its customers' energy transition journey.

In many of Thermax's core markets, energy transition is about bridging the gap between energy availability and energy sustainability. To accomplish this, we are leveraging partnerships across the landscape. Most of our new business models reflect this collaborative approach. We have partnered with EverEnviro and Primove for bio-CNG initiatives; and with Australia's Fortescue Future Industries (FFI) for hydrogen-based projects. There are other similar strategic partnerships too that are in the works.

On the research front, we have collaborated with IIT Delhi and NCL Pune for coal gasification and specific application development for resins. During the Coal Ministry's visit to our 6 TPD coal-to-methane plant in Pune, we demonstrated our capabilities in the conversion of high-ash Indian coal to methanol – a first-of-its-kind initiative to convert 50% of ash coal into value-added chemicals. Moreover, we are working with customers in relevant industries to create multiple new solutions in waste-to-energy. Further, to rapidly enhance our capabilities on the digital front, we acquired minority stakes in ExactSpace and Covacsis.

New Segment Reporting

With all these changes being implemented within the Company, it is an opportune time to recast our reporting segments to reflect our current business management approach. The new segments going forward are those of Industrial Products, Industrial Infra, Green Solutions and Chemical. The Industrial Products segment encompasses a range of products related to heating, cooling, air pollution control, water and wastewater. These products are sold across diverse industries, often through channel partners and distributors. The segment necessarily requires manufacturing plants and is also service-intensive.

The second segment is Industrial Infra, which includes customised and bespoke solutions that are often large in scale and tailored to meet our customers' specific requirements. There is an EPC component to these projects with considerable site work including civil engineering. Our large boilers vertical is also part of this business. While margins are somewhat lower, this business has excellent cash flows with negative working capital.

Green Solutions is a relatively small but important new segment to report, wherein Thermax provides renewable energy and utility solutions on a build-own-operate (BOO) basis. The customers are primarily industrial and contract terms range from 10 to 25 years. This business is upfront cash-intensive with a long tail of relatively secure cash flows.

Chemical continues as a separate segment, as before.

I have now spent more than three years with Thermax. From the Covid-19 driven lows of 2020 to the recovery fuelled highs of the past year, it has been a remarkable journey. Through the operational considerations that a turnaround of this magnitude brings, our focus at Thermax is to build a resilient company that can thrive in a rapidly changing energy landscape. I am glad to report that in FY 2022-23, we made significant progress towards this endeavour.

> Our focus at Thermax is to build a resilient company that can thrive in a rapidly changing energy landscape. I am glad to report that in FY 2022-23, we made significant progress towards this endeavour.

As we look ahead, we are steadfast in our commitment to achieving our own decarbonisation targets and to partner with our customers in their energy transition journey, reinforcing our dedication to a sustainable and greener future.

Warmly,

Ashish Bhandari
Managing Director & CEO

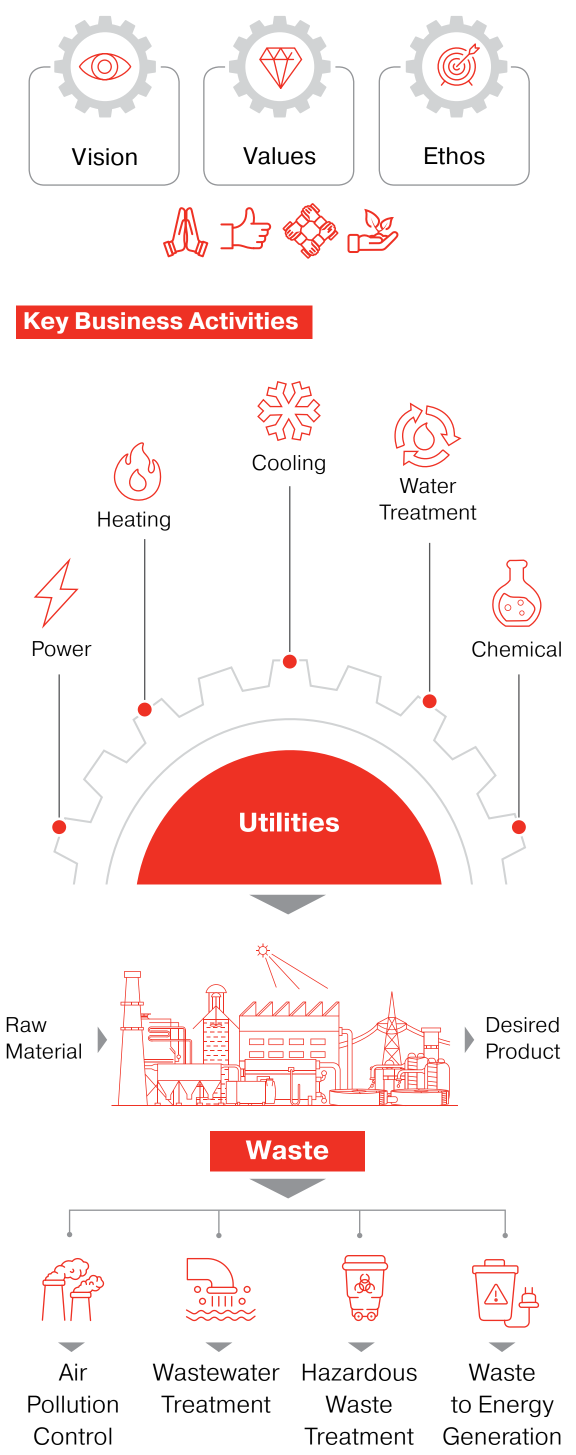
OUR BUSINESS MODEL

Capital-wise Inputs

	FY 2022-23	FY 2021-22
Financial Capital	(Rs. crore)	(Rs. crore)
Current Assets	6,072	4,738
Order Booking	8,788	9,410
Net Worth	3,868	3,492
Net Block of Assets	1,682	1,239
Borrowings	811	355
Manufactured Capital		
Manufacturing Plants	14	14
Domestic and International Offices	56	56
New Solar Project Sites Capacity - Under Open Access	27.5 MWp	Nil
New Project Sites (O&M)	283	261
New Capacity Added	NA	NA
Material Consumed (Rs. crore)	4,625	3,485
Human Capital		
No. of Internal Safety Inspection Audits	1,407	1,436
No. of External Safety Audits	9	22
No. of HSE Internal Auditors Certified	18	27
No. of Permanent Workmen Deployed	1,051	876
No. of Permanent Employees of Thermax Group (Including Subsidiaries and Excluding Workmen)	3,767	3,758
No. of Contractual Workmen	11,411	13,515*
No. of Training Man-Hours	5,640	46,226
Total Employee Cost as a % of Revenue	11.8%	13.3%
Investment in Training and Development Initiatives (Rs. crore)	3.53	1.47
Intellectual Capital		
R&D Spend as % of Group Turnover	0.41%	0.51%
No. of Employees in R&D Team	71	137
Investment in Technology/Process Improvement Initiatives (Rs. crore)	19.6	17.7
No. of Tie-ups with External Research Firms/Start-ups	New tie-up: 2 Continued: 1	New tie-up: 1 Continued: 1
Social and Relationship Capital		
Total CSR Spend (Rs. crore)	6.86	7.54
No. of Suppliers Trained on Sustainability	146	70
No. of Dealers	131	154
No. of Green Channel Vendors	266	243
No. of MSME Suppliers	2,905	2,447
No. of Customer Engagements including Events, Seminars, Expos and Webinars	154	109
Natural Capital		
Renewable Energy Consumed	26,747 GJ (7,430 MWh)	15,147 GJ (4,207 MWh)
Non-Renewable Energy Consumed	3,15,661 GJ (87,684 MWh)	3,37,899 GJ (93,861 MWh)
Water Consumption (Domestic)	8,13,504 m^3	8,93,567 m^3
Trees Planted (Saplings)	6,080	5,957
Capex on Carbon Footprint Reduction Related Projects (Rs. crore)	4.10	1.39
No. of Zero Liquid Discharge Installations within Thermax Facilities	7	7
Rainwater Harvesting Capacity (Domestic)	42,928 m^3	41,625 m^3

*Excludes contractual workmen from FEPL

Value Creation Process



Our Stakeholders

Our Strategic Objectives

SO1, SO2, SO3

For more details on Strategic Objectives, refer to page 40.

Evaluating the Impact of Materiality Issues

For more details on Material Matters, refer to page 101.

Corporate Governance and Risk Management

For more details on Corporate Governance, refer to page 71.

For more details on Risk Management, refer to page 53.

Capital-wise Outputs

	FY 2022-23	FY 2021-22
Financial Capital		
Total Revenue (Rs. crore)	8,090	6,128
Profit After Tax (Rs. crore)	451	312
Operating Cash Flow (Rs. crore)	460	325
Operational EBITDA (Rs. crore)	643	456
Earnings Per Share (Rs.)	39.98	27.73
Remuneration Including Retirement Benefits to Employees (Rs. crore)	954	813
Contribution to Exchequer (Rs. crore)	376	225
Manufactured Capital#		
Fixed Asset Turnover Ratio	4.78 times	4.89 times
Total Power Generation Capacity	867 MW	785 MW
Power Generated through Assets Operated	5,189 GWh	4,058 GWh
Environment-friendly Vapour Absorption Cooling	1,15,655 NTR	1,15,771 NTR
Air Treated through Air Pollution Control Systems	96.08 million m^3/hour	73.16 million m^3/hour
Water Treated and Recycled	541 MLD	248.7 MLD
Heating Solutions – Quantity of Heating Done	4,722 MWTH	4,061 MWTH
Total Chemicals Manufactured	37,809 MT	26,022 MT
Human Capital		
No. of Whistleblower Complaints Resolved	8 received and 7 resolved	9 received and 7 resolved
No. of Anti-Social Harassment Act Complaints Received and Resolved	Nil	Nil
Regrettable Attrition Rate	12%	11%
Value Added Per Rupee of Employee Cost (VAPREC)	3.63	3.25
Lost Time Injury Frequency Rate (LTIFR)	0.17	0.33
% of Employees With Tenure in Thermax > 10 Years	21%	36.24%
No. of Fatalities among Employees	Contractual - 2	Permanent - 1 Contractual - 6
Intellectual Capital		
No. of Patents Applied and Granted	Applied - 6 Total Granted - 10	Applied - 11 Total Granted - 14
No. of Trademarks Registered	Applied - 21 Registered - 19	Applied - 9 Registered - 6
No. of Customer Processes/Internal Processes Digitalised	15	12
No. of Equipment with Remote Monitoring Functionality	4,328	401
Social & Relationship Capital		
No. of Families Directly Benefitted through CSR	8,979	8,070
No. of Student Beneficiaries of The School Project	4,108	3,150
% of Customer Complaints Resolved	98.80%	98.30%
% of Material Sustainably Sourced	42%	37%
No. of Complaints Related to Unfair Trade Practices, Irresponsible Advertising or Anti-competitive Behaviour against the Company	Nil	Nil
No. of Orders through Channel Network	7,351	6,840
Natural Capital		
Carbon Emission Reduction (tCO_2e)	5,665	2,362
Energy Saved (through Energy Conservation and Efficiency Improvement Projects Implemented at Thermax Facilities)	19,424 GJ (5,396 MWh)	20,551 GJ (5,709 MWh)
Water Reused and Recycled (Domestic)	2,49,510 m^3	2,24,488 m^3
Rainwater Harvested	25,490 m^3	20,284 m^3

#Pertaining to customers

BOARD OF DIRECTORS

Meher Pudumjee
Chairperson
Appointed on January 15, 2001
C M M M

Ashish Bhandari
Managing Director and CEO
Appointed on June 18, 2020
M M

Rajani Kesari
Independent Director
Appointed on November 14, 2018
M M

Dr. Ravi Gopinath
Independent Director
Appointed on November 10, 2021
C

Pheroz Pudumjee
Non-Executive Director
Appointed on January 15, 2001
C M M M

Harsh Mariwala
Independent Director
Appointed on November 10, 2016
C

Dr. S. B. (Ravi) Pandit
Independent Director
Appointed on May 30, 2017
M M M M

Dr. Jairam Varadaraj
Independent Director
Appointed on January 31, 2003
M M M M

Nawshir Mirza
Independent Director
Appointed on May 3, 2011
C C M

Tenure of the Directors

- < 3 years
- 3 to 5 years
- > 5 years

2
Female Directors

7
Male Directors

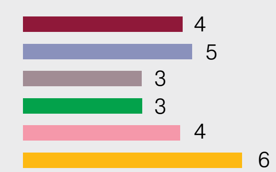
Board Composition

6
Independent Directors

1
Executive Director

2
Non-Executive, Non-Independent Director

Board Committees



- Audit Committee
- Stakeholder Relationship Committee
- Nomination & Remuneration Committee
- Corporate Social Responsibility (CSR) Committee
- Risk Management Committee
- Strategic Business Development Committee

Ⓒ Chairman
Ⓜ Member

Note: The profiles of the Board of Directors have been placed in an alphabetical order.

MANAGEMENT EXECUTIVE COUNCIL

Ashish Bhandari
Managing Director and CEO

Amit Sethi
Executive Vice President and Chief Digital and Information Officer

B.C. Mahesh
Executive Vice President and BU Head - Industrial Products

Dinesh Mandhana
Executive Vice President and BU Head - Chemical

Hemant Mohgaonkar
Executive Vice President and BU Head - New Energy

Jasmeet Bhatia
Executive Vice President and Chief Human Resources Officer

Kirtiraj Jilkar
Executive Vice President and BU Head - Projects & Energy Solutions

Dr. Mahesh Murthy
Executive Vice President and Chief Technology Officer

Pravin Karve
President - TBWES and P&ES

Rajendran Arunachalam
Executive Vice President and Group Chief Financial Officer

Shekhar Kashalikar
Executive Vice President and Chief Executive Officer - TBWES

Note: The profiles of the Executive Council have been placed in an alphabetical order.

CORPORATE INFORMATION

Board of Directors

Meher Pudumjee
Chairperson

Pheroz Pudumjee
Non-Executive Director

Ashish Bhandari
Managing Director & CEO

Independent Directors

Harsh Mariwala
Dr. Jairam Varadaraj
Nawshir Mirza
Rajani Kesari
Dr. Ravi Gopinath
Dr. S.B. (Ravi) Pandit

Executive Council

Ashish Bhandari
Amit Sethi
B.C. Mahesh
Dinesh Mandhana
Hemant Mohgaonkar
Jasmeet Bhatia
Kirtiraj Jilkar
Dr. Mahesh Murthy
Pravin Karve
Rajendran Arunachalam
Shekhar Kashalikar

Key Managerial Personnel

Ashish Bhandari
Managing Director & CEO

Rajendran Arunachalam
EVP and Group CFO

Janhavi Khele
Company Secretary & Compliance Officer

Registered Office

D-13, M.I.D.C Industrial Area,
R.D. Aga Road, Chinchwad,
Pune - 411 019

Ph.: 020-66122100/66155000
Fax: 020-66122142

Corporate Identity No.
L29299PN1980PLC022787

Corporate Office

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

Ph.: 020-66051200/66051202
Website: www.thermaxglobal.com

Registrar & Share Transfer Agent

KFIN Technologies Ltd.
Selenium Building, Tower-B,
Plot No. 31 & 32, Financial District,
Nanakramguda, Serilingampally,
Hyderabad, Rangareddy, Telangana,
India - 500 032

WhatsApp Number: (91) 910 009 4099
KPRISM (Mobile Application):
https://kprism.kfintech.com/
Tel: 040-67162222 / 79611000
Toll free: 1800 309 4001
E-mail: einward.ris@kfintech.com
Website: www.kfintech.com

Bankers

1. Union Bank of India
2. Bank of Baroda
3. Citibank N.A.
4. ICICI Bank Ltd.
5. Kotak Mahindra Bank Ltd.
6. Hongkong and Shanghai Banking Corporation Ltd.
7. Axis Bank Ltd.

Auditors

SRBC & Co. LLP
Chartered Accountants
Ground Floor, Panchshil Tech Park,
Yerawada, Pune - 411 006
ICAI Firm Reg. No. 324982E/E300003

Subsidiaries

Domestic

1. EnerNxt Private Limited
2. First Energy Private Limited
3. First Energy 2 Private Limited
4. First Energy 3 Private Limited
5. First Energy 4 Private Limited
6. First Energy 5 Private Limited
7. First Energy 6 Private Limited
8. First Energy 7 Private Limited
9. First Energy TN 1 Private Limited
10. Jalansar Wind Energy Private Limited
11. Kanakal Wind Energy Private Limited
12. Thermax Babcock & Wilcox Energy Solutions Limited
13. Thermax Bioenergy Solutions Private Limited
14. Thermax Cooling Solutions Limited
15. Thermax Engineering Construction Company Limited
16. Thermax Instrumentation Limited
17. Thermax Onsite Energy Solutions Limited

Overseas

1. Boilerworks A/S, Denmark
2. Danstoker A/S, Denmark
3. Danstoker Poland Spółka Z Ograniczona Odpowiedzialnoscia
4. Ejendomsanpartsselskabet Industrivej Nord 13, Denmark
5. PT Thermax International, Indonesia
6. Rifox – Hans Richter GmbH Spezialarmaturen, Germany
7. Thermax (Thailand) Limited
8. Thermax Denmark ApS
9. Thermax do Brasil Energia Equipamentos Ltda., Brazil
10. Thermax Energy & Environment Lanka (Private) Limited, Sri Lanka
11. Thermax Energy and Environment Philippines Corporation
12. Thermax Engineering Construction FZE, Nigeria
13. Thermax Engineering Singapore Pte. Ltd.
14. Thermax Europe Limited, U.K.
15. Thermax Inc., U.S.A
16. Thermax International Limited, Mauritius
17. Thermax International Tanzania Limited
18. Thermax Netherlands B.V.
19. Thermax Nigeria Limited
20. Thermax SDN. BHD., Malaysia

MANAGEMENT DISCUSSION AND ANALYSIS (MDA)

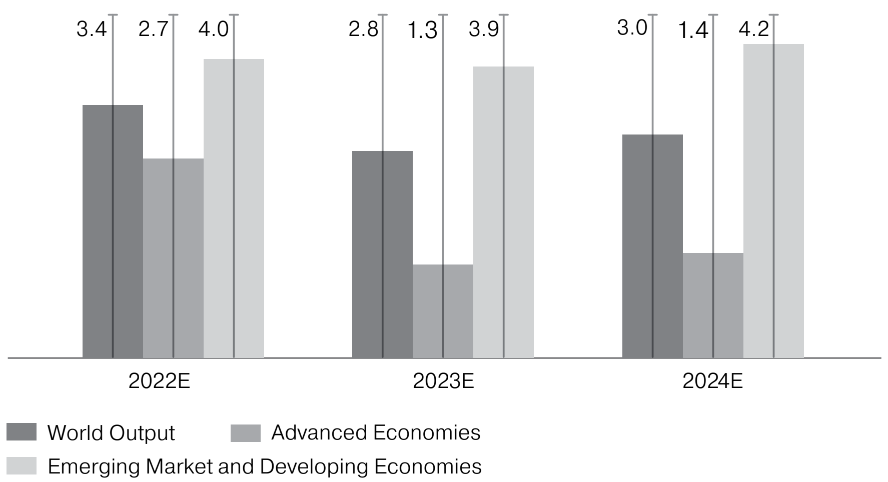
1. Economic Overview

Global Economy

Real global gross domestic product (GDP) grew by 3.4% in 2022, as estimated by the International Monetary Fund (IMF). The world witnessed a major geopolitical conflict in early 2022 which prolonged economic recovery, followed by supply chain disruptions, rise in commodity prices and surge in inflation in most economies. The tightening of financial conditions across the world took its toll on economic activity, while financial markets remained volatile. Central banks, led by the US Federal Reserve, responded with a synchronised policy rate action. As the global economy continues to face headwinds and due to a tighter monetary policy, the International Monetary Fund (IMF) has forecasted global GDP growth at 2.8% in 2023, before rebounding to 3% in 2024. It also predicts global inflation to reduce to 6.6% in 2023 and 4.3% in 2024, significantly lower than 8.8% in 2022. With the shift to clean energy accelerating, global investment in clean energy technologies is significantly outpacing spending on fossil fuels.

As COP27 conference urged world leaders to move faster in facilitating energy transitions, U.N. Secretary General Antonio Guterres described the situation as 'Code Red for Humanity', and a death knell for coal and fossil fuels, before they destroy the planet. As the world is certain to face further climate disruptions for decades, immediate, rapid and large-scale action is a must to reduce greenhouse gas emissions and bring global warming under control.

World Economic Output (%)



E - Estimate

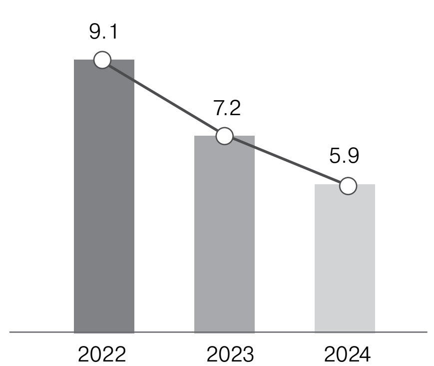
Indian Economy

India's GDP in FY 2022-23 was 7.2%, against 9.1% in the earlier fiscal year, outpacing major economies. The growth was driven by broad-based investment in domestic drivers such as private consumption, public consumption and investments. India remains the world's fifth-largest economy, underpinned by strong investment activity bolstered by the government's capex push and buoyant private consumption.

The economy is expected to be at 5.9% in FY 2023-24, based on IMF's estimates, citing lower consumption growth and challenging external conditions. IMF has projected that India will be the fastest growing economy in the world, despite considerable challenges such as inflationary pressures, effects of the Russia-Ukraine war and the persistent impact of Covid-19 over the past three years.

With its sheer size and huge scope for growth, India's energy demand is set to grow. At COP27, it laid the plan for long-term decarbonisation. For the global fight against climate change, it is implementing a phased transition to cleaner fuels to achieve net zero emissions by 2070. Renewable energy is growing at a faster rate in India than any other major economy, with new capacity additions on track. As a leading Company providing energy and environment solutions, Thermax is well-positioned to be a partner in the energy transition journey of its customers as well as contribute to the sustainability of our planet.

IMF's Projection on India's Economic Growth (%)



2. Industry Overview

Refinery & petrochemicals, food & beverages, metal/steel, sugar/distillery, power and chemicals are the top sectors that contributed to Thermax's order book during the year. However, the orders received from power and chemical industries have declined compared to the previous year due to increase in commodity prices.

Order Booking by Industry

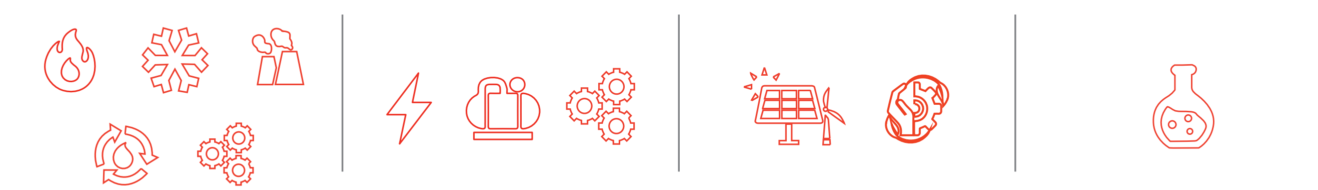
	Percentage Growth		
	FY 2020-21	FY 2021-22	FY 2022-23
Refinery & Petrochemicals	16%	12%	15%
Food & Beverages	8%	7%	15%
Metals/Steel	10%	8%	13%
Sugar/Distillery	3%	6%	9%
Power	5%	18%	8%
Chemical	10%	14%	8%

3. Company Overview

Incorporated in 1966 as Wanson India, Thermax Group is a Rs. 8,090 crore company headquartered in Pune, India. It has grown into a leading conglomerate in the energy and environment space, strategically spreading its operations to markets worldwide and catering to a gamut of industries. The Company offers integrated solutions in heating, cooling, power generation, water treatment and recycling, air pollution control and chemicals, with an emphasis on ensuring clean air, clean energy and clean water.

As a one-stop utility solutions provider, Thermax extends comprehensive operations and maintenance support allied to each of its business verticals as well as a multitude of several specialised services, including retrofitting, revamping, upgrading, and auditing. Additionally, the Company has also expanded its services portfolio by introducing digital solutions catering to all asset lifecycle needs on a real-time basis for a diverse range of its products.

Key Segments



Industrial Products | Industrial Infra | Green Solutions | Chemical

For more details, refer to the Core Business Segments on page 08.

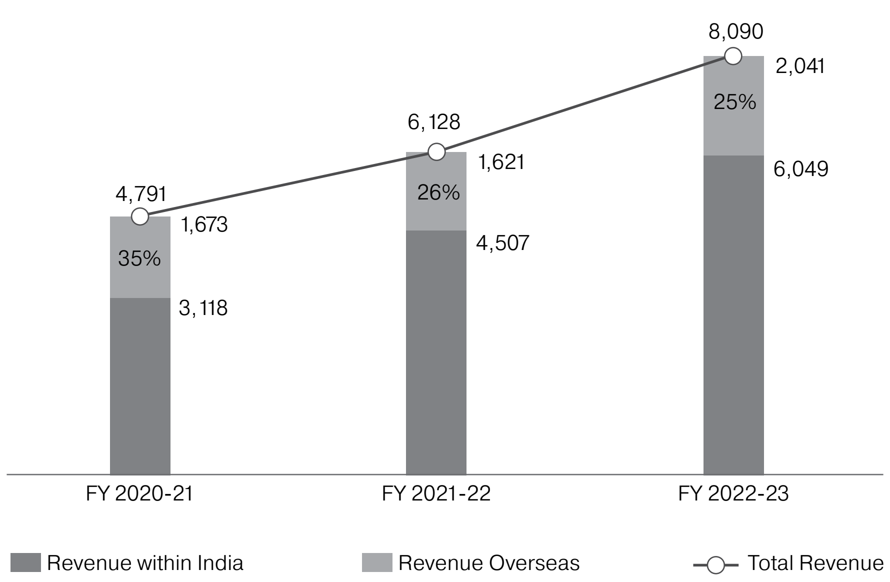
4. Performance Snapshot

The overall revenue of Thermax Group for 2022-23 was up 32% compared to 28% in the earlier year. The share of international business in total revenue was 25% as compared to 26% in the previous year.

The consolidated order booking for the year stood at Rs. 8,788 crore, compared with Rs. 9,410 crore in the last fiscal year of FY 2021-22. The previous year's order book included two major orders from the Industrial Infra segment - one for a sulphur recovery block system worth Rs. 1,176 crore and flue gas desulphurisation (FGD) systems worth Rs. 546 crore, resulting in a higher order book.

The international business accounted for 23.5% of total order booking, with international orders standing at Rs. 2,064 crore, up 9.9% from Rs. 1,878 crore.

Geographical Revenue Generation (Rs. crore)



For more details, refer to notes 21, 22 of the Consolidated Profit & Loss Account on page 153.

5. Business Segments of the Company

Energy and economic development go hand in hand, forming the foundation of growth, progress and sound economic development. As India aims to transform into a leading and one of the fastest growing global economies, while fulfilling its carbon commitments, it will have to shift from fossil-based energy production to cleaner fuels to maintain growth. A recent report by Deutsche Bank stated that the Indian economy is set to double its current annual GDP of close to USD 3.5 tn to USD 7 tn by 2030, based on the achievement of the goals on rapid financialisation, clean energy transition and the digital revolution.

In FY 2022-23, Thermax has taken a strategic decision to realign the disclosure related to Ind AS 108 'Operating Segment', formerly Energy, Environment, and Chemical, into four distinct categories: Industrial Products, Industrial Infra, Green Solutions and Chemical. This is to align the disclosures in line with the allocation of resources and assessment of business performance by the Managing Director and CEO. This aims to disclose the new energy solutions businesses such as Thermax Onsite Energy Solutions Limited (TOESL) and First Energy Private Limited (FEPL), under the build-own-operate model for industrial energy and utility. The reclassification of businesses under each segment is based on several factors, including the nature of the business offering, customer base, capital employed, and risk, to name a few. This strategic step aligns with Thermax's future priorities and the changing energy and environment requirements to provide sustainable solutions for a better tomorrow.

Industrial Products

Overview

The Company's Industrial Products segment comprises its largest portfolio.

Under Clean Energy, this segment supplies packaged boilers and fired heaters, besides turnkey solutions for process heating, through a range of heating media, such as steam, thermic fluid, hot water and hot air. Furthermore, it also provides biomass-fired equipment for the combustion of green fuels, including agricultural waste and industrial process waste, as well as heat recovery solutions for clean energy production. It is complimented by steam engineering products and accessories.

In order to provide environment-friendly cooling and heating products and services to industries and commercial complexes, it uses energy-efficient vapour absorption machines and process cooling equipment.

Under Clean Air, Thermax provides air pollution control systems for both particulate and gaseous exhaust. It offers broad-based, single-source expertise and flange-to-flange solutions in all areas of environment protection – from products and systems for air pollution control (APC) to retrofit and rebuild services. Tie-ups with technology majors and extensive work with diverse industry sectors facilitate the Company in taking up turnkey environment-related projects from concept to commissioning. The APC business has successfully completed over 27,000 installations up to FY 2022-23 across a wide range of industries.

In line with our brand promise of conserving resources and preserving the future, the Company's Water and Waste Solutions (WWS) business assists industrial and commercial establishments with products and services to reuse and recycle water and treat sewage and effluents. It also provides seawater desalination solutions, reducing freshwater consumption and contributing to water conservation. Till date, the WWS business has completed more than 27,000 standard installations and 600 industrial large-scale installations.

Our Growth Drivers

- Emphasis on clean energy driving a shift in energy mix, creating opportunities for greenfield projects and brownfield replacements
- Growth in industries like food, pharma, chemicals, cement, and steel, given the encouraging policies and macro-economic factors
- A key impetus on local manufacturing by the government under the 'Make in India' initiative
- Insufficient clean water in India
- Stringent regulatory norms for water and effluent treatment
- Market demand for modularised/ plug-and-play water and wastewater treatment products
- Increased investment by cement and steel industries for new and existing projects
- Global enforcement of air pollution emission norms

Our Key Focus Areas

- Strengthening the green portfolio with waste heat recovery and waste-to-energy solutions cater to growing market demand
- Continued focus on digitalisation and remote monitoring of equipment
- Modularisation of new products
- Focus on urban and commercial segments to offer sewage recycling solutions with newer, compact products based on membrane bioreactor (MBR) and sequential batch reactor (SBR) technologies
- Emphasis on zero liquid discharge (ZLD) systems with advanced multi-effect evaporator (MEE) and mechanical vapour recompression (MVR) technologies developed in-house
- Development of new air pollution control technologies to manage diverse versions of gaseous pollutants and enable agro-based fuel combustion
- Product development for near zero emission guarantee (<5 mg/Nm^3)
- Retrofitting and upgradation of old industrial plants with industrial air pollution control solutions to meet stringent regulatory norms of the government
- Need to strengthen presence in the overseas markets

Key Risks

- Impact of commodity price increase
- Disruption in global supply chain
- Dependency on single source vendors for critical products
- Change in government policy affects the demand for our customers' products
- Impact of energy transition on certain product offerings

The MDA covers significant subsidiaries impacting segmental performance. The following subsidiaries are part of the Industrial Products segment. For detailed information on each subsidiary, please refer to AOC-1 on page 244.

Danstoker Group

Based in Herning, Denmark

Key solutions provided	• Solid fuel-fired (biofuels) boiler • Electric boiler • Waste heat recovery boiler • Oil/gas-fired boiler
Sustainable growth plan	• To expand the business with waste biomass as a fuel which is expected to experience huge demand in Europe in the years ahead. The growing demand is a consequence of Europe's plan to be independent of Russian gas supply • To leverage the growing demand in Europe for biomass boilers and electric boilers
Business performance*	The subsidiary's revenue grew by 25.1% in FY 2022-23 (FY 2021-22 saw a degrowth of 7%), while the order booking grew by 52.7% (FY 2021-22 saw a degrowth of 2%). The revenue from the overseas business has increased owing to high activity in the biomass/waste market. A growth ranging between 50% and 70% is projected in the segment.
Key industries	• Automotive • Breweries • Crematories • Dairies • District Heating • Food & Beverages • Pharmaceuticals • Wood
Geographical footprint	• Denmark • Poland • Norway, Sweden, Finland • Baltic countries • Western Europe (France, Germany, Netherlands, and Belgium)
Highlights	• Received a contract for two large waste-fired boilers in Norway, leading to a breakthrough in this technology

** The figures mentioned in () are for FY 2021-22.*

PT Thermax International, Indonesia (PT TII)

Based in Jakarta, Indonesia

Key solutions provided	• Offers process heating equipment such as steam boilers, hot water and hot air generators, thermic fluid heaters and thermosyphon • Emerges as a one-stop solution for process plants with heating product ranging from steam generation (boilers) to condensate recovery systems (steam accessories), along with fuel and ash handling systems • Complements the heating portfolio with air pollution control equipment, steam engineering and services
Sustainable growth plan	• To streamline local manufacturing facilities and increase the capacity utilisation • To penetrate the market with aggressive selling and marketing activities and with competitive products and pricing • To strengthen the services business by revamping and retrofitting boilers, heaters and air pollution control equipment • To remain focussed on customer service and retention • To develop a network of channel partners & dealers and increase customer reach and visibility • To conduct marketing campaigns on sustainability, enabling fuel shift from fossil fuels to green biomass fuels
Business performance*	The subsidiary registered 83.3% (19%) growth in revenue and 61.7% (3%) growth in order booking, with the highest order book achieved for products and services. This growth can be attributed to strengthening of the team personnel and ensuring improved coordination with the front-end. Another key reason has been the fuel shift to biomass and an increased focus on efficiency, owing to an increase in fuel prices.
Key industries	• Agriculture & Allied • Chemicals • Food & Beverages • Palm Oil • Paper & Packaging • Petrochemicals • Pharmaceuticals • Rubber • Textiles • Tobacco
Geographical footprint	• Indonesia • South-East Asia
Highlights	• Received an order from an American multinational tobacco company. This marks several significant firsts: first order for an Ultrapac reciprocating grate boiler in Indonesia, first project with this customer globally, and first turnkey project outside TOESL • Received an order from a global lubricant supplier in Indonesia backed by continued association with the customer in India • First breakthrough order from one of the largest food & beverage companies in Indonesia

** The figures mentioned in () are for FY 2021-22.*

Thermax Europe

Based in Bletchley, United Kingdom

Key solutions provided	• Installs absorption chillers and heat pumps with a capacity of 35 kW to 12,000 kW • Facilitates chillers and heat pumps driven by hot water, steam, oil & gas and waste energy, making them more energy-efficient, innovative and sustainable • Leverages technology for cooling commercial establishments and industrial processes, and other district heating applications
Sustainable growth plan	• To focus on the industrial waste heat recovery absorption chiller and heaters for various applications
Business performance*	Registered higher year-on-year performance in line with expectations. During the year, order booking was 23.8% (27%) lower than the previous year owing to continuously changing economic conditions and shortage of fuels in Europe, affecting the inflow of new contracts. However, the revenue increased by 9.4% (-16%).
Key industries	• District Heating • Power
Geographical footprint	• United Kingdom • Denmark • Germany • Italy • Poland • Scandinavia
Highlights	• The chiller business continued to be driven by the on-site power generation market in Italy, Germany, Spain and the United Kingdom • The heat pump business was driven by the district heating segment and the commitment made by select European countries to reduce dependency on fossil fuels and increase energy efficiency • Received large heat pump orders from Denmark and Poland; and chiller orders received from a large confectionery company in the United Kingdom • Exceeded performance expectations in the service & spare parts business owing to large orders received for spare parts

** The figures mentioned in () are for FY 2021-22.*

Success Story

Thermax Caters to the District Heating Needs of Hamburg, Germany
As part of its waste to energy project, a district heating plant in Borsigstraße, Hamburg, Germany, Müllverwertung Borsigstraße (MVB), required heat pumps to meet the district heating needs and ensure its stable and secure supply, especially during market price fluctuations witnessed by fossil fuels. For the same, Thermax supplied three single-effect steam-fired heat pumps.

This innovative project enhanced the efficiency of heat generation from waste at MVB's waste recycling plant. This efficient use of waste heat contributed to Hamburg's climate neutrality journey by way of decarbonisation of district heating and helped save 1,04,000 tonnes of CO_2 annually. MVB has thus emerged as one of the significant suppliers of climate-friendly energy for the region without using additional fuel.

The infrastructure will feed an additional 3,50,000 MWh/a of heat into the performance network of Hamburger Energiewerke, and assist in supplying climate-neutral energy and meeting the heat requirements of 35,000 more households from the waste recycling process.

This unique nationwide project comprising the heat pumps has been awarded the German Renewables Award 2021. To watch the video, click here: https://www.youtube.com/watch?v=NwjwULu_sMU/

Thermax Inc., USA

Based in Houston, Texas, United States		
Key solutions provided	• Sale of absorption chillers and heat pumps	
Sustainable growth plan	• To focus on promoting absorption heat pumps in the United States, with markets inclined towards heat pumps and hybrid chillers	
Business performance	• Despite stiff competition, the Cooling business has maintained a consistent performance at par with last year in terms of order booking as a holistic service provider. Markets have shown an inclination towards heat pumps/hybrid chillers, giving us a good opportunity to promote our absorption heat pumps across the USA	
Key industries	• Commercial • Electronics • Food & Beverages	• Paper • Urban
Geographical footprint	• North America	
Highlights	• Received new orders from the hospitality sector • Good traction continued in orders from Puerto Rico and Mexican regions	

Performance of Industrial Products Segment in FY 2022-23

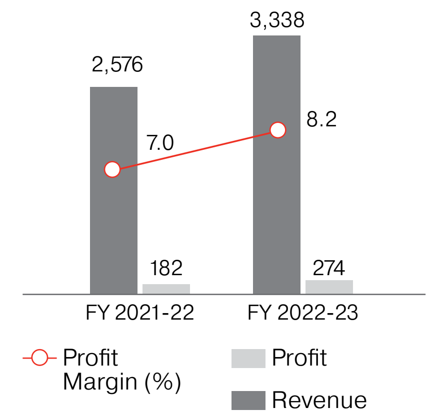
In FY 2022-23, the Industrial Products segment accounted for 40.2% (40.8% in FY 2021-22) of the Group's gross operating revenue.

The operating revenue (net) stood at Rs. 3,338 crore (Rs. 2,576 crore), while segment profit* was Rs. 274 crore (Rs. 182 crore) for the same period. In FY 2022-23, order booking was Rs. 4,172 crore, up from Rs. 2,891 crore in the previous year.

The higher revenue can be attributed to the favourable momentum in the Indian economy, increasing demand for green energy, and a strong emphasis on the development of sustainable products and services.

**Note: Segment profit – Profit before interest, tax, and other unallocable income, net of unallocable expenditure.*

Financial Performance – Industrial Products Segment (Rs. crore)



Industrial Infra

Overview

Optimising resource utilisation has always been an integral part of Thermax's DNA. The new segment – Industrial Infra covers our Projects and Energy Solutions (P&ES) and Thermax Babcock & Wilcox Energy Solutions (TBWES) businesses.

P&ES offers captive power plants, cogeneration systems, waste heat recovery power plants and independent power plants in the utility space on EPC basis.

The business provides captive and independent power plants operating on a variety of renewable fuels. It also offers equipment and solutions based on conventional fuels (solid, liquid and gaseous).

Cogeneration is a system that produces heat and electricity in a single plant powered by a single energy source. This drives savings in cost as well as resources for customers. Waste heat recovery power plants use waste heat from various processes in large industries such as steel and cement and convert these to power, thereby reducing consumption of fossil fuels.

Additionally, P&ES includes the installation of sulphur recovery block on EPC basis. It also offers flue gas desulphurisation (FGD) systems for fossil fuel-based power plants, which aid in capturing SOx (sulphur oxides) emissions.

TBWES, a wholly owned subsidiary, provides steam generation for process and power needs, as well as waste heat recovery solutions. It also retrofits boilers and process furnaces.

For more details on the subsidiary, refer to page 32.

Our Growth Drivers

- Emphasis on clean energy driving shift in the energy mix, creating opportunities for greenfield projects and brownfield replacements
- Increasing demand for EPC, renewable energy, waste-to-energy, waste heat recovery plants and biofuels with focus on sustainability and energy-efficient solutions
- Government mandate to power companies to install FGD systems within a stipulated timeframe to mitigate SOx emissions

Our Key Focus Areas

- To diversify EPC offering into international markets, unconventional fuels and renewable energy
- To strengthen our green portfolio with waste heat recovery and waste-to-energy solutions and to cater to growing market demand
- To continue making investments in value-added service offerings, such as Industrial Internet of Things (IIoT) solutions, remote assistance technology and automation
- Modularisation
- Need to strengthen presence in the overseas markets

Key Risks

- For our EPC business, availability of skilled manpower is a challenge
- Coal-based power projects are on the decline
- Recession outside India is affecting our export business
- Execution risk on large projects

The MDA covers significant subsidiaries impacting segmental performance. The following subsidiaries are part of the Industrial Infra segment. For detailed information on each subsidiary, please refer to AOC-1 on page 244.

Thermax Babcock & Wilcox Energy Solutions Limited (TBWES)

Based in Pune, Maharashtra, India	
Key solutions provided	• Offers equipment and solutions for generating steam for process and power through the combustion of various solid, liquid and gaseous fuels and through heat recovery from turbine/engine exhaust and (waste) heat recovery from industrial processes • Offers heaters for various applications in chemical, petrochemical and refinery segments • The Services arm offers spares, plant services and performance improvement projects for boilers and heaters
Sustainable growth plan	• To expand its green portfolio in conjunction with the trend towards clean energy, TBWES has formed strategic partnerships and developed newer technologies focussed on waste to energy, municipal solid waste (MSW) incineration and waste heat recovery • To develop and deploy multiple green energy solutions and continue to focus on plant improvement projects that increase capacity, reliability, emissions performance, useful lives and the efficiency of existing plants
Business performance*	Achieved 15.7% (64%) growth in order booking and 31.6% (31%) growth in revenue, in comparison with its performance in the previous year. TBWES received orders from the Indian oil refining sector, which continued capacity and value addition projects. It also received orders for waste heat recovery projects from the cement and steel sectors as Indian manufacturing companies invested in energy efficiency improvement.
Key industries	• Cement • Chemicals • Distillery • Fertilisers • Non-Ferrous Metals • Paper • Petrochemicals • Power • Refinery • Steel • Sugar • Textiles
Geographical footprint	• Asia • South-East Asia • Middle East • Africa • Latin America • Europe
Highlights	• Received an EPC order for the design, manufacture, supply, erection and commissioning of 2 x 260 TPH utility boilers for a major refinery and petrochemicals complex • Received an order for the design, manufacture and supply of 4 x 125 TPH waste heat recovery boilers on the largest sponge iron kiln block • Received an EPC order for the design, manufacture, supply, erection and commissioning of five fired heaters for a major refinery in eastern India

** The figures mentioned in () are for FY 2021-22.*

Success Story

Thermax Delivers One of the Largest Assembled Flue Gas Coolers to a Mexican Customer on Schedule

One of the largest assembled flue gas coolers was timely delivered to a Mexican customer due to the enhanced modularisation capabilities of TBWES. This saved considerable construction time at the site. The overall structure of the flue gas cooler was massive, weighing approximately 1,600 tonnes in total, and hence was supplied in two modules that were assembled at the Mundra manufacturing facility. The project faced several challenges, such as assembling five convection modules with a super heater on the base frame with tube expansion, a massive bolted structure with approximately 14,000 bolts, about 3,600-inch diameter welding, and stringent inspection requirements.

However, the collaborative efforts of the team helped overcome these challenges successfully.

Thermax booked a break bulk vessel one year in advance from the proposed shipment plan to optimise the cost of shipping. The transportation of these modules was carried out through self-propelled modular transport (SPMT) from the Mundra manufacturing facility to the port. Thermax also selected a faster vessel with a 'last in-first out' basis, enabling 36 days of transit instead of the regular 55 days.

With the excellent planning, execution, and teamwork, Thermax successfully delivered the flue gas cooler to the customer in Mexico on the agreed schedule. This success is a testament to Thermax's expertise in providing innovative and efficient solutions to complex challenges in the energy and environment sector.

Thermax Bioenergy Solutions Private Limited (TBSPL)

Based in Pune, Maharashtra, India

Key solutions provided	• Offers solutions to generate bio-CNG (compressed biogas) from wastes like biomass, agricultural waste, municipal solid waste and food processing waste • Ensures availability of clean and sustainable energy, while contributing to a circular economy
Sustainable growth plan	• To expand manufacturing and geographical footprint by deepening the business presence in domestic markets and extending solutions in select international markets • To engage in strategic partnerships and promote sustainable energy, offering a one-stop solution for bio-CNG and contributing to a circular economy • To generate employment opportunities for the local communities
Business performance	NA (The entity started operations during the year under review)
Key industries	• Oil & gas • Transportation
Geographical footprint	• Punjab • Uttar Pradesh • Gujarat • Parts of Delhi
Highlights	• Setting up a bio-CNG plant for a municipal corporation in North India • Projects under-execution in Punjab, Uttar Pradesh and Gujarat

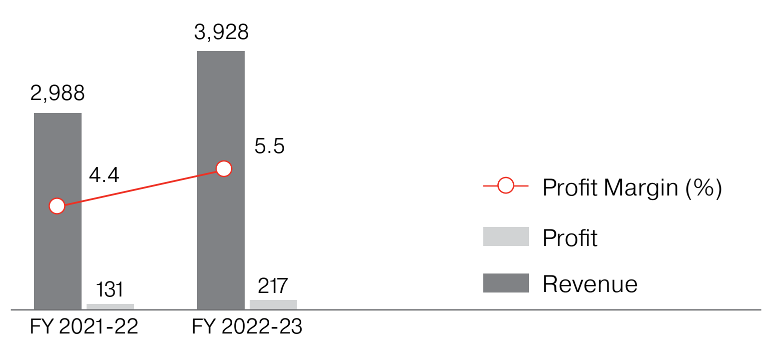
Performance of Industrial Infra Segment in FY 2022-23

In FY 2022-23, the Industrial Infra segment accounted for 47.3% (47.3% in FY 2021-22) of the Group's gross operating revenue.

The operating revenue (net) stood at Rs. 3,928 crore (Rs. 2,988 crore), while segment profit was Rs. 217 crore (Rs. 131 crore) for the same period. The growth in revenue is attributed to the improved order balance, primarily driven by orders received in the previous year for Projects and Energy Solutions, TBWES, and flue gas desulphurisation solutions.

In FY 2022-23, order booking was Rs. 3,779 crore, down from Rs. 5,820 crore in the previous year. The decline in order booking during the current year can be attributed to the absence of significant large orders, unlike last year, which saw major orders - two worth Rs. 1,376 crore from the FGD business, and one worth Rs. 1, 176 crore secured for a sulphur recovery block.

Financial Highlights – Industrial Infra Segment (Rs. crore)



Green Solutions

Overview

Energy transition is a continuous commitment that requires a reliable partner. With India's focus on renewable energy and hydrogen, Green Solutions is set to take centre stage in the years ahead. Thermax stands as a partner for customers seeking a comprehensive energy solutions provider who will diligently address their energy needs. The Green Solutions segment includes Thermax Onsite Energy Solutions Limited (TOESL) which provides green utilities such as steam, heat, treated water, chilled water, and cogeneration power, along with other utilities on a long-term basis (build-own-operate model).

In addition, Thermax has expanded its offerings in the renewable space on an EPC basis, constructing solar, wind and hybrid farms (and storage) based on the opex/BOO model, through its subsidiary First Energy Private Limited (FEPL). It positions Thermax as an energy manager, offering customised off-grid solutions, helping the customers go from 'behind the meter' to 'beyond the meter' in the long run.

Thermax recently entered into a partnership for green hydrogen projects for commercial and industrial customers in India. The production of green hydrogen at an industrial scale would be a major step forward in decarbonising hard-to-abate industries such as refineries, fertilisers and steel.

Thermax's integrated Energy Management Solutions offer guaranteed energy savings to our customers across sectors, including cement, steel, paper etc. Equipped with a cutting-edge digital solution, the offerings help customers with higher energy efficiency, reduced carbon footprint and improved sustainability.

Our Growth Drivers

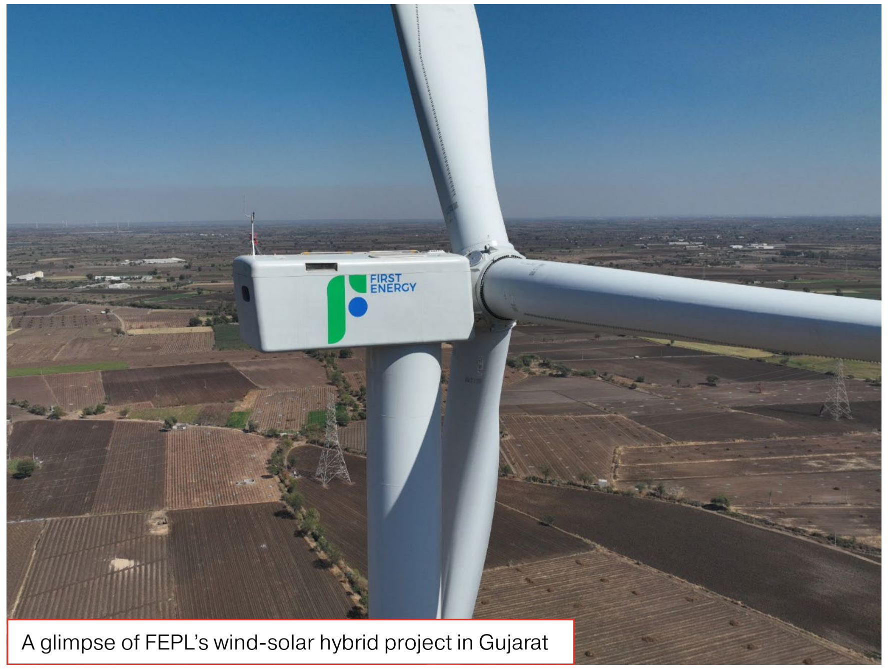
- Energy transition and action on climate change are key priorities of governments globally; the Indian Government's target is to reduce carbon emissions intensity by 45% by 2030
- Gradual shift from capex to opex-based models
- Government's push for energy security in India; favourable policies and key incentives announced in the Union Budget
- Shift from coal to biomass and other agro-based fuels

Our Key Focus Areas

- To continue the momentum in opex-based renewable energy solutions, including in international markets
- Enter into business development partnerships with industry associations, OEMs, process licensors and consultants in key markets
- To diversify into other green avenues such as biomass gasification

Key Risks

- Dependency on government policies/cash starved state utilities
- High dependency on biomass waste
- International markets with low price competition from local players



A glimpse of FEPL's wind-solar hybrid project in Gujarat

The MDA covers significant subsidiaries impacting segmental performance. The following subsidiaries are part of the Green Solutions segment. For detailed information on each subsidiary, please refer to AOC-1 on page 244.

Thermax Onsite Energy Solutions Limited (TOESL)

Based in Pune, Maharashtra, India

Key solutions provided	• Supplies utilities such as steam, heat, treated water and cogeneration power through the build-own-operate (BOO) business model • Invests in the capital, sets up and operates utility plant for the entire lifecycle at the customer's premise • Undertakes comprehensive operations & maintenance, also handles supply chain management of fuel, spares and consumables • Helps customers focus more on core manufacturing processes, rather than owning and running such utilities
Sustainable growth plan	• TOESL aims to offer 100% green solutions and to help its customers reduce their carbon footprint by replacing fossil fuel consumption. To date, it has enabled customers to reduce nearly 1 million tonnes of CO_2 equivalent • To strengthen its current portfolio through backward integration, digitalisation and strategic business development • To tap new markets through selective internationalisation by capitalising on its present strengths • To diversify the portfolio with a focus on bio-CNG, biomass gasification and water & wastewater treatment solutions under the build-own-operate model
Business performance*	Registered satisfactory performance, with revenue growing by 60.5% (75%) and profits increasing by 13.8% (22%). During the financial year, biomass fuel prices, a market-driven cost element, have significantly increased over 58%. However, absolute margins remain intact due to fuel pass-through agreement with customers.
Key industries	• Chemicals • Food & Beverages • Pharmaceuticals • Textiles
Geographical footprint	• South Asia (India, Sri Lanka, and Bangladesh) • South East Asia (Indonesia, Philippines, Vietnam, Thailand, and Malaysia) • Africa (Kenya, Nigeria, and Ghana)
Highlights	• Received its maiden order in Sri Lanka for steam supply to a Swiss-based food & beverage company. Received two other steam supply orders for two of its plants in India • Received a maiden project for biomass-based hot water generation and supply from a global manufacturing company for its first and upcoming plant at Erode, Tamil Nadu, India • Bagged two orders for steam supply from chemical companies • Received another steam supply order from a US-based multinational pharmaceutical company

** The figures mentioned within ( ) are for FY 2021-22.*

Success Story

TOESL Secures a Hot Water Supply Project from a Global Safety Solutions Expert

A global safety solutions expert based in Malaysia approached TOESL to implement a 100% agro-waste biomass fuel-fired hot water generator for its greenfield project in Tamil Nadu, India. Despite the customer having existing working hot water generators from a competitor OEM in Sri Lanka and Thailand, continuous engagement with the customer and visits to TOESL's project sites instilled their confidence in our solutions and operations, leading to TOESL winning the order.

The project was unique as it was for a new product and application and for the customer's first plant of glove manufacturing in India. The biomass-based hot water generator is highly efficient for 100% biomass-based combustion, resulting in significant cost savings for the customer.

With the implementation of this model, the customer shall save approximately Rs. 9.5 crore on committed offtake and has the potential to save up to Rs. 20 crore with a rise in consumption. Additionally, it enables the customer to achieve an estimated CO_2 reduction of over 17,000 tonnes annually against furnace oil. A dedicated biomass fuel supply chain was developed, ensuring consistent quantity and quality at the right price.

First Energy Private Limited (FEPL)

Based in Pune, Maharashtra, India

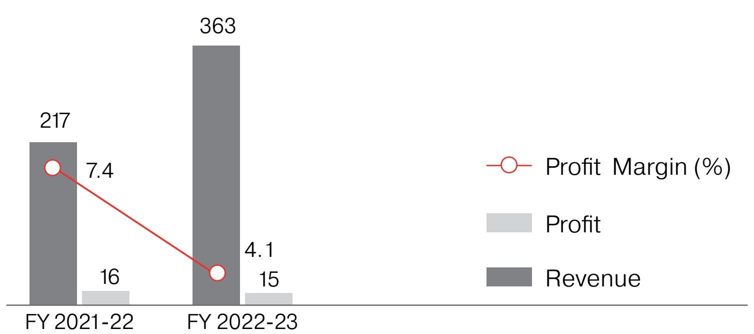
Key solutions provided	• Understands the unique energy matrix and designs custom-made solutions to suit different industries, applications and energy management goals • Manages the entire energy corridor – from behind to beyond the meter – assuring dependable and reliable round-the-clock (24 x 7 x 365) green power to customers
Sustainable growth plan	• To set up renewable captive power plants (solar, wind, hybrid and storage) to tackle renewable power requirements, providing a sustainable solution for industries and reducing India's carbon footprint • To explore the option of connecting large power projects with CTU in the future • To collaborate with credible partners • To explore additional revenue sources such as carbon market exchanges • To adopt new technologies and automate business processes
Business performance	Registered 27.5 MWp of captive renewable power projects in India in FY 2022-2023, along with 45.8 MW wind-solar hybrid capacity projects nearing commissioning. Additionally, it is also working on a 129 MWp solar-wind bundled renewable power project in Tamil Nadu. The projects are expected to be commissioned in FY 2023-24.
Key industries	All industrial clusters
Geographical footprint	• Maharashtra • Gujarat • Tamil Nadu
Highlights	Concluded a ~180 MWp captive renewable power project for industrial consumers

Performance of Green Solutions Segment in FY 2022-23

In FY 2022-23, the Green Solutions segment accounted for 4.4% (3.4% in FY 2021-22) of the Group's gross operating revenue. The operating revenue (net) stood at Rs. 363 crore (Rs. 217 crore), while segment profit was Rs. 15 crore (Rs. 16 crore) for the same period. In FY 2022-23, order booking was Rs. 195 crore, up from Rs. 127 crore in the previous year.

An increase in revenue is mainly due to growth in the TOESL business. However, segment profits are lower due to initial set up costs in FEPL.

Financial Highlights – Green Solutions Segment (Rs. crore)



Success Story

FEPL Successfully Commissions an Open Access Solar PV Plant in Tamil Nadu, India

FEPL had undertaken the commissioning of a 16 MWp solar PV power generation plant under open access at Mangudi village of Sivagangai district in Tamil Nadu with the aim of exporting power generated at the 110/22 kv Manamadurai substation of Tamil Nadu Generation and Distribution Corporation Limited (TANGEDCO).

However, during the mid-execution stage, the identified project land had to be changed due to a stay from the Supreme Court. This led to a delay in the project schedule and posed challenges to the execution of the project.

To mitigate the risks, the project team identified another piece of land in Pillur and Kovanur village of Sivagangai district, exporting power generated at the 110/22 kv Idayamelur substation and targeted block-wise commissioning of the plant to minimise the impact of adverse weather conditions.

Another challenge during the construction phase was the Right of Way (RoW) issue observed while laying transmission lines. Moreover, creating safety awareness among local villagers and addressing their concerns was also a major challenge.

With the team's efforts, construction and commissioning were completed in compliance with all statutory requirements. Regular safety induction and training, toolbox talks, and subjective training helped improve awareness, and the team managed to complete the job in >78,000 safe man-hours.

The solar PV power generation plant has helped meet the region's energy needs and contributed to a reduction in carbon emissions.

Chemical

Overview

The Chemical segment manufactures and markets a wide range of specialty chemicals to help improve processes and water use efficiency across a spectrum of industries. Thermax is recognised as Asia's leading manufacturer and exporter of ion exchange resins and is a pioneer in water and wastewater treatment chemicals. It also manufactures construction and oil-field chemicals. With these specialty chemicals and its strong dealer network, it serves a number of industrial sectors and customers globally. We are equipped with modern research, state-of-the-art manufacturing facilities and qualified professionals to offer customised solutions. The USA is an important market for this business.

Our Growth Drivers

- Increase in demand for solvent-free and low total organic carbon (TOC) resins for ultrapure water applications in food, pharma and electronics industries
- Increasing emphasis and government push towards water recycling in the wake of worldwide water crisis and severe regulatory criteria for water and wastewater treatment
- Rise in demand for reverse osmosis (RO), multi-effect evaporator (MEE) and incinerators to boost water treatment chemicals aiding in zero liquid discharge and effluent treatment
- Investment in petrochemicals sector leading to opportunities for monoethylene glycol (MEG) and catalyst resins
- New demand from infrastructure segments (cement and steel), supported by infrastructure expansion and government policies
- India becoming a reliable manufacturing hub with global standards and compliances
- Increasing government investments in infrastructure projects, especially in power generation

Our Key Focus Areas

- To enhance market presence and broaden our portfolio of specialty resins, building references for specialty applications
- To expand our global market presence through a dealer network and collaborate with industrial licensors and consultants
- To widen the market reach of water treatment chemicals by focussing on digitalisation and remote monitoring of water treatment products and systems
- To focus on the polyelectrolytes business

Key Risks

- Fluctuation in commodity prices
- Geopolitical situations

The MDA covers significant subsidiaries impacting segmental performance. The following subsidiary is part of the Chemical segment. For detailed information on the below subsidiary, please refer to AOC-1 on page 244.

Thermax Inc., USA

Based in Houston, Texas, United States	
Key solutions provided	Sale of chemicals (ion exchange resins)
Sustainable growth plan	To expand into Canada, Mexico, and Latin America markets through our distribution channel with a focus on mix bed application in the North American market. We are collaborating with a technology partner for our catalyst product line and to develop lithium, PFOS/PFOA removal applications.
Business performance*	Thermax Inc. experienced a 29.60% (60%) growth in revenue compared to the previous year due to orders from industrial deionisation and mix bed applications, accompanied by a slight rise in profitability.
Key industries	• Chemical • Electronics • Oil & Gas • Petrochemicals • Commercial • Food & Beverages • Paper • Urban
Geographical footprint	North America
Highlights	• Received an order for MEG processing from a large petrochemical giant • Received an order for high-purity resins and mixed bed resins • Partnered with the US-based ChemPoint for distribution and sales & marketing of ion exchange resins in North America

** The figures mentioned within ( ) are for FY 2021-22.*

Success Story

Thermax Facilitates Maltodextrin Purification Using Tulsion® Resins

One of our customers in India from the food industry was using imported resins for maltodextrin purification but was looking for a domestic manufacturer as a substitute. The customer had unique challenges with various process parameters, such as colour impurities, natural salt or inorganic impurities, and protein content in starch. The customer wanted to ensure that the resin would perform well on colour, pH, conductivity, pressure drop, chemical consumption, and other parameters without compromising its life.

Thermax provided a solution by suggesting its carefully chosen ion exchange resins for maltodextrin purification, applicable specifically to the food production industry. These resins offered many advantages that met the customer's requirements. The maltodextrin syrup was purified using a cationic resin, which has high protein adsorption capacity due to its dual porosity and assists in the exchange of alkali & alkaline earth metals with hydrogen ions. This was followed by the usage of a premium grade resin which has higher adsorption of colour-causing impurities, also enabling the exchange of anionic (mineral acidic) ions.

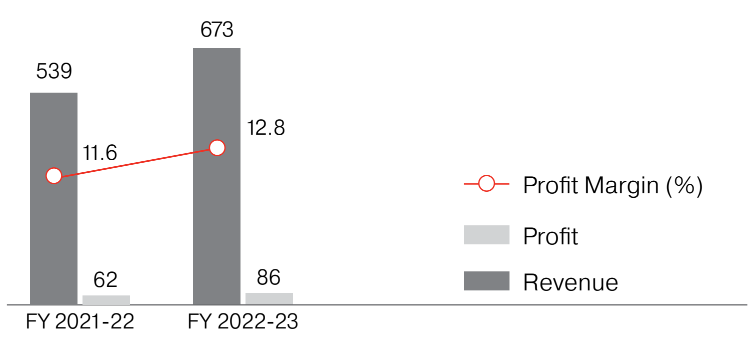
The performance of Tulsion resins with excellent outlet quality as per requirements was highly appreciated by the customer. Based on achieving the desired results, the customer was convinced to replicate the same solution in other vessels too.

Performance of Chemical Segment FY 2022-23

The segment accounted for 8.1% (8.5% in FY 2021-22) of the Group's gross operating revenues in FY 2022-23. The Chemical business posted an operating revenue of Rs. 673 crore (Rs. 539 crore in FY 2021-22). Segment profit for the year stood at Rs. 86 crore, compared to Rs. 62 crore in the previous year.

The revenue increase primarily stems from the export markets, while on the margin side, the stabilisation of commodity costs after September 2022 has led to improved profit margins.

Financial Highlights – Chemical Segment (Rs. crore)



6. Performance on Strategy

Quick Overview of Strategy

SO1 Increase the share of green offerings

Definition
To provide solutions that lead to clean air, clean energy and clean water

Focus Areas
- Build-own-operate (BOO) model for utility delivery services
- New renewable energy solutions
- Waste to energy solutions
- Water recycling and zero liquid discharge (ZLD)
- Solutions for particulate and gaseous emissions
- Gasification (coal/biomass to chemical)
- Green hydrogen

SO2 Grow products and services portfolio

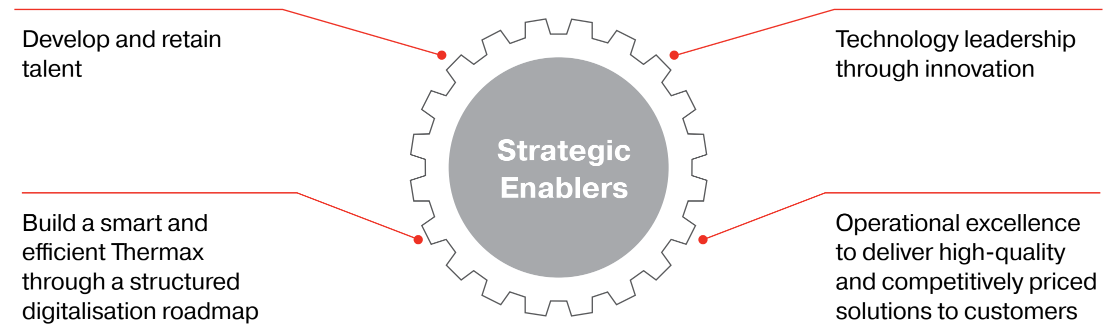
Definition
To innovate and develop new products and services to reduce the cyclicality of large orders

Focus Areas
- Industrial products (heating, cooling, water and waste solutions and air pollution control)
- Chemical portfolio
- Services
- Digital solutions

SO3 Focus on internationalisation

Definition
To increase the market share in select geographies outside India

Focus Areas
- International business
- Exports

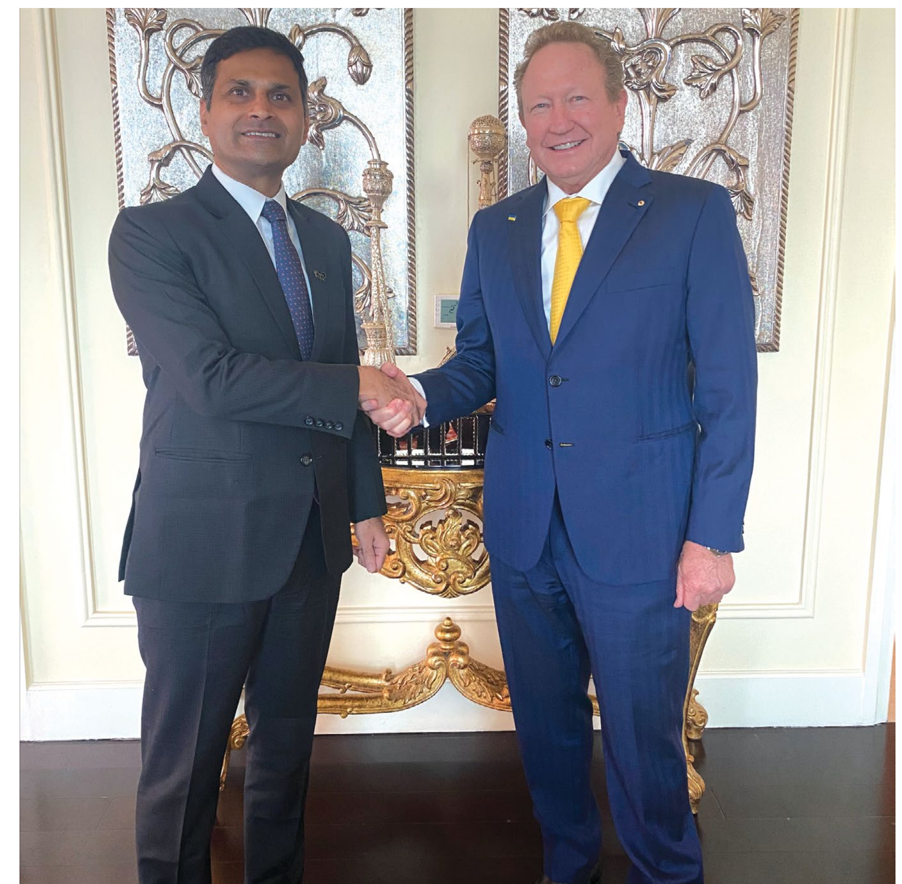


SO1: Increase the Share of Green Offerings

All non-fossil fuel-based operations or applications across the business segments are deemed 'green' by Thermax. Its commitment to sustainability and innovation positions it as a leader in the global shift towards a low-carbon and water positive future. The green offerings play a critical role in enabling a sustainable energy transition, while also addressing several environmental challenges. During the year, this portfolio accounted for 67% of total orders.

Engaging in Partnerships to Support our Strategy:

- In July 2022, Thermax executed a shareholders' agreement with EverEnviro Resource Management (EverEnviro) for incorporating Thermax Bioenergy Solutions Private Limited to execute technology, engineering, procurement & construction (TEPC) scope for a bio-CNG project. Energy generated through bio-waste will not only provide green energy, but also address challenges related to stubble burning. With this partnership, Thermax moved another step forward in providing sustainable energy solutions and fostering its vision to become a champion in energy transition.
- Thermax is exploring the green hydrogen market in partnership with the Australian company, Fortescue Future Industries (FFI), by signing a memorandum of understanding (MoU) for developing a green hydrogen ecosystem in India. As part of this collaboration, the two companies will jointly explore opportunities to develop, build, and operate green hydrogen projects. The respective expertise and capabilities of the two companies will be leveraged to create an integrated value chain for the production, storage, and utilisation of green hydrogen.



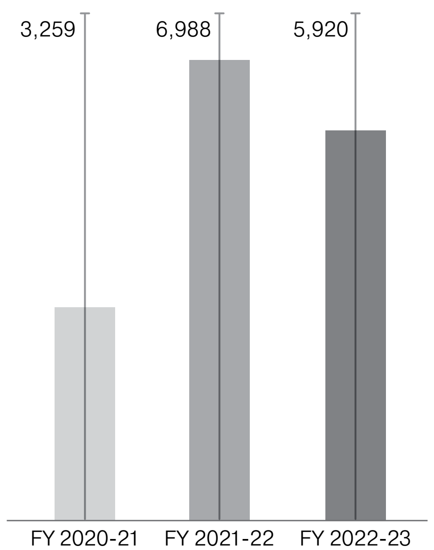
Ashish Bhandari, MD and CEO, Thermax with Dr. Andrew Forest, Chairman, Fortescue Future Industries after signing the partnership

Key Business Updates Supporting the Strategy

Business Segments	Major Orders Received in FY 2022-23
Industrial Products	**Process Heating** • First-of-its-kind biomass fired energy plant with 36 MW capacity, with 100% flue gas recirculation for a new particle board plant, and flexibility to operate in nine load combinations • Large capacity biomass-fired reciprocating grate thermal oil heater (8 Mn kCal/hr) for a major polyester film manufacturer • Rice straw briquette-fired boiler (25 TPH) for an FMCG major • Coffee waste-fired boiler (45 TPH) for a coffee manufacturer **Absorption Cooling and Heating** • 4 x 1000 TR hot water absorption chillers commissioned for a synthetic textile manufacturer in western India, to be utilised for process air cooling. The hot water extracted from the continuous polymerisation process resulted in ~2 MW power saving for the customer **Air Pollution Control** • Received highest-ever order for ESP upgradation • Received largest cement APC package (integrated plant - 4 nos., grinding units - 7 nos., total 31 equipment) • Increased order booking from agro-based industries and non-ferrous applications **Water and Waste Solutions** • Offered complete water reuse and zero liquid discharge (ZLD) project to an F&B company with 50 KLD MEE, and a textile major with 113 KLD MEE, to help them meet their ESG goals • Commissioned the first pre-fabricated MEE as part of the ETP-ZLD solutions for the F&B industry • Initiated first ETP augmentation in leading petrochemicals, followed by recycling for an oil & gas major • Revamped and enhanced the capacity of seawater reverse osmosis plant (SWRO) at a chemical giant, and installation of energy recovery device (ERD) achieving 60% power savings
Industrial Infra	**Projects and Energy Solutions** • Received multiple orders for cogeneration plants from the distillery segment • Received a major order for the mechanical balance of plant works for a gas-based power plant from an Indian conglomerate **Boiler & Heater (TBWES)** *For more details, refer to Subsidiaries of the Company on page 32* **Thermax Bio Energy Solutions (TBSPL)** *For more details, refer to Subsidiaries of the Company on page 34*

Business Segments	Major Orders Received in FY 2022-23
Green Solutions	**Renewable Energy Solutions (First Energy Private Limited)** *For more details, refer to Subsidiaries of the Company on page 37* **Build-Own-Operate Solutions (TOESL)** • Successfully executed a large 33 TPH biomass cogeneration plant for an aluminium major in Karnataka • Commissioned biomass boiler plants for steam supply to a pharmaceutical major, a zero liquid discharge plant for a steel major, and two solar PV plants for power supply to two chemical companies • Developed a biomass fuel supply chain with a total capacity of 1,870 tonnes per day (TPD), of which 870 TPD was supplied to plant sites. The total fuel supplied was over 2.9 lakh tonnes.

Order Booking from Green Offerings (Rs. crore)



TOESL commissions first biomass-based cogeneration plant for an aluminium major on BOO basis

SO2: Grow Products and Services Portfolio

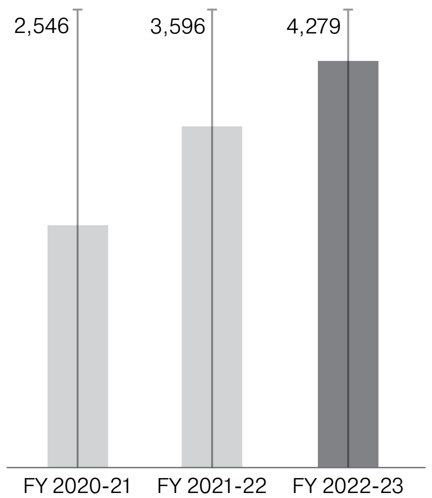
In FY 2022-23, the Company's order bookings for products & services portfolio stood increased to Rs. 4,279 crore, up from Rs. 3,596 crore in the previous financial year of FY 2021-22. The growth in order value can be attributed to a consistent inflow of orders for our products, and also our stringent focus on offering comprehensive solutions for revamping and retrofitting, besides operations & maintenance services.

The recent roll-out of Edge Live, a digital solution powered by advanced capabilities of artificial intelligence, machine learning and Thermax-engineered algorithms also contributed to the success of this strategy.

Since its launch in June 2022, Edge Live has been adopted by over 70 customers across 10+ countries, monitoring 4,000+ assets at 140+ sites. The service is used by companies from over 15 different sectors, including small-scale businesses and multinational corporations. The monitoring of assets is carried out by four dedicated operations centres located in India and staffed by a team of asset-class subject matter experts. These centres not only ensure high uptime, efficiency, and reliability of assets, but also collaborate extensively with customer stakeholders and facilitate knowledge management and expert guidance to enhance community learning.

Business Segments	Launch of Products Supporting the Strategy	Key Highlights
Industrial Products	**Process Heating** • Thermotron™, an innovative electric boiler that helps meet sustainability goals by accelerating industrial decarbonisation. Steam can be generated from electricity in this compact unit for industrial processes, resulting in 99% efficiency. • Aquanexa E Series, an advanced heat pump that caters to the hot water needs of various commercial segments **Absorption Cooling and Heating** • Xtra Performance Series of VAM • Developed a multi-effect low steam pressure chiller to cater to low-pressure steam, which can be extracted across a range of processes and used for chilling needs **Water and Waste Solutions** • A new modularised UF system E-Flow (Application: pre-treatment to RO or post-treatment to STP)	**Process Heating** • Thermotron™ is generating a buzz across a wide range of industries, including breweries, food processing, pharmaceuticals, FMCG conglomerates, petrochemicals, dairy, edible oil, and hotels & hospitality. These industries are intrigued by the electric process heating technology, which simplifies operations and promotes sustainability in industry. • Aquanexa is rapidly gaining popularity among hotels, hospitals, hostels, and commercial spaces. This is primarily attributed to its seamless installation process and the fact that its hot water generator produces zero local emissions, makes it an environmentally-friendly choice. **Absorption Cooling and Heating** • Xtra Performance Series of VAM is relatively more productive by 15% to 18% and reduces LiBr consumption by 14% • Recorded 17% growth in value-added spares business **Water and Waste Solutions** • Received an order for four units, which are currently under assembly
Industrial Infra	**Projects and Energy Solutions** • Entered into a technology partnership with Covacsis **Boiler & Heater (TBWES)** • Flexisource™, a solution that can combust several types of waste fuels, providing higher fuel flexibility to customers	**Projects and Energy Solutions** • Partnered with Covacsis, engaged in providing products and solutions to Industrial IoT, Industry 4.0, smart manufacturing and digital manufacturing space **Boiler & Heater (TBWES)** • Booked several orders in FY 2022-23 ranging from steam generation of 20 TPH to 70 TPH at high-pressure temperature cycles
Green Solutions	**Build-Own-Operate Solutions (TOESL)** • Portfolio diversification and backward integration	**Build-Own-Operate Solutions (TOESL)** • Focussed on bio-CNG and water & wastewater treatment solutions under the build-own-operate model

Order Booking from Products & Services (Rs. crore)



Synchronisation of 2 x 40 MW captive power plant for a Navratna public sector enterprise

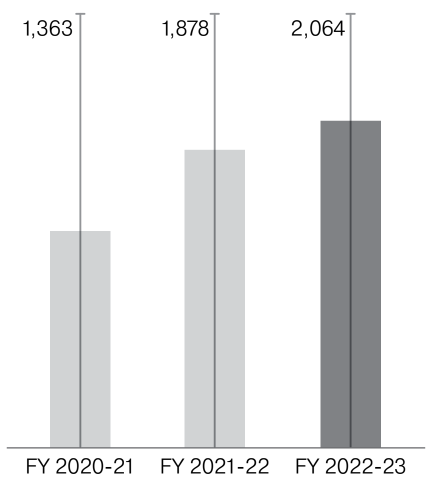
SO3: Focus on Internationalisation

In FY 2022-23, Thermax's order booking in the international business segment was Rs. 2,064 crore, compared to Rs. 1,878 crore in FY 2021-22. The overseas segment accounted for 23.5% of the year's overall order booking. International business revenue for the Group stood at Rs. 2,041 crore, up from Rs. 1,621 crore in FY 2021-22.

Business Segments	Key Highlights
Industrial Products	**Process Heating** • A 12 TPH oil & gas fired boiler was supplied for an FMCG giant in Bangladesh • Order for 4 nos. oil & gas fired 25 TPH steam boilers from an oil & gas major in the Middle East • Order for biomass-fired 34 TPH & 10 TPH steam boilers, and 8 Mn kCal/hr for edible oil major in Indonesia • Order for a 22 TPH biomass-fired steam boiler for a food major for their plant in Sri Lanka • Order for 25 TPH biomass-fired steam boiler for edible oil major in Nigeria **Absorption Cooling and Heating** • Received major orders from the hospitality sectors in Puerto Rico and Caribbean nations; these are expected to grow the absorption chiller business • Received an order for eight multi-energy chillers, which is expected to be commissioned in Q3 of FY 2023-24 • Increased focus on new markets such as Korea, Taiwan and select African nations **Air Pollution Control** • Facilitated strategic penetration in the cement market in Thailand • Received a maiden order for a submerged arc furnace in Oman • Received an FGD order from a French process engineering company for a leading oil refinery in Kuwait • Established a strong presence in APC business, with several references in South East Asia, given its expertise in project execution and increased enforcement of air pollution norms • Received orders from new markets in Turkey, Germany, Greece, Brazil and the United States

Business Segments	Key Highlights
	Water and Waste Solutions • Received a maiden EPC order in East Africa for the largest edible oil refinery • Received an order for the first pharma-grade plant in South East Asia for a Philippines-based pharmaceutical company, with pre-treatment and three units of RO-CDI
Industrial Infra	**Projects and Energy Solutions** • The contracted base of the EPC power plant reached 3,560 MW, of which 443 MW are overseas • Received an order for plant performance evaluation from a Thailand-based customer **Boiler & Heater (TBWES)** *For more details, refer to Subsidiaries of the Company on page 32*
Green Solutions	**Build-Own-Operate Solutions (TOESL)** • Ensured targeted efforts in select SEA and African countries to offer utilities under the build-own-operate model
Chemicals	Partnered with ChemPoint to expand Thermax's ion exchange resin business in North America

International Order Booking (Rs. crore)



A state-of-the-art flue gas desulphurisation (FGD) system delivered to a prominent sugar refinery in Saudi Arabia

7. Financial Performance

During FY 2022-23, the Group recorded an operating revenue of Rs. 8,090 crore as compared to Rs. 6,128 crore in the previous year. The basic and diluted earnings per share for the year were Rs. 39.98 per share as compared to Rs. 27.73 per share in the previous year. The analysis of major items of the financial statements is given below:

a. Revenue from the Operation

(Rs. crore)

	FY 2022-23	FY 2021-22	Change (%)
Revenue from projects and products	7,072	5,384	31
Revenue from services	962	680	42
Other operating revenue	56	64	(13)
Total operating revenue	**8,090**	**6,128**	**32**

The total operating revenue increased primarily due to a strong 31% growth in revenue from projects and products to Rs. 7,072 crore as the Company ramped up execution of prior period orders. Growth was broad-based across all segments, with Industrial Products growing by 30%, Industrial Infra by 31%, Green Solutions by 67% and Chemical by 25%. Revenue from services grew by 42% to Rs. 962 crore, primarily led by domestic business. Other operating revenue decreased due to exchange loss.

b. Cost of Material Consumed

(Rs. crore)

	FY 2022-23	FY 2021-22	Change (%)
Cost of material consumed	4,625	3,485	33
% of total revenue	57.17%	56.80%	0.6

The cost of materials grew 33% to Rs. 4,625 crore in FY 2022-23 due to an increase in commodity prices during the first half of the year and a change in the business mix.

c. Employee Benefit Expenses

(Rs. crore)

	FY 2022-23	FY 2021-22	Change (%)
Employee benefit expenses	954	813	17

The employee benefit expenses increased 17% to Rs. 954 crore in FY 2022-23, primarily driven by higher employee wages, expansion in both services and project execution teams and incentives provided to employees.

d. Other Expenses

(Rs. crore)

	FY 2022-23	FY 2021-22	Change (%)
Consumption of stores and spare parts	101.17	103.04	(2)
Power and fuel	61.96	52.31	18
Freight and forwarding charges (net)	207.22	176.09	18
Site expenses and contract labour charges	936.48	652.9	43
Drawing, design and technical service charges	68.29	24.65	177
Sales commission	28.66	25.34	13
Advertisement and sales promotion	23.23	10.48	122
Rent	23.05	19.19	20
Rates and taxes	19.88	20.09	(1)
Insurance	16.1	11.88	36

	FY 2022-23	FY 2021-22	Change (%)
Repairs and maintenance	91.82	68.18	35
Travelling and conveyance	93.49	60.14	55
Legal and professional fees (includes payment to auditors)	125.95	103.52	22
Director sitting fees	1.13	1	13
Bad debts / advances written off	40.68	(4.4)	(1,025)
Warranty expenses (net)	14.59	35.39	(59)
(Gain) / loss on sale/ discard of assets (net)	3.79	(7.64)	(150)
CSR expenses	6.86	7.54	(9)
Miscellaneous expenses (includes printing, communication, security expense, etc.)	50.36	49.41	2
Total	**1,914.71**	**1,409.11**	**36**
Less: Capitalised during the year	(1.31)	(0.12)	992
Net total	**1,913.40**	**1,408.99**	**36**

Other expenses increased 36% to Rs. 1,913.40 crore in FY 2022-23. This was primarily due to increase in direct expenses like site expenses and contract labour charges, drawing and design charges etc., aligned to the increase in the level of activities during the year. These expenses are more pronounced during certain phases of project, and resulted in higher incidence during the current year. The advertisement and sales promotion and travelling expenses also rose due to increase in business volume and implementation of various new initiatives. Bad debts / advances written off and warranty expenses decreased as the previous years' numbers were higher due to reclassification, which was not applicable in the current year.

e. Property, Plant and Equipment

(Rs. crore)

	FY 2022-23	FY 2021-22	Change (%)
Property, plant and equipment	1,039.89	990.95	5
Capital work-in-progress	433.77	44.32	879
Right-of-use assets	176.06	163.24	8
Goodwill	3.03	3.03	0
Other intangible assets	29.19	37.52	(22)
Total	**1,681.94**	**1,239.06**	**36**

Property, plant and equipment cost increased 36% to Rs. 1,681.94 crore as on March 31, 2023. The rise was mainly due to an increase in capital work-in-progress associated with the under construction solar assets of First Energy Pvt. Ltd.

f. Investment

(Rs. crore)

	FY 2022-23	FY 2021-22	Change (%)
Non-current investment	216.84	703.36	(69)
Current investment	1,392.87	766.54	82
Total	**1,609.71**	**1,469.90**	**10**

Investment predominantly represents holdings in the debt mutual fund and fixed deposits with banks. The change in current and non current investments is mainly due to shifting of corporate bonds to liquid funds.

g. Trade Receivable

(Rs. crore)

	FY 2022-23	FY 2021-22	Change (%)
Non-current trade receivable	114.50	173.52	(34)
Current trade receivable	1,762.06	1,423.72	24
Total	**1,876.56**	**1,597.24**	**17**

The trade receivables increased 17% to Rs. 1,876.56 crore as on March 31, 2023, in line with the increase in business volume.

h. Cash Flow

(Rs. crore)

	FY 2022-23	FY 2021-22	Change (%)
Cash flows from operating activities	459.56	324.71	42
Cash flows from / (used in) investing activities	(679.68)	(421.58)	61
Cash flows (used in) financing activities	348.54	(20.58)	(1,794)
Total	**128.42**	**(117.45)**	**(209)**

The cash flow has changed from Rs. (117.45) crore in the last financial year to Rs. 128.42 crore in FY 22-23. This was primarily on account of higher outflows for investing activities related to under construction solar assets and purchase of plant, property, and equipment for First Energy Pvt. Ltd. (FEPL). The cash flow from operating activities increased due to better collection, improvement in inventory consumption and better working capital management. The cash flow from financing activities increased due to proceeds from borrowings for execution of projects in FEPL under BOO model.

i. Cash and Cash Equivalents and Bank Balance

(Rs. crore)

	FY 2022-23	FY 2021-22	Change (%)
Cash and cash equivalents	452.82	310.78	46
Bank balance	678.76	642.72	6
Total	**1,131.58**	**953.50**	**19**

Cash and cash equivalents and bank balance increased 19% to Rs. 1,131.58 crore due to better collections and shifting of investment portfolio.

j. Borrowings

(Rs. crore)

	FY 2022-23	FY 2021-22	Change (%)
Non current borrowings	422.52	61.42	588
Current borrowings	388.02	294.00	32
Total	**810.54**	**355.42**	**128**

Borrowings increased 128% to Rs. 810.54 crore due to loans taken for execution of solar projects under First Energy Pvt. Ltd. under BOO model.

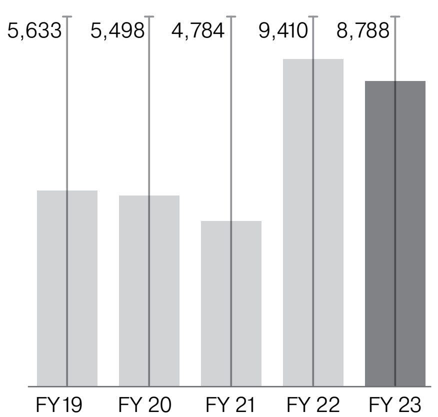
Key Financial Ratios

Particulars	Thermax Limited		Thermax Group	
	2023	2022	2023	2022
Debtors turnover ratio	4.18	3.88	4.63	4.13
Inventory turnover ratio	7.83	7.80	6.24	6.16
Interest coverage ratio	22.67	21.26	17.04	17.29
Current ratio	1.36	1.17	1.38	1.26
Return on capital employed	13.8%	9.4%	14.9%	12.2%
Return on net worth (RONW)	10.2%	6.7%	11.7%	8.9%

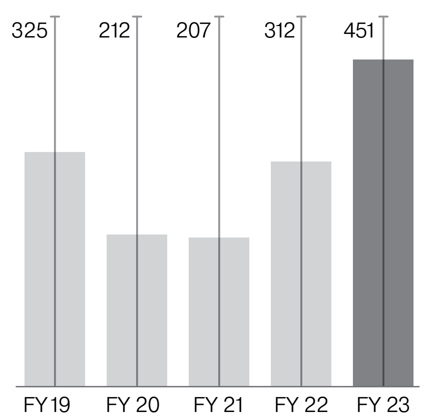
The return on capital employed and return on net worth have increased both at standalone and group levels due to an increase in profitability.

Key Financial Indices

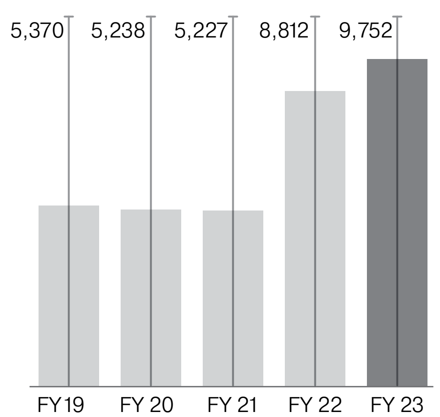
Order Booking
(Rs. crore)



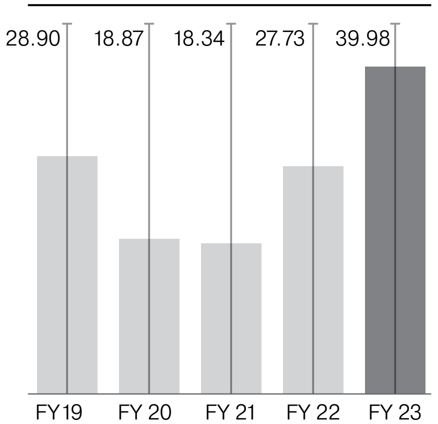
Profit After Tax (PAT)
(Rs. crore)



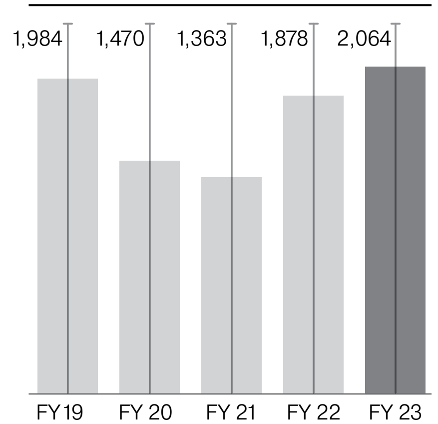
Order Balance
(Rs. crore)



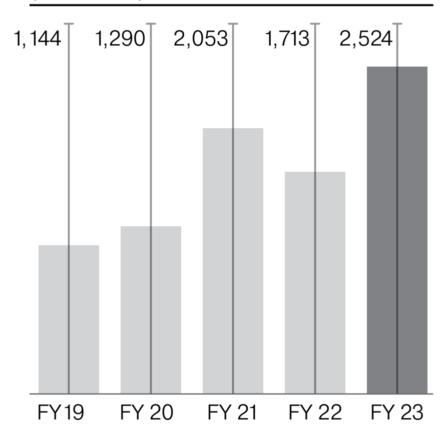
Earnings Per Share (EPS)
(Rs.)



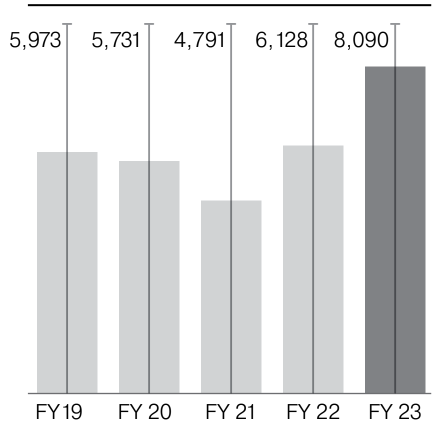
International Order Booking
(Rs. crore)



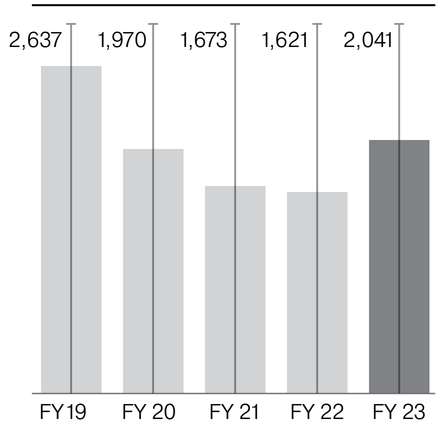
Cash and Cash Equivalent (incl. Current Investments)
(Rs. crore)



Revenue from Operations
(Rs. crore)



International Revenue
(Rs. crore)



Financials at a Glance - Thermax Group

Particulars	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16#	2014-15	2013-14
Domestic sales (excluding excise duty)	5,992	4,443	3,037	3,685	3,249	2,668	2,813	3,210	3,618	3,199
International sales/business	2,042	1,621	1,673	1,970	2,637	1,703	1,573	1,859	1,624	1,758
% to total sales	25%	27%	36%	35%	45%	39%	36%	37%	31%	35%
Total sales	8,034	6,064	4,710	5,655	5,886	4,371	4,386	5,069	5,242	4,957
Growth	32%	29%	(17%)	(4%)	35%	0%	(13%)	(3%)	6%	(8%)
Other operating income	56	64	81	76	87	94	97	76	62	72
Revenue from operation	8,090	6,128	4,791	5,731	5,973	4,465	4,483	5,145	5,304	5,028
Other income	160	127	108	100	150	116	114	122	123	72
Total income	8,250	6,255	4,899	5,831	6,123	4,581	4,597	5,267	5,427	5,100
Total expenses	7,492	5,707	4,435	5,324	5,516	4,064	4,049	4,716	4,843	4,592
Profit before depreciation, interest, extraordinary items and tax	758	548	464	507	607	517	548	551	584	508
(% to total income)	9%	9%	9%	9%	10%	11%	12%	10%	11%	10%
Depreciation	117	113	115	117	92	82	82	72	134	92
Interest	38	25	21	15	14	13	10	12	82	27
Exceptional items of expenses	-	-	53	-	90	0	18	0	49	0
Profit before tax	603	410	275	375	411	422	438	467	319	389
(% to total income)	7%	7%	6%	6%	7%	9%	10%	9%	6%	8%
Tax	152	98	69	162	85	166	156	144	171	169
Profit after tax before non controlling interest and share in loss of associate and joint venture	451	312	206	212	326	256	282	323	148	220
Share in joint venture / associates loss	0	0	0	0	(1)	(25)	(66)	(41)	NA	NA
Minority interest	-	-	NA	NA	NA	NA	NA	NA	(62)	(26)
Profit after tax after minority and share in an associate's loss	451	312	206	212	325	231	216	282	210	246
Other comprehensive income	0	8	17	(9)	(22)	27	(19)	22	NA	NA
Total comprehensive income attributable to:	451	320	223	204	304	258	197	304	NA	NA
Equity holders of the parent	450	312	223	204	304	259	204	304	NA	NA
Non controlling interest	0	-	-	-	-	(1)	(7)	-	NA	NA
Gross block	2,903	2,396	2,352	2,255	2,236	1,741	1,515	1,438	2,051	2,044
Net block	1,682	1,239	1,266	1,339	1,352	1,076	952	887	1,474	1,580
Investments	1,610	1,470	234	875	829	1,472	1,083	1,050	822	708
Current assets	6,072	4,738	4,466	3,977	4,737	4,102	3,297	3,610	4,185	4,125
Current liabilities	4,409	3,758	3,071	2,787	3,654	3,079	2,365	2,615	3,274	2,999
Net current assets	1,663	980	1,395	1,190	1,083	1,023	932	995	911	1,126
Capital employed	4,291	3,553	3,273	3,061	3,050	2,768	2,585	2,450	2,719	2,695
Equity share capital	23	23	23	23	23	23	23	23	24	24
Reserves and surplus	3,846	3,469	3,228	3,005	2,992	2,692	2,515	2,393	2,123	2,014
Networth	3,868	3,492	3,251	3,028	3,015	2,715	2,538	2,416	2,147	2,038
Minority interest	2	-	-	-	-	-	1	-	78	140
Loan funds (long term)	423	61	22	33	35	53	46	34	494	517
Fixed asset turnover ratio	4.78	4.89	3.72	4.23	4.35	4.06	4.61	5.71	3.56	3.14
Working capital turnover ratio	4.83	6.19	3.38	4.75	5.43	4.28	4.71	5.10	5.75	4.40
Current ratio	1.38	1.26	1.45	1.43	1.30	1.33	1.39	1.38	1.28	1.38
Return on capital employed	15%	12%	11%	13%	14%	15%	15%	18%	15%	15%
Return on net worth	12%	9%	6%	7%	11%	9%	9%	12%	10%	12%
Cash earnings per share (Rs.)	50.36	37.74	28.50	29.30	37.06	27.93	27.08	31.48	28.86	28.38
Earnings per share (Rs.)	39.98	27.73	18.34	18.87	28.90	20.61	19.80	25.07	17.61	20.64
Dividend	500%	450%	350%	350%*	350%	300%	300%	300%	350%	300%
Book value per share (Rs.)	343	310	289	269	268	241	225	215	180	171

Figures have been reclassified as per Indian Accounting Standards ("IND AS") as prescribed by Ministry of Corporate Affairs

* It is interim dividend paid to shareholders

8. Key Opportunities and Threats

Globally, climate change and sustainability are priorities, leading to governments and industries taking actions to reduce carbon footprint and promote a planet positive future. In India too, the government has committed to reducing carbon intensity to less than 45% by 2030 and achieving net-zero carbon emissions by 2070 at COP26 and COP27 summits.

The focus on sustainability is driving efforts to reduce fossil fuels, switch to renewable energy solutions and adopt efficient technology solutions for resource consumption and waste management. In India, the renewable energy sector has also been incentivised with favourable policies such as the waiver of inter-state transmission system (ISTS) charges and the Green Open Access policy, fostering industry consolidation, acquisitions, and strategic partnerships. Further, the avenues like the carbon market, Green Day Ahead Market (GDAM), and Green Term Ahead Market (GTAM) have augmented prospects for growth and innovation.

Thermax being an expert in providing superior technology-enabled solutions in the renewable sector, is poised to address the challenge and capitalise on the opportunity.

Opportunities

Some of the key areas of opportunities for Thermax are as follows:

- Increased investments by industries towards improving their sustainability performance. They are focussed on minimising carbon and water footprints and optimising resources consumption with efficiency improvement solutions, renovation and modernisation projects and adopting energy-efficient technologies. Thermax with its heating, cooling, power, and diverse environmental solutions is well-positioned to address this need.
- Emphasis by the Finance Minister on leveraging the nation's abundant coal reserves to encourage gasification for a smooth energy transition, especially amidst high oil and gas prices. Thermax with its expertise in coal gasification and other related fields is positioned to capitalise on these opportunities.
- Proposal by the Indian Government to establish 5,000 bio-CNG plants within five years, creating a potential market worth Rs. 25,000 crore. Moreover, the Ministry of New and Renewable Energy (MNRE) has also introduced supportive Sustainable Alternative Towards Affordable Transportation (SATAT) policy, which guarantees market-linked pricing and financial assistance. This presents promising opportunity with favourable environment to Thermax.
- Amidst geopolitical tensions, climate crises and availability of resources, the global fuel scenario remains dynamic, necessitating effective mitigation strategies. Thermax, with its range of solutions like biomass-fired boilers and heaters, municipal solid waste (MSW) boilers, multi-fuel-fired boilers and electric boilers, is well positioned to address the need. It is also presented with the opportunity to develop products capable of handling new fuels and capturing emerging opportunities.
- Technologies are increasingly penetrating the sustainability landscape. These include Internet of Things (IoT) for improving efficiency, uptime and maintenance predictability and advanced air pollution control equipment like FGDs for sulphur dioxide (SOx) capture and related services. This presents Thermax with a promising opportunity for expanding its digital service portfolio as well as leveraging its technical know-how.
- With a shift from a capex to an opex model, outsourcing is poised to set the pace for growth in Thermax's businesses across the globe.

Threats

- The Russia-Ukraine conflict has disrupted the global supply chain, leading to volatility in commodity prices and higher logistics costs. Such fluctuations in key raw material prices impacts order profitability and may slowdown large project investments. Besides, owing to the ongoing scenario, there is also a high dependency on government policies. A pushback in regulatory policies will impact offering demand in the energy and environment segment.
- The entry of established international competition in the Indian market and stiff local competition in specific geographies can be a possible threat. This includes competition from local players having a robust biomass sourcing network and database offering BOO solutions, as several multinational corporations transition from fossil fuels to biomass.
- Start-ups are a threat since many look at valuation rather than a focus on profitability.
- Cheaper power tariffs from alternative renewable sources and reduced viability of operating captive power plants compared to grid tariffs pose a key threat to the global EPC business. Moreover, higher live energy costs are impacting the feasibility of VAM and high gas prices are reducing the feasibility of cogen in Europe.
- Continuous availability, storage, and pricing of bio-CNG feedstock, unclear mandates for selling digested material as bio-manure, and absence of gas pipeline infrastructure without a take-or-pay policy pose threat to the bio-CNG ecosystem.
- Reliance on single-source vendors for critical products and the potential of some vendors becoming competitors for a specific product range can pose threat.

9. Risk Management

Our Enterprise Risk Management Framework periodically evaluates and monitors key risks and business processes, thereby suggesting suitable mitigation plans across different locations to maintain the robustness of our systems.

Identification of Major Risks	Detailing of the Risks	Mitigation Plan	Strategies Impacted
Project execution risk	Loss of reputation/market share/margin erosion due to inadequate process framework and monitoring of risks during the project lifecycle.	• Deployment of robust project management structures across business divisions to monitor and control project execution risks during the project lifecycle • Multiple controls from proposal to execution stage enable the Company to take timely measures and mitigate potential risks • Monitoring of credit ratings and credit locks for defaulting customers are implemented	SO1, SO2, SO3
Data governance and cyber security risk	Inability to identify, classify, document, digitise and archive business-critical knowledge/information to ensure complete, consistent, reliable, and secure corporate data. Adverse impact on the Company's operations due to cyberattacks and lack of firewalls, encryption, and remote access controls, leading to compromise of confidential data and intellectual property. Inability to continue/ recover business operations during any crisis, and/or disaster, with minimal disruption or loss of business.	• Security awareness is created through training on a regular basis. Archiving and purging of unused information is carried out as per the timeframe mentioned in the Data Retention Policy • Auto-classification of data is being implemented to ensure that every data is classified and treated accordingly, and the same is completed • Identify and access management tools with multi-factor authentication, advanced end-to-end protection, dark-web monitoring, and network DDoS protection implemented • Network isolation/segmentation and air-gap backup of data is underway • Servers and databases of all hosted applications are being upgraded, with high availability. Disaster recovery for critical applications is tested. Software compliances with software OEMs are underway. Replacement of unsupported softwares to be completed by the next financial year	SO1, SO2, SO3

Identification of Major Risks	Detailing of the Risks	Mitigation Plan	Strategies Impacted
Rise in commodity price – impact on business	Impact on the entity's financial performance/ profitability due to fluctuations in the prices of commodities, arising due to various reasons such as geopolitical tensions.	• Negotiation with customers for passing the impact of rising commodity prices by increase in price and change in contract terms is under process • Input material is being ordered immediately upon finalising the contracts with customers • Strategic investment in the ordering of raw materials in anticipation of price rise • Expanding services and digital portfolio • Implementation of cost optimisation project – Agile (applicable for first half of the financial year)	SO1, SO2, SO3
Risk of climate change	Impact on business dynamics due to restrictions and increase in compliance on conventional energy.	• In order to mitigate the effects of climate change in the short, medium, and long-term, we are developing products based on renewable energy, acquiring new technologies, and complying with statutory standards	SO1, SO2, SO3
People risk including skills and competencies	Inability to attract talent and plan succession of people for key positions.	• Leadership programmes for various positions are being implemented • Introduced ESOP for senior executives • Successors for critical roles have been identified, and a flexible ownership-based work environment is created • Talent development journey programme for top talents is underway • Salary corrections for high performers and bringing them up to the market average are being considered	SO1, SO2, SO3

10. Internal Controls

For details, refer to the Directors' Report on page 61.

11. Health, Safety and Environment

At Thermax, we believe Health, Safety, and Environment (HSE) is crucial for the well-being of our employees, stakeholders, and the environment. We prioritise HSE across our operations and manufacturing facilities and are committed to creating a safe work environment for our stakeholders. We achieve this by implementing robust systems and processes and making business decisions that emphasise HSE in all the activities we undertake.

Additionally, we engage with our supply chain partners and promote HSE culture through capacity building and onsite feedbacks.

Our occupational HSE policy serves as a commitment to a safer and greener workplace. The HSE performance is regularly reviewed by the Board members and the senior leadership.

HSE-related Trainings

- An emergency management plan is available at all Thermax locations, and the trainings and mock drills are conducted as per the plan.
- Regular HSE trainings are conducted for employees, contractors, vendors and suppliers.
- All new employees and workmen undergo HSE induction and medical fitness assessments before being engaged.

190
Employees and
26
Spouses participated in CPR training

1,500+
Employees participated in Road Safety e-Learning Awareness Programme

51
Recordable incidents and 2 fatalities (contractual employees) reported in FY 2022-23

HSE Initiatives

- **Thermax Life Saving Rules** – These are mandatory rules for every individual working for or on behalf of Thermax. These outcomes are derived from lessons learned from past incidents and are specific to our operations. Compliance with these measures is rigorously enforced, and a capacity building drive on the same is underway.
- **Digitalisation Drive** – Thermax is implementing improvised HSE digital solutions to drive cultural change. This enables all workers and employees to report at-risk behaviours and other observations and also supports monitoring of such actions in a timebound manner. Digitalisation will strengthen comprehensive HSE reporting and analysis on a real-time basis and assist decision makers to implement effective safety improvement programmes and monitor progress.
- **Standardisation** – The incident management system has been reviewed and revised to accommodate changes in the way we investigate and implement lessons learnt across the organisation. The HSE reward and reprimand system is strengthened, while audit and inspection procedures and templates are updated and standardised across the organisation.

Certifications and Audits – An Update

Location	Type of Audit	Certification	Conducted by
Cooling plant at Sri City	2nd surveillance audit	ISO 14001:2015 and ISO 45001:2018	Lloyds
TBWES project sites and manufacturing plants at Savli, Mundra, Chinchwad and Shirwal	2nd surveillance audit	ISO 14001:2015 and ISO 45001:2018	Bureau Veritas
Heating manufacturing units at Chinchwad and Savli	2nd surveillance audit	ISO 14001:2015 and ISO 45001:2018	TUV:SUD
WWS business	1st surveillance audit	ISO 45001:2018	Bureau Veritas
TOESL subsidiary	Recertification audit	ISO 14001:2015 and ISO 45001:2018	DNV
Chemical manufacturing facilities at Paudh, Jhagadia and Dahej	Recertification audit	ISO 14001:2015 and ISO 45001:2018	Bureau Veritas
P&ES business and Process Heating project sites	Recertification audit	ISO 45001:2018	TUV:SUD and DNV
Enviro business	Certification audit	ISO 14001:2015 & ISO 45001:2018	TUV:SUD

Audits Carried Out in FY 2022-23

1,407
Internal Inspections and Audits

9
External Safety Audits

Behaviour Based Safety: Strengthening the Safety Culture

We firmly believe that any injury is preventable. To further the safety initiative, Thermax embarked on the implementation of Behaviour Based Safety (BBS). Led by the senior management, there is active involvement in the initiative, and reviews are conducted at each location. The programme started by identifying BBS champions in every business to lead the initiative and further train colleagues, to equip them with the required stewardship skills.

The BBS training is designed to influence employee actions towards safer outcomes, ideally by preventing an accident or injury from occurring. It encourages everyone to care for others by identifying 'at-risk behaviours' and doing spot correction, whenever possible. This helps to change unsafe behaviours in the workplace and will be instrumental in improving the company's overall safety culture.

12. Human Resources

As an organisation known for governance and ethics, we invest in skill building, employee engagement and welfare to maximise outcomes and provide a safe and healthy work environment to our employees.

A notable aspect of the Thermax culture is the way we treat our employees and engage with them.

Our employees are fundamental to our long-term success. We understand and reiterate the essential role played by our motivated employees in helping us achieve our goals of producing top-notch products, and delivering bespoke solutions & efficient service to our customers.

Our goal is to cultivate an environment where every team member feels valued, respected, and equipped to reach their full potential. With this goal in mind, we are actively working towards nurturing a work environment that is inclusive, supportive, and empowering. We strive to foster a culture that promotes a healthy organisation, encourages ongoing learning and development, and prioritises a safe workplace for all employees.

Thermax Performance Management System

At Thermax, we understand the need to stay agile by reinventing ourselves on a continuous basis. We made our performance management system more dynamic and meaningful – right from goal-setting to performance-related conversations to incentives and rewards. Our performance evaluation is intertwined with behaviours. As continuous listening forms the core of our organisation, we introduced an assessment of Customer, Lead, Own, Create and Collaborate (CLOCC) behaviours for our employees. Through these CLOCC behaviours, our aim is to nurture a human organisation built on human values.

In the last two years, we have seen these CLOCC behaviours being deeply ingrained and becoming an integral part of our value system. The employees exemplifying these behaviours are well recognised in respective businesses and award forums. In addition, we also introduced a new incentive framework, which builds transparency in how we incentivise our employees and also creates a stronger pay-for-performance culture.


The Industrial Products segment wins the Best Business Unit Award at Thermax Annual Awards

Diversity, Equity & Inclusion

Thermax has a multi-tiered organisation culture, which drives our code of conduct, mission, vision and values at the core. The organisation's culture is fostered through the philosophy of diversity, equity and inclusion (DEI), where 'diversity' encompasses a spectrum of demographic human differences, 'equity' ensures fairness and equal opportunities for all, while 'inclusion' denotes the magnitude to which our employees feel accepted, respected, cared for, and motivated.

We are relentlessly building a culture of inclusivity by imbibing DEI – from strategy planning and policy framework to project execution. We also understand the importance of diversity in driving innovation and success and remain committed to building a culture that embraces and celebrates differences.

In 2022, we launched our DEI strategy with four key pillars to ensure that all our employees feel valued, supported, and empowered to do their best work.

Key Pillars of our DEI Strategy:

- Enhancing diversity representation across levels
- Developing and sponsoring talent
- Enabling mindset change
- Promoting openness and inclusivity in the workplace

As part of the DEI goals, Thermax introduced a segmented hiring approach to enhance the representation of women leaders at mid and senior management levels to build a supportive workplace culture. We are also working on developing and sponsoring high-potential women talent through talent intervention initiatives which include skill development, networking, visibility, and exposure to cross-functional projects.


Women welders attend the grinding safety training at Shirwal

Leveraging the potential of dialogues, we used the occasion of International Women's Day as a platform to encourage conversations around inclusion and equity, with a special focus on the challenges of the LGBTQ community in the workplace. Change workshops that focus on awareness of microaggression, unconscious biases and allyship form a significant part of our Leadership Development Programmes. We remain committed to continuing our efforts to build a diverse and inclusive workplace.

Talent Management

We, at Thermax, have a strong history in talent management and development, which has evolved over time to reflect our commitment to nurturing its people. The focus, now, is on a role-based talent development model, where Thermax aims to develop world-class future leaders through different programmes for new talent development. This is being facilitated through a robust career progression plan and leadership development programmes for our young, senior, and executive leaders.

Our Development Programmes

- The **Executive Leadership Development Programme (ELDP)** is designed to empower our executive leaders with broader business knowledge, global perspectives, and leadership insights, through an immersive programme at top international universities.

- For our senior leaders, who have been identified as our critical talent, we launched the **Senior Leadership Development Programme (SLDP)**. This 12-month-long programme aims to improve business perspective, management expertise and leadership skills, to enable them to lead through complex business problems and drive innovation and organisational change.

  The **Young Leadership Development Programme (YLDP)** is designed for emerging and young talents to provide them with opportunities to develop and enhance their leadership capabilities. The programme focusses on guiding participants in leading themselves, teams, businesses, and navigating change.

- The **Advent Programme** is an intense three-year career progression plan for young hires from top engineering and business schools nationwide. Thermax's goal is to develop a robust young leadership talent pipeline by offering business exposure, rigorous rotations and live project opportunities.

New Initiatives

- **Darwinbox – Human Resource Management System (HRMS)**
  A digitalised HRMS platform is introduced to manage the employees' lifecycle. This digital capability moves HR's focus from data management to data-based decision-making.

- **Employee Engagement Survey**
  Pulse, an employee engagement survey, is designed in a framework that conducts three short surveys within a year. This helps understand the pulse of employees in different departments on a regular basis and work with them on relevant action plans. The survey also helps in ongoing manager-employee discussions and creates an environment of continuous listening and open communication.

The first batch of the Senior Leadership Development Programme

New Policies

Site Policy

To create a standard employee experience for site employees, we launched guidelines on allowances and facilities at project sites for respective businesses. This benefits the employees who are stationed at sites and also required to travel to different locations.

Thermax Cares

'Thermax Cares for Health' is an initiative for employee health and well-being. It focusses on employees' physical health, mental health, nutrition, as well as smoking and alcohol cessation. We have conducted several relevant programmes under Thermax Cares.

Key Programmes on Thermax Cares:

- Physical wellness initiative (medical check-up camps)
- Free membership of online health classes for women employees (offered for Women's Day this year)
- Subsidised annual gymnasium membership package for all employees in India
- Sporting activities such as marathons, cricket and badminton tournaments
- Mental health counselling in partnership with Santulan, for employees and their family members

Attrition

Despite efforts to address the Great Resignation, attrition numbers in FY 2022-23 remained high with an overall attrition rate of 19.70% and regrettable attrition at 12%. To control attrition, we implemented measures such as career development, learning opportunities, and salary corrections. Additional actions are planned throughout the year. Employee engagement surveys were also initiated to gather employee feedback and develop action plans accordingly.

13. Awards and Recognitions

1. **University of Vermont Family Business Award**
   Thermax was recognised at the 11th award ceremony held at the University of Vermont Grossman School of Business, United States. The award acknowledges and celebrates family-owned enterprises which have demonstrated a commitment to responsible business practices through effective leadership, innovation, and strong family and community stewardship.

2. **ET honours Thermax with the Factory of the Future Award**
   Thermax was conferred with the 'Factory of the Future' award at The Economic Times Promising Plants 2022, which recognises excellence in manufacturing.

3. **Thermax achieves Annual Export Excellence Awards**
   Thermax was recently awarded for its outstanding contribution to exports by the Federation of Indian Export Organisations (FIEO) - Western region.

4. **Thermax receives the Top 50 Innovative Company Award**
   Thermax was awarded the 'Top 50 Innovative Company' award by the Confederation of Indian Industry (CII).

5. **Thermax bags 'Excellence in Procurement' Award**
   Thermax's Chemical Business Unit received the 'Excellence in Procurement' award at the 5th Procurement India Leadership Forum and Awards 2023, organised by ISCM Forums.

6. **5S Platinum Certificate for Thermax Sri City Plant**
   The Quality Circle Forum of India (QCFI) awarded Thermax's Sri City plant with the 5S Platinum Certification for the year 2022-23. The plant had earlier received the 5S Gold Certification from QCFI.

7. **Award from IIIE for Manufacturing Excellence**
   Our manufacturing team received the first prize under the category of 'Manufacturing Excellence'; and also won a gold trophy at the 64th National Convention at Pune hosted by the Indian Institute of Industrial Engineers, Pune Chapter.

8. **Best Boiler Supplier Award**
   Thermax received the 'Best Boiler Supplier' award from one of India's biggest distilleries in southern India.

9. **Zero LTI Award and HSE Committee Award**
   PT Thermax International, Indonesia received the Zero LTI award and HSE Committee award (gold achievement) from the Governor of Banten Province.

14. Future of Thermax

In December 2021, the Board of Thermax and the Executive Committee chalked out a path for 'Thermax in 2030'. As part of our planning process towards this goal, we built a more detailed strategy framework in FY 2022-23, with a granular pathway for the period 2023-26, tying into the overarching strategic priorities for 2030.

Considering the significant trends that have a direct impact on Thermax, including climate change, geopolitical shifts, rapidly accelerating urbanisation, technological breakthroughs in sustainability and digital transformation, we have chalked out a plan to create a nimble organisation that can efficiently navigate a changing environment.

Our capital allocation strategy is designed to strengthen us with the right technologies, assets and capabilities to support our ambition to become a leader in energy transition in India and globally. Responsible growth, with an undeterred focus on profitability across all our businesses, remains at the epicentre of this strategy.

We are confident that our strategic plan for 2023-26 will enable us to build on our past successes and achieve our long-term objectives, and look forward to sharing this progress with you in the years ahead.

15. Cautionary Statement

The Management Discussion and Analysis contains statements about future events, as well as the financial and operating results of the Thermax Group, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to change based on risks and uncertainties. Several factors could potentially cause these assumptions to differ from actual future results and events expressed in the forward-looking statements. Therefore, readers are cautioned not to place undue reliance on forward-looking statements.

Additional Disclosure

Additional disclosure made to Stock Exchanges on June 6, 2023 regarding outcome of Arbitration matter. The said matter is also disclosed as contingent liability in standalone and consolidated financial statements vide note no. 31 A (c) and 31 (A) (d) respectively.

Stock Exchange Intimation under Regulation 30 read with Schedule III of SEBI (LODR) Regulations, 2015:

"In pursuant to the requirements of the aforesaid regulation(s), we hereby wish to inform you that in the matter of Arbitration between M/s. Thermax Limited ("the Company") and a Customer ("Claimant") regarding recovery of damages, losses, etc. for breakdown of two (2) Gas Turbo Generator (GTGs), an award has been passed by an Arbitral Tribunal consisting of Sole Arbitrator on June 5, 2023.

The Arbitrator has directed the Company to repair and reinstate both the GTGs at Customer's plant at the Company's own cost and expenses under the defect liability clause (the Company has since taken action to repair and reinstate the GTGs). The Arbitrator also allowed the Customer's claim on additional expenditure on power and directed the Company to pay Rs. 173.72 crore with interest along with a sum of Rs. 95 lakh as arbitration cost to the Customer.

The Arbitrator dismissed other claims and counter claims made in the matter. Thus, the award would have an estimated total financial impact of approximately Rs. 250 crore on the Company.

The Company has been advised that the order is not based on proper appreciation of facts and is in the process of challenging the award before the appropriate appellate authority. Further, we will update the Stock Exchanges in the event of any material developments in this matter."

DIRECTORS' REPORT

Dear Shareholder,

Your directors have pleasure in presenting the Forty Second Annual Report on the business and operations of the Company, together with the audited financial statements of your Company for the year ended March 31, 2023.

Financial Results

(Rs. crore)

Particulars	Standalone		Consolidated	
	FY 2022-23	FY 2021-22	FY 2022-23	FY 2021-22
Total revenue	5,141.16	4,015.39	8,089.81	6,128.33
Profit before finance cost, depreciation and tax	517.02	350.58	757.74	548.38
Finance cost and depreciation	92.73	80.52	154.45	138.41
Profit before tax and exceptional items	424.29	270.06	603.06	410.10
Exceptional items	7.2	(14.00)	-	-
Profit before tax but after exceptional items	431.49	256.06	603.06	410.10
Provision for taxation (incl. deferred tax)	102.23	55.27	152.36	97.79
Profit after tax	329.26	200.79	450.70	312.31
Other comprehensive income	(7.78)	4.24	0.19	7.62
Total comprehensive income	321.48	205.03	450.89	319.93
Total equity	3,217.76	3,001.00	3,868.07	3,492.49
Earnings Per Share (EPS) (Rs.) face value per share Rs. 2/- from continuing operations	27.63	16.85	39.98	27.73
Earnings Per Share (EPS) (Rs.) face value per share Rs. 2/- from continuing and discontinuing operations	27.63	16.85	39.98	27.73

Result of Operations and the State of Affairs

Standalone

Your Company, on a standalone basis, posted a revenue of Rs. 5,141 crore for the financial year 2022-23, against last year's revenue of Rs. 4,015 crore. Revenue from exports was up 10.6% at Rs. 1,053 (Rs. 952 crore). Order booking from continuing operations stood at Rs. 5,307 crore, lower by 22.7% as compared to Rs. 6,867 crore in the previous year.

Consolidated

On a consolidated level, the group revenue was at Rs. 8,090 crore (Rs. 6,128 crore). The Group's international business was higher by 25.8% at Rs. 2,041 crore (Rs. 1,622 crore). Consolidated order booking for FY 2022-23 decreased by 6.6% to Rs. 8,788 crore (Rs. 9,410 crore). Order booking in international markets at Rs. 2,064 crore was higher by 9.9%.

Material Changes and Commitments

There have been no material changes and commitments affecting the financial position of the Company, which have occurred between the end of the financial year and the date of this report.

Credit Rating

Your Company has been rated 'AA+/ Stable (Reaffirmed) for Long Term Rating and A1+ (Reaffirmed) for Short Term Rating' by Credit Rating Information Services of India Limited (CRISIL) for its banking facilities. The rating reflects your Company's continued good parentage, credit profile, liquidity position, strong corporate governance practices, financial flexibility and conservative financial policies.

Dividend

The Board of Directors have recommended a dividend of Rs. 10/- (500%) per equity share of face value of Rs. 2/- each for the year ended March 31, 2023. The dividend is subject to the approval of members at the ensuing Annual General Meeting (AGM).

In accordance with Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), the Company has adopted the Dividend Distribution Policy, which is made available on the Company's website and can be accessed using the link: https://www.thermaxglobal.com/wp-content/uploads/2020/03/DIVIDEND-DISTRIBUTION-POLICY.pdf

Transfer to Reserve

The closing balance of the retained earnings of the Company for FY 2022-23, after all appropriation and adjustments, was Rs. 2,649 crore on standalone basis and Rs. 3,142 crore on consolidated basis. During the year, the Company has not transferred any amount to General Reserve.

Share Capital

The paid-up equity share capital of the Company was Rs. 23.83 crore as on March 31, 2023. There were no public or preferential rights or bonus issued during the year. The Company has not issued any shares with differential voting rights, sweat equity shares. The details of stocks granted during the year are provided on the website of the Company.

Statement of Deviation(s) or Variation(s) in Share Capital

During the year under review, there was no instance to report containing Statement of Deviation(s) or Variation(s) in share capital as per Regulation 32 of Listing Regulations.

Subsidiaries

In accordance with Section 136 of the Act, the Annual Report of your Company containing inter alia, financial statements and consolidated financial statements, has been placed on our website: https://www.thermaxglobal.com/annual-reports/ which can be accessed using the above link.

Further, the financial statements of the subsidiaries have also been placed on our website: https://www.thermaxglobal.com/subsidiary-annual-report/

The report on the growth trends and outlook of those subsidiaries which impact your Company's performance reasonably are captured in the Management Discussion and Analysis section of this report.

Changes in Subsidiaries during the Year

Through its wholly owned subsidiary, First Energy Private Limited (FEPL), the Company has established below step-down subsidiaries for undertaking Group Captive Solar projects in different states of India:

Name of Subsidiary	Date of incorporation
First Energy 3 Private Limited	25/05/2022
First Energy 4 Private Limited	07/12/2022
First Energy 5 Private Limited	13/12/2022
First Energy 6 Private Limited	23/03/2023
First Energy 7 Private Limited	26/03/2023

Further, FEPL has acquired two subsidiaries, namely Jalansar Wind Energy Private Limited and Kanakal Wind Energy Private Limited on June 22, 2022, for commissioning captive solar project in Maharashtra.

With a view of consolidating the solar projects of the Group under one roof of FEPL, the Company transferred the solar plants of Thermax Onsite Energy Solutions Limited (TOESL), to FEPL w.e.f. March 30, 2023.

During the year, the Company has executed Shareholders, Agreement with EverEnviro Resource Management Private Limited (EverEnviro) on July 27, 2022 to incorporate new company which will execute Technology, Engineering, Procurement & Construction ("TEPC") scope for the bio-CNG projects. Pursuant to the same, a new subsidiary was incorporated i.e. Thermax Bioenergy Solutions Private Limited (TBSPL) on August 12, 2022.

Further, Thermax Senegal S.A.R.L, a wholly owned subsidiary of the Company, stands liquidated effective December 14, 2022. Further, Thermax Sustainable Energy Solutions Limited, wholly owned subsidiary of the Company, stands liquidated as per the order of The National Company Law Tribunal, Mumbai Bench (NCLT) issued on April 25, 2023.

Further, during the year, the Board of Directors of the Company have approved proposal / Scheme of restructuring of Thermax Cooling Solutions Limited, a wholly owned subsidiary of the Company. Accordingly, a Scheme of Arrangement between Thermax Cooling Solutions Limited (TCSL/Demerged Company) and Thermax Instrumentation Limited (TIL/Resulting Company), wholly owned subsidiaries of the Company, under sections 230 to 232 read with section 66 of the Companies Act, 2013 have been filed with the National Company Law Tribunal. The Scheme is subject to necessary approval from regulatory authorities.

Management Discussion and Analysis

The Management Discussion and Analysis section highlighting the performance of the Company's Industrial Products, Industrial Infra, Green Solutions and Chemicals, including details of select subsidiaries, information on the Company's health, safety and environment measures, human resources, risk management and internal controls, is given on page no. 24.

Corporate Governance Report

A detailed report on Corporate Governance as per Listing Regulations and disclosures required as per section 134 and 177 of the Companies Act, 2013, is attached as Annexure 1 on page no. 71.

A certificate from M/s. SVD & Associates, Company Secretaries, Pune, regarding compliance with the conditions of corporate governance as required under Schedule V of the Listing Regulations forms part of this Report.

Secretarial Standards

Your Company is in compliance with the Secretarial Standards on Meetings of the Board of Directors (SS-1) and Secretarial Standards on General Meetings (SS-2) issued by the Institute of Company Secretaries of India (ICSI) as amended from time to time.

Business Responsibility and Sustainability Reporting

In terms of the Listing Regulations, Business Responsibility and Sustainability Report describing the initiatives taken by the Company from environmental, social and governance perspectives is enclosed as Annexure 2 on page no. 96.

Vigil Mechanism/Whistleblower Policy

The Company has a 'Whistleblower Policy' as a part of the vigil mechanism to deal with instances of fraud and mismanagement, if any. The details of the policy are provided in the Corporate Governance Report and also available on the website of the Company: https://www.thermaxglobal.com/wp-content/uploads/2021/08/Thermax-Ltd.-Whistleblower-Policy-.pdf

Industrial Relations

The overall Industrial Relations at all the manufacturing locations was peaceful during the year 2022-23.
The Company has signed Long Term Settlements (LTS) with the trade union at three locations:

- Chinchwad: On 1st June 2022 for 3 years period from 1/5/2022 to 30/4/2025
- Savli: on 30th September, 2022 for 5 years period from 1/4/2022 to 31/3/2027
- Paudh: on 21st November, 2022 for 3 years period from 1/7/2022 to 30/6/2025

Human Resources Management

1. Particulars of Employees

The total number of permanent employees on the rolls of the Company as on March 31, 2023, was 2,572 compared to 2,410 employees in the previous year. At the group level, the total number of permanent employees are 4,818 compared to 4,634 employees in the previous year.

The information required pursuant to section 197 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, duly amended, in respect of employees of the Company, forms part of Annexure A to this Board's report and information required pursuant to Rule 5(2) will be provided upon request.

In terms of Section 136 of the Act, the Annual Report excluding the aforesaid information is being sent to all the members and others entitled to receive it. Any shareholder interested in obtaining such particulars may write to the Company Secretary.

2. Anti-Sexual Harassment Policy/ Internal Committee

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. All employees (permanent, contractual, temporary and trainees) are covered under this policy. To build awareness in this area, the Company has been carrying out online induction/refresher programmes across the organisation on a periodic basis.

An Internal Committee (IC) has been set up to redress complaints received regarding sexual harassment at the workplace under the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

There were no complaints received or disposed of during the year 2022-23.

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

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

Details of Trusts formed for the Benefit of Employees

a) ESOP Trust

The Company has a Thermax Employees ESOP & Welfare Trust which holds 29,06,250 equity shares of Rs. 2/- each of the Company.

The trust has not entered into any transaction of buying or selling of shares in the secondary market.

Thermax Employee Stock Option Scheme 2021

With a view to motivate the key workforce, seeking their contribution to the corporate growth, to create an employee ownership culture, to attract new talents and to retain them for ensuring sustained growth, your Company has implemented an employee stock option plan namely 'Thermax Limited Employee Stock Option Plan 2021' ("ESOP 2021"/ "Plan") covering the employees of the Company and its Group Companies including subsidiary and its associate companies. The scheme was approved by the shareholders through postal ballot on January 13, 2022 with requisite majority.

During the year under review, the Nomination and Remuneration Committee (NRC) and the Board of Directors of your Company, have approved grant of stock options to employees under ESOP 2021.

There were no material changes made in the ESOP 2021 during the year. The above-mentioned Scheme is in compliance with the SEBI (Share-Based Employee Benefits & Sweat Equity) Regulation, 2021 (SBEB Regulations, 2021). Your Company's Secretarial Auditor, M/s. SVD & Associates, Company Secretaries, Pune, has certified that the Company's above-mentioned Scheme has been implemented in accordance with the SBEB Regulations, 2021.

In line with regulation 14 of the SBEB Regulations, 2021, a statement giving complete details, as at March 31, 2023, is available on the website of the Company: https://www.thermaxglobal.com/wp-content/uploads/2023/06/ESOP-Disclosure-Under-Regulation-14-FY22-23.pdf

b) Employee Welfare Trusts

The Company has various Employee Welfare Trusts primarily for providing medical, housing and educational aid to its employees and their families. These trusts presently hold 36,35,190 equity shares of Rs. 2/- each of the Company. None of the trusts had any dealings in the secondary market.

In line with regulation 14 of the SBEB Regulations, 2021, a statement giving complete details, as at March 31, 2023, is available on the website of the Company: https://www.thermaxglobal.com/wp-content/uploads/2023/06/Disclosure-SBEB-Sheet.pdf

Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo

The information on the conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013, read with Rule 8 of the Companies (Accounts) Rules, 2014, is provided as Annexure 3 on page no. 132.

Corporate Social Responsibility Initiatives

As a part of its initiatives under Corporate Social Responsibility (CSR), the Company has undertaken project in the area of education. The project is in accordance with Schedule VII of the Companies Act, 2013. Since 2007, CSR initiatives have been undertaken through Thermax Foundation, the details of CSR activities are provided under CSR Activities and CSR Policy on page no. 135.

The details of the CSR Committee and CSR Policy are available on the Company's website: https://www.thermaxglobal.com/corporate-governance-policies-and-disclosures/

Directors and Key Managerial Personnel

The Board of Directors of your Company comprises of 9 directors, viz., two non-executive directors, one executive director and six independent directors, including one independent woman director as on March 31, 2023. As per the Articles of Association of the Company, one-third of the Directors, other than Independent Directors and Chairperson, are liable to retire by rotation at the AGM of the Company every year.

Dr. Ravi Shankar Gopinath was appointed as an Independent Director of the Company for a term of 5 (five) consecutive years commencing from November 10, 2021 at the 41st AGM and Dr. S. B. Pandit was re-appointed as an Independent Director of the Company for a second term of 5 (five) consecutive years commencing from from May 30, 2022 at the 41st AGM.

Mrs. Rajani Kesari (DIN: 02384170) was appointed as Independent Director of the Company from November 14, 2018 to November 13, 2023. Considering the performance evaluation, contribution to the Company during her first term of office, her knowledge, qualification and experience along with skills and expertise she brings on the Board and based on recommendations of the Nomination and Remuneration Committee, the Board approved the re-appointment of Mrs. Kesari for a second term of consecutive five years commencing from November 14, 2023 to November 13, 2028, subject to approval of shareholders at the ensuing Annual General Meeting (AGM) of the Company.

Further, in accordance with the provisions of the Companies Act, 2013 and the Company's Article of Association, Mr. Pheroz N. Pudumjee (DIN: 00019602), Non-Executive, Non-Independent Director, retires by rotation and being eligible offers himself for re-appointment. Based on the recommendation of Nomination and Remuneration Committee, the Board of Directors recommends his re-appointment. A proposal for his re-appointment forms part of the Notice of the 42nd AGM of the Company.

The Company has received the necessary declarations from the above directors as required under the Companies Act, 2013 and the Listing Regulations. Further, Mrs. Kesari has also confirmed that she meets the criteria of independence as laid down in Section 149(6) of the Companies Act, 2013 and Regulation 25 of the Listing Regulations.

Dr. Valentin Albrecht Herwart (DIN: 00239314) ceased to be Director (Non-Executive, Independent Director) of the Company upon completion of his second term at the close of business hours on July 21, 2022.

Board and Independent Directors' Meeting

A calendar of meetings is prepared and circulated in advance to the directors. During the year, six Board Meetings were convened and held, the details of which are given in the Corporate Governance Report.

For the financial year 2022-23 the Independent Director conducted one meeting on February 10, 2023.

Familiarisation Programme

The Company has formulated a policy on 'Familiarisation Programme for Independent Directors', which is available on the Company's website: www.thermaxglobal.com.

Committees of the Board

The details of all committees and their terms of reference are set out in the Corporate Governance Report.

Key Managerial Personnel

During the year under review, there were no changes in the Key Managerial Personnel of the Company.

Remuneration Policy

The Remuneration Policy details for selection, appointment and remuneration of directors and senior management are given in the Corporate Governance Report, and the said policy is available on the Company's website: https://www.thermaxglobal.com/wp-content/uploads/2020/03/Policy-on-Selection-and-Appointment-of-Directors-and-their-Remuneration.pdf

Board Evaluation

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

Board Diversity

The Company recognises and embraces the importance of a diverse Board for its success. Your Company believes that a truly diverse Board will leverage differences in thought, perspective, knowledge, skill, regional and industry experience, cultural and geographical backgrounds, age, ethnicity, race and gender that will help in retaining its competitive advantage. The Board Diversity Policy adopted by the Board outlines its approach to diversity. The policy is available on the website: https://www.thermaxglobal.com/wp-content/uploads/2021/04/Board-Diversity-Policy.pdf

Directors' Responsibility Statement

In terms of Section 134(3)(c) of the Companies Act, 2013, the Directors of your Company, to the best of their knowledge and belief and according to the information and explanations obtained by them in the normal course of their work, state that, in all material respects:

a) In the preparation of the annual financial statements for the year ended March 31, 2023, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

b) Appropriate accounting policies have been selected, applied consistently and judgment and estimates have been made that are reasonable and prudent to give a true and fair view of the state of affairs of the Company as on March 31, 2023, and of the profit of the Company for the year ended on that date;

c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) The annual financial statements have been prepared on a going concern basis;

e) Proper internal financial controls were in place and the financial controls were adequate and operating effectively; and

f) Proper systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

Please refer to the Internal Controls section of the Management Discussion and Analysis for further details.

Details Regarding Frauds Reported by Auditors Under Section 143(12)

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

Related Party Transactions

All related party transactions entered into during the financial year were at arm's length basis and were in the ordinary course of business. There were no materially significant related party transactions made by the Company with promoters, directors, key managerial personnel or other designated persons, which may have a potential conflict with the interest of the Company at large.

All related party transactions are placed before the Audit Committee. Prior omnibus approval of the Audit Committee is obtained annually for transactions that are foreseeable and repetitive. The transactions entered pursuant to the omnibus approval so granted along with the statement giving details of all related-party transactions are placed before the Audit Committee for their approval on a quarterly basis.

Pursuant to the latest amendments by the SEBI, the Company has adopted the revised policy on Related Party Transactions which is available on the Company's website: https://www.thermaxglobal.com/wp-content/uploads/2023/03/RPT-Policy.pdf

None of the directors have any pecuniary relationships or transactions vis-à-vis the Company except as disclosed under Sr. No. 2 of the Corporate Governance Report.

Standalone and Consolidated Financial Statements

The financial statements for the year ended March 31, 2023, have been prepared as per Schedule III to the Companies Act, 2013, as amended from time to time. The consolidated financial statements of the Group are prepared in compliance with the Accounting Standards and Listing Regulations. The cash flow for the year is attached to the balance sheet. A separate statement containing the salient features of subsidiaries and joint ventures in the prescribed Form (AOC-1) is available on page no. 244.

Public Deposits

During the year, your Company has not accepted deposits from the public, and as such no principal or interest was outstanding as on March 31, 2023, as per the provisions of the Companies Act, 2013 and the Rules framed thereunder.

Particulars of Loans, Guarantees or Investments

The details of loans, guarantees and investments covered under the provisions of Section 186 of the Companies Act, 2013, are given in the notes to the financial statements.

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

Significant and Material Orders Passed by the Regulators or Courts

There are no significant material orders passed by the regulators and courts, which would impact the going concern status of the Company.

The Insolvency And Bankruptcy Code, 2016

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

There was no instance of one-time settlement with any Bank or Financial Institution during the year under review.

Internal Audit

The internal audit at Thermax Group is carried out by the in-house Internal Audit Department with co-sourcing support. For scope determination, planning the audit and conducting reviews, the Internal audit department has been consistently following an audit cycle of July to June every year, which ensures review of transactions included in financial year April to March. The internal audit is risk based with a focus on controls for management of risks. The Directors consider this approach to meet the desired purpose of Internal Audit.

Internal Financial Control Systems and their Adequacy

The details in respect of internal financial control and their adequacy are included in the Management Discussion and Analysis section, which is a part of this report.

Risk Management

The Board of Directors of the Company have formed a Risk Management Committee to assess the risks facing the business and the mitigation measures taken thereof. The committee is responsible for assisting the Board in understanding existing risks and reviewing the mitigation and elimination plans for those. The Audit Committee has additional oversight in the area of financial risks and controls. The major risks identified by the businesses and functions are systematically bifurcated between the committees of the Board and addressed through mitigating actions on a continued basis.

Auditors

Statutory Auditors

M/s. SRBC & Co. LLP, Chartered Accountants, were appointed as the statutory auditors for a period of five years commencing from the 39th AGM until the conclusion of the 44th AGM.

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

As required under the Listing Regulations, M/s. SRBC & Co. LLP, the auditors have confirmed their eligibility and they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

The details of total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditors are set out in the Corporate Governance Report.

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

Cost Auditors

In terms of Section 148 of the Companies Act, 2013, read with the Companies (Cost Records and Audit) Rules, 2014, M/s. Dhananjay V. Joshi & Associates, Cost Accountants, Pune, have been appointed as the cost auditors of the Company for FY 2022-23.

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

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

Secretarial Audit

In accordance with the provisions of Section 204 of the Companies Act, 2013, and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. SVD & Associates, Company Secretaries, Pune, to undertake the secretarial audit of the Company for FY 2022-23. The Secretarial Audit Report for FY 2022-23 is attached as Annexure 5 on page no. 137.

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

Annual Return

The Annual Return of the Company for the financial year 2022-23 to be filed with Registrar of Companies is available on website of the Company at https://www.thermaxglobal.com/wp-content/uploads/2023/06/Thermax-MGT-7-web.pdf.

Since the Annual General Meeting is proposed to be held on August 1, 2023, the Company shall upload final copy of the Annual Return for FY 2022-23, once the same is filed with the Registrar of Companies.

Awards and Recognition

Your Company is proud to have received various awards during the year. Details of the awards received during the year are given on page no. 59.

Acknowledgements

Your Directors place on record their appreciation for the continued support extended during the year by the Company's customers, business associates, suppliers, bankers, investors and government authorities. They also place on record their appreciation for the dedication and value-added contribution made by all the employees.

Your Directors would also like to thank all the shareholders for continuing to repose faith in the Company and its future.

For and on behalf of the Board,

Meher Pudumjee
Chairperson
(DIN: 00019581)
Pune, May 17, 2023

Annexure-A to the Directors' Report

Information Required Under Section 197(12) of the Companies Act, 2013 Read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

A. Ratio of remuneration and details of percentage increase in the remuneration of each Director and KMP in the financial year 2022-23 are as follows:

Name	DIN	Designation	Increase/ Decrease (%)	Ratio of Remuneration of Director to the Median Remuneration for 2022-23 (MRE)
Meher Pudumjee	00019581	Chairperson and Non-Executive Director	11.72%	6.21
Dr. Valentin A. H. von Massow	00239314	Independent Director	NA*	NA*
Pheroz Pudumjee	00019602	Non-Executive Director	15.93%	3.84
Dr. Jairam Varadaraj	00003361	Independent Director	22.50%	3.30
Nawshir Mirza	00044816	Independent Director	23%	5.53
Harsh Mariwala	00210342	Independent Director	30%	3.36
Dr. S. B. (Ravi) Pandit	00075861	Independent Director	25.58%	3.03
Rajani Kesari	02384170	Independent Director	29.5%	2.91
Dr. Ravi Gopinath	00803847	Independent Director	NA*	NA*
Ashish Bhandari	05291138	Managing Director and CEO	9%	101.46
Rajendran Arunchalam	NA	Group CFO	14.87%	20.01
Janhavi Khele (Appointed w.e.f. September 1, 2021)	NA	Company Secretary	NA*	NA*

Note -

**The % increase of remuneration is provided only for those directors and KMP who have drawn remuneration from the Company for full fiscal 2023 and full fiscal 2022. The ratio of remuneration to MRE is provided only for those directors and KMP who have drawn remuneration from the Company for the full fiscal 2023. Remuneration paid at actual basis is considered for above computation.*

The median remuneration of the Company for all its employees is 8,90,014 for the financial year 2022-23. For calculation of median remuneration, the employee count taken is 3,680 for FY 2022-23.

B. Percentage increase in the Median Remuneration of all employees in the financial year 2022-23

	FY21-22	FY22-23	% Change
Percentage increase in the median remuneration of all employees	8,77,209	8,90,014	1.46

C. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

Particulars	Average percentage increase / (decrease) in salaries for FY 2023* (%)
Employees	17
Managerial Remuneration	9

**Remuneration considered is at actual basis*

D. Affirmation

Pursuant to Rule 5(1)(xii) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, it is affirmed that the remuneration paid to the Directors, Key Managerial Personnel and Senior Management is as per the Company's Policy on nomination, remuneration & evaluation.

Annexure-1 to the Directors' Report

Corporate Governance Report

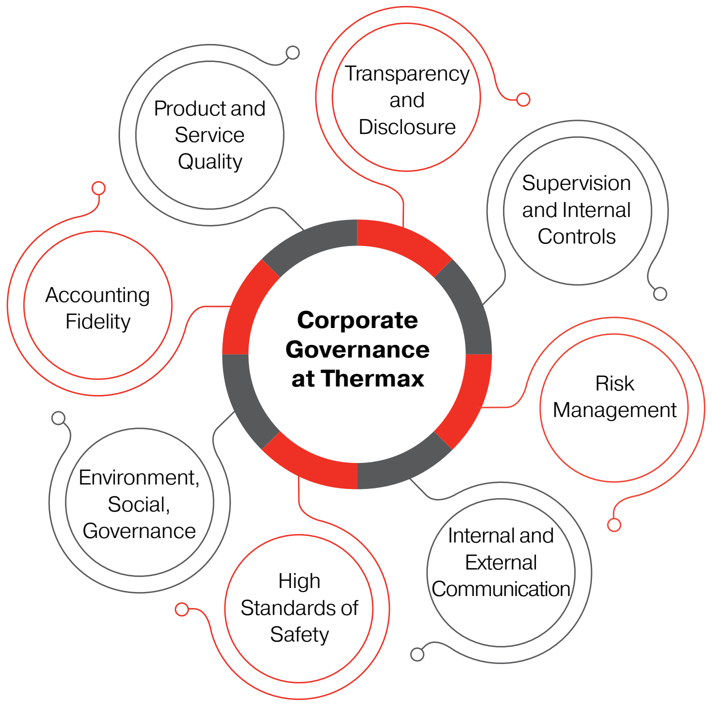
1. Thermax's Philosophy on Corporate Governance

Thermax believes in following, in letter and spirit, high standards of corporate governance so as to have a positive impact on its stakeholders – customers, shareholders, employees, vendor partners and business associates, larger community and governments of countries where it operates. It upholds the core tenets of corporate governance for sustainable growth and financial performance.

In order to enhance and retain the trust of its stakeholders, your Company is committed to ethical business conduct, integrity and commitment to values, transparency and accountability which are essential features of effective corporate governance.

Empowered by the Board, your Company's key management officials implement policies and guidelines related to corporate governance. Our corporate governance framework is guided by our core values and is based on the below principles.

The three elements of ESG (Environment, Social, Governance) are at the heart of what Thermax stands for. It has been practised for many years, and the Company will continue to strengthen itself as it becomes greener, embodies Social Compact and upholds our standards of governance in all that it does.



2. Board of Directors

A. Composition of the Board

The Company believes that its Board needs to have an appropriate mix of executive, non-executive and independent directors to maintain its independence, and separate its functions of governance and management. The Board of your Company comprises 9 directors – one non-executive and non-independent chairperson, one non-executive and non-independent director, one executive director and six non-executive independent directors (including one woman independent director). This is in conformity with the requirement of Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). The Board periodically evaluates the need for change in its size and composition.

None of the directors on the Board holds directorships in more than 10 public companies or serves as a Director or as Independent Director (ID) in more than seven listed entities. No executive director serves as an ID in more than three listed entities.

Directors have disclosed Committee positions held in other public companies as on March 31, 2023.

The table below gives the composition of the Board and the directorships held by each of the directors of the Company at the end of Financial Year 2022-23.

Name of the Director	Pecuniary or Business Relationship with the Company	Number of Directorships @	Committee Position #		Number of Shares held in the Company
			Chairperson	Member	
NON-EXECUTIVE PROMOTER					
Meher Pudumjee	None except*	2	0	1	-
Pheroz Pudumjee	None	1	1	2	6,000
INDEPENDENT					
Dr. Jairam Varadaraj	None	7	0	3	-
Nawshir Mirza	None	2	2	2	189
Harsh Mariwala	None	6	0	1	-
Dr. S. B. (Ravi) Pandit	None	2	0	1	-
Rajani Kesari	None	2	0	2	-
Dr. Ravi Gopinath	None	1	0	0	-
EXECUTIVE					
Ashish Bhandari	N.A.	4	0	1	-

@ Includes only listed companies (including Thermax Limited) and unlisted public companies

 # Includes only Audit Committee and Stakeholders' Relationship Committee

**The Company has paid Rs. 71,33,229/- as rent (including electricity charges and society maintenance charges) for premises taken on lease and given security deposit of Rs. 53,00,000/- to Anu Aga (promoter and relative of Meher Pudumjee, Chairperson of the Company).*

B. Attendance and Remuneration of each Director during the Financial Year 2022-23

(Amount in Rs.)

Name of the Director	Whether Attended Last AGM held on August 2, 2022	Total Attendance at Board Meetings	Sitting Fees*	Salary and Perquisites	Commission †	Total Remuneration
Meher Pudumjee	Yes	6	9,30,000	NA	46,00,000	55,30,000
Dr. Valentin A H von Massow#	NA	1	1,30,000	NA	33,86,000	35,16,000
Pheroz Pudumjee	Yes	6	11,20,000	NA	23,00,000	34,20,000
Dr. Jairam Varadaraj	Yes	6	11,40,000	NA	18,00,000	29,40,000
Nawshir Mirza	Yes	6	11,20,000	NA	38,00,000	49,20,000
Harsh Mariwala	Yes	6	6,90,000	NA	23,00,000	29,90,000
Dr. S B. (Ravi) Pandit	Yes	6	9,00,000	NA	18,00,000	27,00,000
Rajani Kesari	Yes	4	7,90,000	NA	18,00,000	25,90,000
Dr. Ravi Gopinath	Yes	6	7,20,000	NA	7,50,000	14,70,000
Ashish Bhandari	Yes	6	NA	5,90,88,230	3,12,00,000	9,02,88,230

NA = Not applicable

** Sitting fees also include payments for Board-appointed committee meetings*

† Amount paid at actual basis is considered for commission.

 # Dr. Valentin A. H. von Massow ceased to be a Director with effect from close of business hours on July 21, 2022

The Non-Executive Directors are entitled to reimbursement of expenses incurred in the performance of duties as Directors.

Further, as per Employee Stock Option Scheme, 2021, the MD & CEO is eligible for stock options, details of which are given in the statement placed on website of the Company as per Regulation 14 of SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 at https://www.thermaxglobal.com/wp-content/uploads/2023/06/ESOP-Disclosure-Under-Regulation-14-FY22-23.pdf

C. Number of Meetings of the Board held during the year and the dates of Meetings

The Board met six times during the financial year 2022-23 on the following dates:

Members	Board Meetings					
	May 20, 2022	August 2, 2022	October 6, 2022	November 11, 2022	February 7 & 8, 2023	February 8 & 9, 2023
Meher Pudumjee	P	P	P	P	P	P
Pheroz Pudumjee	P	P	P	P	P	P
Dr. Valentin A. H. von Massow	P	NA	NA	NA	NA	NA
Dr. Jairam Varadaraj	P	P	P	P	P	P
Nawshir Mirza	P	P	P	P	P	P
Harsh Mariwala	P	P	P	P	P	P
Dr. S. B. (Ravi) Pandit	P	P	P	P	P	P
Rajani Kesari	A	P	P	P	P	A
Dr. Ravi Gopinath	P	P	P	P	P	P
Ashish Bhandari	P	P	P	P	P	P

Note - Dr. Valentin A. H. von Massow ceased to be a Director with effect from close of business hours on July 21, 2022.

The maximum time gap between any two sequential meetings was not more than 120 days.

D. Confirmation and Certification from Practising Company Secretary

On an annual basis, the Company obtains from each director, details of the Board and Board Committee positions in other companies, and changes, if any, regarding their directorships. The Company has obtained a certificate from M/s. SVD & Associates, Practising Company Secretary, Pune, confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India and Ministry of Corporate Affairs or any such authority and the same forms part of this report. Please refer page no. 94 of this Report for the certificate.

E. Details of Directorships held in Listed Entities as on March 31, 2023

Sr. No.	Name of Director	Name of Listed Entity	Category
1.	Meher Pudumjee	Thermax Limited	Chairperson & Non-Executive Director
		Pidilite Industries Limited	Independent Director
2.	Pheroz Pudumjee	Thermax Limited	Non-Executive Director
3.	Ashish Bhandari	Thermax Limited	Managing Director & CEO
4.	Nawshir Mirza	Thermax Limited	Independent Director
5.	Dr. Jairam Varadaraj	Elgi Equipments Limited	Managing Director
		Precot Limited (erstwhile Precot Meridian Limited)	Independent Director
		Magna Electro Castings Limited	
		Thermax Limited	
		Elgi Rubber Company Limited	Non-Executive Director
6.	Harsh Mariwala	Marico Limited	Chairman & Non-Executive Director
		Kaya Limited	Chairman & Managing Director
		Zensar Technologies Limited	Independent Director
		JSW Steel Limited	
		Thermax Limited	
7.	Dr. S.B. (Ravi) Pandit	KPIT Technologies Limited	Chairperson & Non-Executive Director
		Thermax Limited	Independent Director
8.	Rajani Kesari	Thermax Limited	Independent Director
9.	Dr. Ravi Gopinath	Thermax Limited	Independent Director

F. Disclosure of the Relationship Between Directors inter se

None of the directors other than Meher Pudumjee and Pheroz Pudumjee are related to each other.

G. Disclosure of interest by Senior Management

In terms of regulation 26(5) of the Listing Regulations, the Senior Management of the Company have made disclosures to the Board confirming that there are no material financial and commercial transactions between them and the Company which could have potential conflict of interest with the Company at large.

H. Resignation of Independent Director(s)

During the year under review, none of the Independent Directors of the Company had resigned before the expiry of their respective terms(s).

I. Familiarisation Programme imparted to Independent Directors

Through the familiarisation programme, the Company intends to achieve the following objectives:

- To apprise the directors about the business model, corporate strategy, nature of the industry, business plans and operations of the Company
- To familiarise them with the Company's financial performance, annual budgets, internal control processes and statutory compliances
- To apprise them about their roles and responsibilities in the Company
- To familiarise them with the Company's vision, values, ethics, and corporate governance practices

The independent directors are provided with necessary documents, business model, annual budgets, investment and exposure limits, compliance report(s) of all laws applicable to your Company, significant developments, reports and internal policies to enable them to familiarise themselves with the Company's businesses, procedures and practices.

Periodic presentations are made at the Board and Committee meetings on business and performance updates of the Company, global business environment, business strategy and risks involved. Detailed presentations on the Company's business segments are made at the Board retreat. The details of such familiarisation programme for independent directors are available on the Company's website and can be accessed at: https://www.thermaxglobal.com/wp-content/uploads/2023/05/Familiarisation-Programme-of-Independent-Directors-2022-23.pdf

J. Board Independence

Our definition of 'independence' of directors is derived from Section 149(6) of the Companies Act, 2013 and Regulation 16 of Listing Regulations. The independent directors provide an annual confirmation that they meet the criteria of independence. Based on the confirmations/disclosures received from the Directors and on evaluation of the relationships disclosed, the Board confirms that the independent directors fulfil the conditions as specified under Schedule V of the Listing Regulations and are independent of the management.

All Independent Directors have confirmed that they have obtained registration certificate pursuant to provisions of Section 150(3) of the Companies Act, 2013, read with Rule 6 of the Companies (Appointment and Qualification of Directors) Amendment Rules, 2020 from the Indian Institute of Corporate Affairs.

K. Independent Directors' Meeting

In compliance with regulation 25(3) of Listing Regulations, during the year under review, the independent directors met on February 10, 2023, inter alia to review the performance of the Board, the Chairperson and Non-Independent Directors of the Company. They also reviewed the quality, quantity, timelines and flow of information between the management and the Board.

L. Board Evaluation

As a part of the annual Board evaluation, detailed questionnaires were circulated to all the Directors. The Nomination and Remuneration Committee (NRC) evaluated the Board's performance and that of its committees. The chairperson of each Committee shared the outcome of the evaluation process.
The Board conducted an evaluation of Independent Directors, which included the performance of directors and fulfilment of criteria as specified in SEBI (LODR) (Amendment) Regulations, 2018, and their independence from the management, where the independent directors did not participate.

M. Board Support/ Assistance

The Board is regularly provided information with respect to Strategic, Operational, Finance and Environmental, Social and Governance (ESG) related matters. With a view to leverage technology and reduce paper consumption, the Company has adopted a web-based application for circulating Board/ Committee agenda and pre-reads to its directors.
The Directors of the Company receive the agenda and pre-reads in electronic form through this application, which can be accessed through browsers or other electronic devices. The application meets high standards of security and integrity that are required for storage and transmission of Board/Committee agenda and pre-reads in electronic form.

N. Core Skills/Expertise/Competencies available with the Board

The Board ensures that the expertise, knowledge, experience and competencies needed to effectively steer the Company are represented on the Board.
The approach for selection and appointment of Directors on the Board ensures that their specific skills, knowledge and experience fulfill a particular skill – set requirement of the Board. It is acknowledged that not all Directors will have every necessary skill, but the Board as a whole must have them, as also that the expertise, knowledge and experience required for the Board will change as the organisation evolves and grows. The Company's aim has always been for an all-inclusive and sustainable growth while addressing the Environmental, Social, and Governance (ESG) aspects.

In terms of requirement of Listing Regulations, the Board has identified the following core skills/expertise/ competencies of the Directors in the context of the Company's business for effective functioning as given below:

	Key Board Qualifications / Skills / Expertise								
Director	Industry Knowledge	Leadership	Expertise & Experience in Finance	Strategy & Planning	Board Governance	Mergers & Acquisitions	Exposure in Policy Shaping and Industry Advocacy	Sales & Marketing	Technology
Meher Pudumjee	✓	✓	-	✓	✓	-	-	-	-
Pheroz Pudumjee	✓	✓	✓	✓	✓	-	-	✓	✓
Harsh Mariwala	-	✓	✓	✓	✓	✓	-	✓	-
Nawshir Mirza	✓	✓	✓	✓	✓	✓	✓	✓	-
Dr. S.B. (Ravi) Pandit	-	✓	✓	✓	✓	✓	-	✓	✓
Dr. Jairam Varadaraj	✓	✓	✓	✓	✓	✓	✓	✓	✓
Rajani Kesari	✓	✓	✓	✓	✓	✓	-	-	✓
Dr. Ravi Gopinath	✓	✓	-	✓	✓	✓	✓	✓	✓
Ashish Bhandari	✓	✓	✓	✓	✓	✓	✓	✓	✓

3. Board Committees

In compliance with the Companies Act, 2013 and Listing Regulations, the Board has constituted 5 mandatory and one non-mandatory committee. The members of the committees are co-opted by the Board. The Board formulates the terms of reference and charter of the Committees as per the relevant statutory provisions for effective functioning of these Committees. The minutes of the meetings of all Committees are placed before the Board for noting.

The composition of the Board Committees is as under:

Board Committees*

Audit Committee
Nawshir Mirza
Pheroz Pudumjee
Dr. Jairam Varadaraj
Rajani Kesari

Nomination and Remuneration Committee
Harsh Mariwala
Dr. Jairam Varadaraj
Dr. S.B. (Ravi) Pandit
Meher Pudumjee

Stakeholders' Relationship Committee
Pheroz Pudumjee
Meher Pudumjee
Ashish Bhandari
Dr. S. B. (Ravi) Pandit

Corporate Social Responsibility Committee
Meher Pudumjee
Nawshir Mirza
Dr. S. B. (Ravi) Pandit

Risk Management Committee
Nawshir Mirza
Dr. Jairam Varadaraj
Pheroz Pudumjee
Rajani Kesari

Strategic Business Development Committee
Dr. Ravi Shankar Gopinath
Meher Pudumjee
Pheroz Pudumjee
Ashish Bhandari
Dr. Jairam Varadaraj
Dr. S. B. (Ravi) Pandit

**During the year under review, the Board of Directors dissolved the International Investment Committee (IIC) on May 9, 2022.*

A. Audit Committee

The Audit Committee ("the Committee") comprises of three Independent Directors and one Non-Executive Director as on March 31, 2023:

1. Nawshir Mirza - Chairman
2. Pheroz Pudumjee
3. Dr. Jairam Varadaraj
4. Rajani Kesari

The Committee met six times during the Financial Year 2022-23 and the gap between any two meetings did not exceed 120 days.

Attendance details of the Committee are as follows:

Audit Committee Meetings									
Name of the Member	Committee Meeting Dates						Held During the Tenure	Attended	% of Attendance
	April 13, 2022	May 19, 2022	August 1, 2022	September 8, 2022	November 10, 2022	February 7, 2023			
Nawshir Mirza							6	6	100%
Pheroz Pudumjee							6	6	100%
Dr. Jairam Varadaraj				A			6	5	83%
Rajani Kesari		A					6	5	83%

The constitution of the Committee meets the requirements of Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations.

All Members of the Committee are financially literate and have financial management expertise.

The Committee reviews various aspects of internal controls, internal auditors' reports on a regular basis. The Committee also reviews information as per Regulation 18 of the Listing Regulations.

The internal auditor presents to the Committee, observations and recommendations arising out of internal audits and also on issues having an impact on the control system and compliance. The Chief Financial Officer, Chief Internal Auditor and the representatives of the Statutory Auditors are permanent invitees and attend all the meetings of the Committee. The Company Secretary acts as the Secretary to the Committee.

The Board has approved the charter of the Audit Committee defining its role, responsibilities, powers and processes as amended pursuant to the Listing Regulations. The Board at its meeting held on February 7, 2023 ammended the terms of reference of the Audit Committee. The updated Terms of Reference and Charter are available on the Company's website: https://www.thermaxglobal.com/wp-content/uploads/2023/02/TL-Audit-Committee-Charter.pdf

The broad terms of reference include:

- Overseeing the processes that ensure the integrity of financial statements
- Overseeing the processes for compliance with laws and regulations to ensure their effectiveness
- Approving transactions with related parties
- Enquiring into reasons for any default by the Company in honouring its obligations to its creditors and members
- Overseeing the quality of internal accounting and other controls
- Overseeing the quality of financial reporting process, including the selection of accounting policies
- Ensuring the independence of the auditor
- Recommending to the Board the appointment and remuneration of the auditors
- Scrutinising inter-corporate loans and investments
- Monitoring the end use of funds raised through public offers, if any
- Conducting the valuation of any undertaking or asset of the Company
- Structuring the internal audit function and approving the appointment of the Chief Internal Auditor
- Bringing to the notice of the Board any lacunae in the code of conduct
- Reviewing with the CEO and the CFO of the Company the underlying process followed by them in their annual certification to the Board
- Approving the appointment of the CFO
- Recommending to the Board the appointment and remuneration of the secretarial and cost auditors
- Reviewing the utilisation of loans and/or advances from/investment by the holding Company in the subsidiary exceeding Rs. 100 crore or 10% of the asset size of the subsidiary, whichever is lower, including existing loans/advances/investments
- Reviewing compliance with the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 2015
- Verifying that the internal control system to prevent insider trading is adequate and working effectively
- Reviewing various risks identified as part of the risk register of the Company, which are within the scope of the Committee
- Review and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.
- Carrying out any other role or function as mentioned in the Charter of the Audit Committee and as prescribed under the Companies Act, 2013, the SEBI (Listing Obligation and Disclosure Requirements), 2015 including any amendments thereof

In addition, the powers and role of the Audit Committee are as laid down under Section 177 ofthe Act and Regulation 18 and Schedule II Part C of the Listing Regulations.

B. Nomination & Remuneration Committee

The Nomination and Remuneration Committee ("the Committee") comprises of three Independent Directors and one Non-Executive Director as on March 31, 2023:

1. Harsh Mariwala - Chairman
2. Dr. Jairam Varadaraj
3. Dr. S.B. (Ravi) Pandit
4. Meher Pudumjee

The Committee met three times during the Financial Year 2022-23

Attendance details of the Committee are as follows:

Nomination & Remuneration Committee Meetings						
Name of the Member	Committee Meeting Dates			Held During the Tenure	Attended	% of Attendance
	May 19, 2022	November 1, 2022	February 6, 2023			
Harsh Mariwala				3	3	100%
Dr. Jairam Varadaraj				3	3	100%
Dr. Valentin A.H. von Massow*		NA	NA	1	1	100%
Dr. S.B. (Ravi) Pandit#	NA			2	2	100%
Meher Pudumjee				3	3	100%

**Dr. Valentin A. H. von Massow ceased to be a Director and Member of the Committee from close of business hours on July 21, 2022.*

#Further, Dr. S.B. (Ravi) Pandit was appointed as a Member of the Committee effective August 2, 2022.

The constitution of the Committee meets the requirements of Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations.

The Chairman of the Committee was present at the 41st Annual General Meeting held on August 2, 2022. The Committee oversees key processes through which the Company recruits new members to its Board and the processes through which the Company recruits, motivates and retains outstanding senior management as well as the Company's overall approach to human resources management.

The broad terms of reference of the Committee are:

- Evaluate the performance, including the extension of contracts of Executive Directors (EDs). The NRC would set the performance measures of EDs and evaluate their performance annually
- Recommend the remuneration for the EDs based on evaluation
- Evaluate the performance of senior management (one level below the EDs), including their employment extensions
- Recommend the remuneration of the senior management based on the evaluation
- Evaluate the need for EDs and recommend their appointment
- Identify all critical positions in the Company among the EDs and senior management and review progress of succession plans
- Recommend to the Board, the policy relating to the remuneration of directors and key management personnel
- Lay down criteria for selecting new Non-Executive Directors (NEDs) based on the requirements of the organisation
- Carry out evaluation of the performance of NEDs and define the system for linking it to their remuneration
- Review the succession plan for those NED positions that are likely to be vacant during the year
- Recommend to the Board, the appointment and removal of directors
- Review and approve the annual compensation of the organisation, including a benchmarking with other companies
- Ensure periodic meetings of the senior management with the directors
- Initiate and review employee engagement surveys
- Review and approve the code of conduct for the Company
- Review and approve the disclosures of the Committee in the Annual Report
- Formulate policies and framework related to human resources, including diversity and Environment Social Governance (ESG)
- Responsible for all human resources – white and blue collar
- Review various risks identified as part of the risk register of Company, which are within the scope of the Committee
- Administer, monitor and formulate detailed terms and conditions of the Employees' Stock Option Schemes under the plans and applicable laws

Details of Remuneration:

- Revision in payment of sitting fees to Non-Executive Directors

Based on the recommendations of the Nomination and Remuneration Commission, the Board of Directors approved revision in payment of sitting fees to non-executive directors with effect from May 2022 as under:

Type of Meeting	Sitting fees per Meeting Attended (Rs.)
Board Meeting (including Board Retreat)	1,00,000
Audit Committee	50,000
Risk Management Committee	30,000
Nomination & Remuneration Committee	30,000
Corporate Social Responsibility	30,000
Strategic Business Development Committee	30,000
Stakeholders Relationship Committee	10,000

- **Non-Executive Directors**

  In recognition of the contribution by the NEDs, especially in adherence to the corporate governance policies and practices, the Board had adopted guidelines to remunerate the directors by way of commission.

  The Committee of the Board has framed a policy on selection and appointment of directors and their remuneration. Based on the recommendation of the NRC, the Board has approved the policy, which forms the basis for the remuneration of directors for the Financial Year 2022-23. The policy broadly consists of:

  - Criteria for selection and appointment of directors and their remuneration
  - Method of performance evaluation

As per the policy, the non-executive directors, apart from receiving sitting fees for attending Board/ Committee meetings, will be entitled to receive a commission on the net profits of the Company. The Policy on Selection and Appointment of Directors and their Remuneration as approved by the Board is available on the Company's website at: https://www.thermaxglobal.com/wp-content/uploads/2020/03/Policy-on-Selection-and-Appointment-of-Directors-and-their-Remuneration.pdf

The Committee may recommend payment of commission on a uniform basis or may recommend higher commission to directors who are the chairman of the Board or other committees, taking into consideration the higher responsibilities taken by them.

Furthermore, as per the policy, the Committee, while determining the quantum of commission, may consider membership of the directors on the committees and their attendance at various meetings.

Based on the above and the recommendation of the Committee, the Board has approved the payment of remuneration to the directors.

- **Managing Director & CEO**

  The Company's Board at present comprises one Executive Director, Ashish Bhandari, who was appointed as the Managing Director & CEO effective September 1, 2020, for a period of five years. His remuneration is governed by the original agreement dated February 4, 2020 and amended during the financial year 2022-23 with the Company, which has been approved by the Board of Directors and the shareholders at 41st AGM held on August 2, 2022. The remuneration broadly comprises fixed and variable components, i.e. salary, allowances, perquisites and other benefits. The variable component comprises a performance bonus. As per the terms of Agreement, notice period is of three months and there is no compensation for loss of office. The Committee has recommended a remuneration policy for appointment of directors and their remuneration which has been approved by the Board. As per the policy, while determining remuneration payable to the Managing Director & CEO, the following factors are considered:

  a. The clarity of the relationship between remuneration and performance

  b. Balance between fixed and incentive pay reflecting short and long-term performance objectives, appropriate to the working of the Company and its goals

  c. Responsibilities required to be shouldered by the Managing Director & CEO as per industry benchmarks and current trends

  d. Performance of the Company vis-à-vis the annual budget and individual performance vis-à-vis the KRAs / KPIs

C. Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee ("the Committee") comprises one independent director and two non-executive directors and an executive director as members as on March 31, 2023:

1. Pheroz Pudumjee - Chairman
2. Meher Pudumjee
3. Ashish Bhandari
4. Dr. S.B. (Ravi) Pandit

The Committee met four times during the Financial Year 2022-23.

Attendance details of the Committee are as follows:

Stakeholders' Relationship Committee Meetings							
Name of the Member	Committee Meeting Dates				Held During the Tenure	Attended	% of Attendance
	May 5, 2022	July 29, 2022	October 31, 2022	January 30, 2023			
Pheroz Pudumjee					4	4	100%
Meher Pudumjee					4	4	100%
Ashish Bhandari					4	4	100%
Dr. S.B. (Ravi) Pandit					4	4	100%

The constitution of the Committee meets the requirements of Section 178 of the Companies Act, 2013 and Regulation 20 of the Listing Regulations.

The Chairman of the Committee was present at the 41st Annual General Meeting held on August 2, 2022.

The broad terms of reference of the Committee are:

- To approve and register transfer and/or transmission of shares
- To approve dematerialisation and rematerialisation of the Company's shares
- To affix or authorise affixing of the common seal of the Company on the share certificates
- To look into the shareholders/investors/debenture holders/security holders grievances and redress them
- To review measures taken for effective exercise of voting rights by shareholders
- To review adherence to the service standards adopted by the listed entity with respect to various services being rendered by the Registrar & Share Transfer Agent
- To review various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company
- To do all such acts, things or deeds as may be necessary or incidental to the exercise of the above powers

The Committee reviews the performance of KFin Technologies Limited, the Company's Registrar and Transfer Agent (RTA) and also recommends measures for overall improvement for better investor services. The Committee specifically looks into complaints of shareholders and investors pertaining to transfer/transmission of shares, non-receipt of share certificates, non-receipt of dividend, etc.

Procedure of Share Transfer/Transmission and Transposition

The Board has empowered the Stakeholder Relationship Committee to, inter alia, approve share transfers, transmission, transposition, dividend payments and all other investor-related activities.

Further, the Stakeholder Relationship Committee has delegated powers to the director(s) / officials of the Company to deal with the Investor Service Requests received by the Company or its RTA.

Summary of complaints for FY 2022-23

Nature	Opening Balance	Received	Resolved	Closing Balance
Non-receipt of dividend	Nil	2	2	Nil
Non-receipt of share certificate after transfer/ consolidation/transmission exchange/split/merger	Nil	0	0	Nil
Letters from statutory authorities	Nil	0	0	Nil
Total	**Nil**	**2**	**2**	**Nil**

Shares Transferred to IEPF

In accordance with the provisions of Sections 124 and 125 of the Companies Act, 2013 and Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016 (IEPF rules), dividends not encashed/claimed within seven years from the date of declaration are to be transferred along with relevant shares, to the Investor Education and Protection Fund (IEPF) authority.

Members can claim such transferred dividend/shares from the IEPF authority.

In accordance with the IEPF rules and its amendments, the Company has sent notices to all the shareholders whose shares were due to be transferred to IEPF authority. Simultaneously, an advertisement was published in the newspapers.

In terms of the provisions of IEPF Rules a total of 4,758 shares of 20 shareholders of the Company were transferred on September 29, 2022 to the IEPF.

Compliance Officer / Contact Details

Janhavi Khele
Company Secretary and Compliance Officer
Thermax Limited
Thermax House,
14 Mumbai-Pune Road Wakdewadi, Pune 411003
Email: Cservice@thermaxglobal.com
Phone No: (020) 66051200

D. Corporate Social Responsibility (CSR) Committee

The CSR Committee ("the Committee") comprises of two independent directors and a non-executive director as members as on March 31, 2023:

1. Meher Pudumjee - Chairperson
2. Nawshir Mirza
3. Dr. S.B. (Ravi) Pandit

The Committee met twice during the Financial Year 2022-23 on April 6, 2022, and October 4, 2022, where all the members were present at the meeting. Also, during the year the Committee Members made a visit to few of the CSR sites of the Company.

The Chairman of the Committee was present at the 41st Annual General Meeting held on 2nd August, 2022.

The constitution of the Committee meets the requirements of Section 135 of the Companies Act, 2013.

The broad terms of reference of this Committee are:

- Formulate and recommend a CSR policy to the Board
- Recommend the amount of expenditure to be incurred on different CSR activities
- Institute a transparent monitoring mechanism for the implementation of CSR projects or programmes or activities undertaken by the Company
- Review the CSR policy of the Company every two or three years

E. Risk Management Committee

The Risk Management Committee ("the Committee") comprises of three independent directors and a non-executive director as on March 31, 2023:

1. Nawshir Mirza - Chairman
2. Pheroz Pudumjee
3. Dr. Jairam Varadaraj
4. Rajani Kesari

The Committee met four times during the Financial Year 2022-23. The gap between two meetings did not exceed 180 days.

Attendance details of the Committee are as follows:

Risk Management Committee Meeting							
Name of the Member	Committee Meeting Dates				Held During the Tenure	Attended	% of Attendance
	April 13, 2022	September 8, 2022	October 4, 2022	March 31, 2023			
Nawshir Mirza					4	4	100%
Pheroz Pudumjee	A			A	4	2	50%
Dr. Jairam Varadaraj		A		A	4	2	50%
Rajani Kesari					4	4	100%

The constitution of the Committee meets the requirements of Regulation 21 of the Listing Regulations.

The Chairman of the Committee was present at the 41st Annual General Meeting held on August 2, 2022.

The purpose of the risk management committee is to assist the Board in fulfiling its responsibilities with regard to the identification, evaluation and mitigation of operational, strategic and environmental risks. The risk management committee has the overall responsibility of monitoring and approving the risk policies and associated practices of the Company.

The terms of reference of the Risk Management Committee are as below:

- To assess the risks facing the business and the mitigation measures taken thereof
- To identify developments in the environment or in internal operating processes that could materially affect the profile of risks
- To assist the Board in identifying existential risks and reviewing the mitigation and elimination plans for those
- To assess and examine the status of cyber security of the Company
- To report annually to the Board on its working
- Recommend to the Board policy for hedging commodity risk

F. Strategic Business Development Committee

The primary objective of the Strategic Business Development Committee ("the Committee") of the Board is to review and guide the strategic initiatives of the Company.

The Board of Directors of the Company vide its circular resolution dated May 9, 2022 reconstituted the Committee. The Committee comprises of three independent directors, two non-executive directors and an executive director as on March 31, 2023:

1. Dr. Ravi Gopinath- Chairman
2. Pheroz Pudumjee
3. Meher Pudumjee
4. Dr. Jairam Varadaraj
5. Ashish Bhandari
6. Dr. S.B. (Ravi) Pandit

Attendance details of the Committee are as follows:

Strategic Business Development Committee Meetings							
Name of the Member	Committee Meeting Dates				Held During the Tenure	Attended	% of Attendance
	May 18, 2022	August 1, 2022	November 10, 2022	January 30, 2023			
Dr. Ravi Gopinath					4	4	100%
Pheroz Pudumjee					4	4	100%
Meher Pudumjee					4	4	100%
Dr. Jairam Varadaraj					4	4	100%
Ashish Bhandari					4	4	100%
Dr. S.B. (Ravi) Pandit					4	4	100%

The broad terms of reference of the Committee are:

- Review and recommend corporate strategy, including corporate brand and M&A
- Selectively review and direct SBU, subsidiary and JV level strategies as well as selective SBU plans and business initiatives
- Initiate and impart guidance on best practices across the Board e.g. manufacturing, new markets, branding, etc.
- Review the key strategic performance indicators and milestones established by the Company
- Review various risks identified as part of risk register of Company, which are within the scope of the Committee

4. Annual General Meeting

A. The details of the last three Annual General Meetings (AGMs) of the Company are as follows:

Financial Year	Date	Time	Venue
2019-20 (39th AGM)	August 12, 2020	4:00 p.m.	Corporate Office of the Company through Video Conferencing / Other Audio Visual Means
2020-21 (40th AGM)	August 6, 2021	4:00 p.m.	
2021-22 (41st AGM)	August 2, 2022	4:00 p.m.	

B. Postal Ballot

During the financial year 2021-22, the Company had sought the approval of the shareholders by way of a special resolution through notice of postal ballot dated November 10, 2021, for:

1. Grant of stock options to the employees of the Company under 'Thermax Limited Employee Stock Option Plan 2021'
2. Grant of stock options to the employees of group company(ies) of the Company, including subsidiary or its associate company(ies) under 'Thermax Limited Employee Stock Option Plan 2021'

The results were announced on January 14, 2022. Mr. S.V. Deulkar (FCS: 1321 CP: 965), or failing him Mr. Sridhar Mudalíar (FCS: 6156 CP: 2664), Partners of M/s. SVD & Associates, Company Secreataries, Pune were appointed as the Scrutinizer for conducting the Postal ballot and e-voting process held by voting through electronic means (remote e-voting) in a fair and transparent manner.

Description of the Resolutions		Grant of stock options to the employees of the Company under 'Thermax Limited Employee Stock Option Plan 2021'	Grant of stock options to the employees of group company(ies) of the Company, including subsidiary or its associate company(ies) under 'Thermax Limited Employee Stock Option Plan 2021'
Votes in favour of the resolution	Number of members voted	154	151
	Number of valid votes cast (shares)	9,57,91,545	9,57,91,470
	Percentage of total number of valid votes cast	93.45%	93.45%
Votes against the resolution	Number of members voted	87	90
	Number of valid votes cast (Shares)	67,17,501	67,17,576
	Percentage of total number of valid votes cast	6.55%	6.55%
Invalid votes	Total number of members whose votes were declared invalid	13	13
	Total number of invalid votes cast (shares)	29,184	29,184
	Percentage of total number of invalid votes cast	0.00%	0.00%

Procedure for postal ballot:

The Company carries out Postal Ballot as per the provisions of Section 110 of the Companies Act, 2013, read with Rule 20 and 22 of the Companies (Management and Administration) Rules, 2014, and other applicable rules read with relevant Circulars issued by the Ministry of Corporate Affairs and Circulars issued by the SEBI and applicable provisions of Listing Regulations.

No special resolution is proposed to be conducted through postal ballot as on the date of this report.

C. Special Resolution(s) Passed

The details of special resolution/s passed during the last three Annual General Meetings are as under:

Date of Annual General Meeting	Details of Special Resolution
August 8, 2019	No special resolution was passed
August 12, 2020	Re-appointment of Harsh Mariwala (DIN: 00210342) as an Independent Director
August 2, 2022	a. Appointment of Dr. Ravi Shankar Gopinath (DIN: 00803847) as an Independent Director b. Re-appointment of Dr. Shashishekhar Balkrishna Pandit (DIN: 00075861) as an Independent Director c. To make amendments to the trust deeds of all the Employee welfare trusts

5. Means of Communication

a) The Company publishes the quarterly and yearly financial results in prominent English and regional language newspapers. The same are also displayed on its website.

b) The Company's corporate website: https://www.thermaxglobal.com/about-us/ provides comprehensive information regarding the Company's business portfolio, including CSR activities. The quarterly and yearly financial results are available in downloadable format for investors' convenience on the Company's website. The Annual Report of the Company is also available on the website in a user-friendly and downloadable form at https://www.thermaxglobal.com/annual-reports/

c) Transcripts and audio/video recordings of analyst meets are available on the Company's website: https://www.thermaxglobal.com/analyst-conference-calls/

d) The official news releases are published in one english newspaper (usually Financial Express) and in one vernacular newspaper (usually Loksatta in Marathi) as per the relevant statutory requirements. Press releases are submitted to the Stock Exchanges and hosted on the Company's website: https://www.thermaxglobal.com/stock-exchange-notifications/

e) Presentations made to the institutional investors / analysts after the declaration of the financial results are submitted to the Stock Exchanges where Company's securities are listed, and the same are also available on the Company's https://www.thermaxglobal.com/investor-presentations/

6. Shareholder Information

A. 42nd Annual General Meeting for FY 2022-23

Date and time	Tuesday, August 1, 2023 at 4:00 p.m.
Venue	through Video Conferencing

B. Financial Year of the Company

The Financial year covers the period from 1st April to 31st March.

C. Financial Calendar

The financial results for FY 2022-23 were announced on:

Financial Results	As Indicated	Actual Date
Quarter ended June 2022	August 2, 2022	August 2, 2022
Quarter ended September 2022	November 10-12, 2022	November 11, 2022
Quarter ended December 2022	February 8, 2023	February 7, 2023
Year ended March 2023	May 17, 2023	May 17, 2023

For FY 2023-24, the indicative announcement dates are:

Results for the quarter ended June 2023	August 1, 2023
Results for the quarter ended September 2023	November 3, 2023
Results for the quarter ended December 2023	February 8 - 10, 2024
Results for the year ended March 2024	May 10, 2024
Record date for payment of dividend subject to approval of shareholders	July 21, 2023
Dividend payment date	August 7, 2023
Dividend Announcement	The Board has recommended a dividend of Rs. 10/- (500%) per share on the equity shares of the face value of Rs. 2, for the year ended March 31, 2023, subject to approval of Members at the ensuing 42nd Annual General Meeting.

Listing on Stock Exchanges	Stock Code
National Stock Exchange of India Ltd. (NSE)	THERMAX
BSE Ltd. (BSE)	500411
International Security Identification No. for Equity Shares (ISIN) in NSDL and CDSL	INE152A01029
Corporate Identity No. (CIN)	L29299PN1980PLC022787

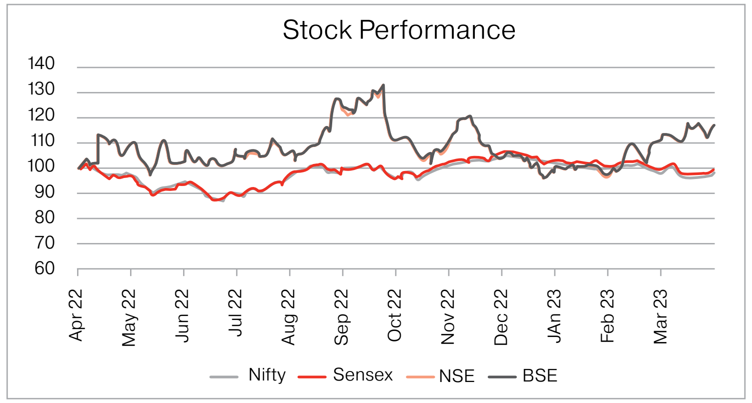
The Company has paid listing fees to BSE and NSE and custodial fees to Central Depositories Services (India) Limited and National Securities Depository Limited for Financial Year 2023-24 on the basis of number of beneficial accounts maintained by them, as on March 31, 2023.

D. Stock Data

(Amount in Rs. per share)

Month	MKT QUOTE – NSE		MKT QUOTE – BSE	
	High	Low	High	Low
April 2022	2,347.00	1,925.00	2,347.00	1,924.10
May 2022	2,232.00	1,875.20	2,289.70	1,875.65
June 2022	2,149.75	1,931.45	2,141.60	1,935.60
July 2022	2,235.00	2,011.00	2,235.90	2,010.80
August 2022	2,537.50	1,985.00	2,535.95	1,986.30
September 2022	2,679.00	2,135.00	2,678.50	2,134.20
October 2022	2,224.70	1,953.75	2,245.00	1,953.40
November 2022	2,409.80	2,009.30	2,406.00	2,017.40
December 2022	2,120.00	1,830.65	2,132.95	1,830.35
January 2023	2,022.00	1,872.00	1,998.00	1,870.90
February 2023	2,190.10	1,901.15	2,199.95	1,901.30
March 2023	2,326.95	2,110.05	2,359.70	2,104.20

Company Stock Performance



Note: The Company's share price and indices have been indexed to 100 as on the first working day of the Financial Year 2022-23 i.e. from April 1, 2022.

E. Registrar and Share Transfer Agent

KFin Technologies Limited
(erstwhile known as KFin Technologies Private Limited)
Selenium Tower B,
Plot No. 31 & 32, Gachibowli,
Financial District, Nanakramguda,
Serilingampally, Hyderabad - 500 032.
Tel: 040-67162222 / 79611000
WhatsApp Number: (91) 9100094099
Fax: 040-23001153
Toll free: 1800 309 4001
E-mail: einward.ris@kfintech.com
Website: www.kfintech.com

F. Share Transfer System

The SEBI, effective April 01, 2019, barred physical transfer of shares of listed companies and mandated transfers only through demat. However, investors are not barred from holding shares in physical form. We request shareholders whose shares are in physical mode to dematerialise their shares. Shareholders holding shares in dematerialised mode have been requested to register their email address, bank account details and mobile number with their depository participants. Those holding shares in physical mode have been requested to furnish their email address, bank account details and mobile number with the Company's RTA, at einward.ris@kfintech.com. Updating all the relevant information will enable shareholders to receive dividends and communications on time.

Further, the SEBI has now made it mandatory for listed companies to issue securities in demat mode only while processing any investor service requests viz. issue of duplicate share certificates, exchange/sub-division/ splitting/ consolidation of securities, transmission/ transposition of securities.

G. Mandatory furnishing of PAN, KYC details and Nomination by holders of physical securities

Pursuant to the SEBI Circular dated March 16, 2023, it has been made mandatory for all holders of physical shares to furnish / update the PAN, nomination, contact details, bank account details and specimen signature with the Company's RTA i.e. M/s KFin Technologies Limited.

The SEBI, vide the aforesaid circular, also specified the formats for physical shareholders for raising the requests, with regard to registration or changes / updation of PAN, KYC, nomination and for banker's attestation in the event of a major mismatch in the signature of the shareholder. All the formats are available on the Company's website i.e. https://www.thermaxglobal.com/download-forms/.

The shareholders are requested to please note that:

a. Any service request will be entertained by the Company's RTA only upon registration / updation of PAN, KYC, and nomination details.

b. The folios in which PAN / KYC / nomination details are not available/updated, will be frozen by the Company's RTA w.e.f. 01.10.2023

c. The folios in which PAN is not linked to Aadhaar as on 30.06.2023 or any other date as may be specified by the Central Board of Direct Taxes, will also be frozen by the Company's RTA.

d. After 31.12.2025, the frozen folios shall be referred by RTA / Company to the administering authority under the Benami Transactions (Prohibitions) Act, 1988 and/or Prevention of Money Laundering Act, 2002.

Accordingly, the Company has sent reminders to those shareholders whose KYC details were not available.

Hence, all the physical shareholders are requested to update PAN, KYC details, and nomination with the Company's RTA. Shareholders holding shares in dematerialised mode are requested to provide these details to their depository participants.

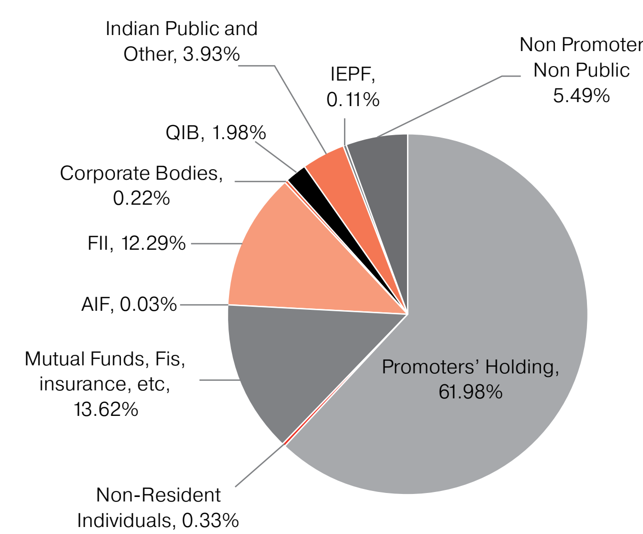
H. Distribution of Shareholding and Shareholding Pattern

Distribution of Shareholding as on March 31, 2023

Sr. No.	Category (Shares)	No. of Holders	% to Holders	No. of Shares	% to Equity
1	1 - 5000	36,629	99.21	37,41,478	3.14
2	5001 - 10000	72	0.20	5,18,468	0.44
3	10001 - 20000	43	0.12	6,26,429	0.53
4	20001 - 30000	26	0.07	6,33,224	0.53
5	30001 - 40000	17	0.05	6,18,369	0.52
6	40001 - 50000	20	0.05	9,37,837	0.79
7	50001 - 100000	53	0.14	39,86,886	3.35
8	100001& Above	61	0.17	10,80,93,609	90.72
	TOTAL	**36,921**	**100.00**	**11,91,56,300**	**100.00**

Category of Equity Shareholders as on March 31, 2023

Category		No. of Shares held	% of Share holding
(A)	**Promoters' Holding**		
1.	Individuals	6,000	-
2.	Corporate bodies	7,38,49,305	61.98
(A)	**Total Shareholding of Promoters**	**7,38,55,305**	**61.98**
(B)	**Non-Promoters' Holding**		
1	Mutual funds, banks, financial institutions, insurance companies, etc	1,62,31,539	13.62
2	Foreign Institutional Investors (FII)	1,46,49,368	12.29
3	Corporate bodies	2,65,062	0.22
4	Non-resident individuals	3,94,774	0.33
5	Indian public and others	46,87,790	3.93
6	IEPF	1,35,496	0.11
7	Qualified Institutional Buyer (QIB)	23,59,860	1.98
8	Alternative Investment Fund (AIF)	35,666	0.03
(B)	**Total Public Shareholding**	**3,87,59,555**	**32.53**
(C)	**Non-Promoter Non-Public**	**65,41,440**	**5.49**
Total (A)+(B)+(C)		**11,91,56,300**	**100.00**



I. Details of Dematerialisations

The Company's equity shares are under compulsory demat trading for all categories of investors. As on March 31, 2023 a total of 11,89,93,540 shares are in dematerialised form representing 99.86% of the total equity share capital.

J. Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, Conversion Date and Likely Impact on Equity

The Company has not issued GDRs/ADRs/ warrants or any convertible instruments.

K. Foreign Exchange Risk and Hedging Activities

To mitigate the risk, the Company has a well-defined policy of hedging, which is founded on the principle of prudence.

L. Plant Locations of the Company

Domestic	
Pune • D-13, MIDC Industrial Area, R. D. Aga Road, Chinchwad, Pune - 411 019, Maharashtra. • 98-99, Bhosari MIDC Industrial Area, Bhosari, Pune - 411 026, Maharashtra. • D-1 Block, MIDC Industrial Area, Chinchwad, Pune - 411 019, Maharashtra.	**Solapur** Plot No. T-1 MIDC, Chincholi, Taluka Mohol, Dist. Solapur - 413 255, Maharashtra. **Shirwal** Plot No. A-2 & A-3, Khandala Industrial area, Phase 1, MIDC, Village Kesurdi, Tal-Khandala, Dist. Satara - 412802, Maharashtra.
Paudh At Paudh, Post Mazgaon, Taluka Khalapur, Dist. Raigad - 410 206, Maharashtra.	**Savli** Plot No. 21/1-2-3, GIDC Manjusar, Taluka-Savli, Dist. Vadodara - 391 775, Gujarat.
Mundra SEZ Survey No. 169, Village Dhrub, Taluka Mundra, Mundra - 370421, Dist. Kutch, Gujarat.	**Jhagadia** Plot No. 903/1, GIDC, Jhagadia Industrial Estate, Jhagadia - 393 110, Dist. Bharuch, Gujarat.
Dahej Plot No. Z/96/C, Dahej SEZ, Phase-II, Taluka Vagra Dist. Bharuch - 392 130, Gujarat.	**Sri City** 2700, Peepul Boulevard Sricity DTZ Andhra Pradesh - 517 646.

International	
Danstoker A/S Industrivej Nord 13 DK-7400 Herning, Denmark	**PT Thermax International Indonesia** Jl. Eropal Kav P2 KIEC, Cilegon-Banten, Indonesia
Danstoker Poland SP.ZO.O. ul. Kolejowa, nr 20, lok. miejsc. Ostrowiec Swietokrzyski, kod 27-400, Poczta Ostrowiec Swietokrzyski, Kraj Polska	**RIFOX - Hans Richter GmbH Spezialarmaturen,** Bertha-von-Suttner-Str. 9, 28207 Bremen, Germany

M. Address for Correspondence

Investors should address their correspondence to the Company's Registrar and Transfer Agent, KFin Technologies Limited (erstwhile KFin Technologies Private Limited), whose address has been provided at (E) above.

Shareholders holding shares in dematerialised form should address their queries, such as change in bank account details, address, nomination etc., to their respective Depository Participants (DPs).

Queries relating to the Annual Report may be addressed to:
The Company Secretary,
Thermax Limited,
Thermax House, 14, Mumbai-Pune Road,
Wakdewadi, Pune - 411 003.
Email: cservice@thermaxglobal.com

N. Credit Rating

Your Company has been rated 'AA+/ Stable (Reaffirmed) for Long Term Rating and A1+ (Reaffirmed) for Short Term Rating' by Credit Rating Information Services of India Limited (CRISIL) for its banking facilities.

7. Other Disclosures

A) Related Party Transactions

Related party transactions during the year have been disclosed as a part of financial statements as required under Ind-AS 24 issued by The Institute of Chartered Accountants of India. The Audit Committee reviews these transactions. The Related Party Transactions Policy, as updated in pursuance of the SEBI (LODR) (Amendment) Act, 2018, has been uploaded on the website of the Company: https://www.thermaxglobal.com/wp-content/uploads/2023/03/RPT-Policy.pdf

B) D&O Insurance for Directors

In line with the requirements of Regulation 25(10) of the Listing Regulations, the Company has taken Directors and Officers Insurance (D&O) for all its directors and officers for such quantum and for such risks as determined by the Board.

C) Details of any Non-Compliance w.r.t. Capital Markets during the Year

During the previous three years, there were no instances of non-compliance by the Company or penalties, strictures imposed on the Company by stock exchanges or SEBI or any other statutory authority on any matter related to capital markets.

D) Whistleblower Policy/Vigil Mechanism

The Board has adopted a Whistle Blower Policy to promote reporting of any unethical or improper practice or violation of the Company's code of conduct or complaints regarding accounting, auditing, internal controls or disclosure practices of the Company. It gives a platform to the whistleblower to report any unethical or improper practice (not necessarily violation of law) and to define processes for receiving and investigating complaints. The Company has assigned e-mail IDs - tlgovernance@gmail.com (Chairperson or Managing Director) or nhm@nawshirmirza.com (Chairman of the Audit Committee) for reporting or sending a written complaint. The Whistle Blower Policy is available on the website of the Company. The confidentiality of such reporting is maintained and the whistleblower is protected from any discriminatory action.

E) Board Diversity Policy

The policy sets out the approach to diversity on the Board of the Company. The policy is available on the website of the Company: https://www.thermaxglobal.com/wp-content/uploads/2021/04/Board-Diversity-Policy.pdf

F) Insider Trading Policy

The policy provides the framework to deal with securities of the Company. The Insider Trading Policy is amended in line with SEBI (Prohibition of Insider Trading) Regulations, 2015 (as amended thereto). The policy is available on the website of the Company: https://www.thermaxglobal.com/wp-content/uploads/2022/11/CoC-for-Insider-Trading.pdf

G) Dividend Distribution Policy (DDP)

The Company adopted the DDP effective February 8, 2017. There has been no change in the policy during the year, and the same is disclosed on the Company's website: https://www.thermaxglobal.com/wp-content/uploads/2020/03/DIVIDEND-DISTRIBUTION-POLICY.pdf

H) Code of Conduct

The Board of your Company has laid down a Code of Conduct for Board of Directors and Senior Management of Thermax Limited ("Code of Conduct"). The Code is disclosed on the website of the Company: https://www.thermaxglobal.com/wp-content/uploads/2022/04/Code-of-Conduct-for-BOD-and-Sr.-Management-1.pdf

- All the Board Members and Senior Management Personnel have affirmed compliance with these Code.
- The declaration by the MD & CEO as required under Regulation 34(3) read with Schedule V (D) of the Listing Regulations regarding adherence to the Code of Conduct has been obtained for FY 2022-23 and forms part of this Report.

I) Policy for determining material subsidiaries is disclosed on the website of the Company: https://www.thermaxglobal.com/wp-content/uploads/2020/03/Policy_on_Material_Subsidiaries.pdf

J) The Company has adopted the Policy of Determination of Materiality for Disclosures, and the same is disclosed on the website of the Company: https://www.thermaxglobal.com/wp-content/uploads/2023/05/Policy-for-Material-events.pdf

K) The Company has adopted a Policy on Archival and Preservation of Documents, and the same is disclosed on the website of the Company: https://www.thermaxglobal.com/wp-content/uploads/2020/03/Thermax-Record-Retention-Policy.pdf

L) The Company has complied with the Corporate Governance requirements as per the Listing Regulations.

M) The Company has not raised funds through preferential allotment or qualified institutional placement as specified under Regulation 32(7A).

N) There was no recommendation that has been proposed by the committees, which has not been approved by the Board.

O) Details of Remuneration Paid to the Statutory Auditors:

The details of total fees for all services paid by the Company and its subsidiaries on a consolidated basis to the statutory auditors are as follows:

(Amount in Rs.)

Payment to Statutory Auditors and its Network Firms	March 31, 2023
As Auditor	
Audit and limited review fee	3,84,33,000
In Other Capacity	
Other services	1,100,000
Reimbursement of expenses	8,87,424
Total	**4,04,20,424**

P) Disclosure in relation to Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

Number of complaints filed during the financial year	Nil
Number of complaints disposed of during the financial year	Nil
Number of complaints pending as on end of the financial year	NA

Q) Disclosure of 'Loans and Advances in the nature of Loans to Firms/ Companies in which Directors are interested by Name and Amount'

The details of loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount are given in the financial statement in note no. 34 on page no. 320.

R) Details of material subsidiaries

In terms of the requirement of Regulation 24(1) of the Listing Regulations, Thermax Babcock & Wilcox Energy Solutions Limited (TBWES), is an unlisted material subsidiary of the Company. Rajani Kesari and Nawshir Mirza, Independent Directors of the Company, are appointed as Non-Executive Director(s) on the Board of TBWES.

The details of TBWES are as under:

1. Date of incorporation: June 26, 2010
2. Place of incorporation: Mumbai
3. Name of Staturoty Auditors: SRBC & Co. LLP
4. Date of Appointment of Statutory Auditors: August 8, 2019 (1st term)
5. Date of Re-Re-appointment of Statutory Auditors: July 28, 2020 (2nd term for 5 years)

S) Annual Report

The Annual Report containing, inter alia, the audited Financial Statement, Consolidated Financial Statement, Board's Report, Auditor's Report and other important information is sent to Members and others entitled thereto. The Annual Reports are also available on the Company's website: https://www.thermaxglobal.com/annual-reports/

T) Website

The Company's website www.thermaxglobal.com has a separate dedicated section 'Investors' where latest information required under Regulation 46 and other applicable provisions of the Listing Regulations is available. Other than the quarterly and annual results, comprehensive information about the Company, its business and operations, press releases, shareholding pattern, corporate benefits, contact details, forms, etc. are also hosted on the website.

8. Non-Mandatory Requirements

The Company has adopted the following discretionary practices as specified under Regulation 27(1) of Listing Regulations:

A. Chairperson's Office

The Chairperson's office is maintained at the Company's expense, which is equipped with all required facilities. The Chairperson is also allowed reimbursement of expenses incurred towards the performance of her duties.

B. Separate Post of Chairperson and CEO

The Company has separate positions of non-executive chairperson and managing director and CEO.

C. Reporting of Internal Auditor

The Chief Internal Auditor of the Company reports directly to the Audit Committee.

ANNEXURE-A

To,
The Shareholders,
Thermax Limited ("the Company"),
Pune

Sub: Compliance with Code of Conduct as per Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

The Company has adopted a code of conduct, which deals with governance practices expected to be followed by the Board of Directors and senior management employees of the Company.

I hereby declare that all the directors and senior management employees of the Company have affirmed compliance with the said code of conduct adopted by the Board.

Pune: May 05, 2023

Ashish Bhandari
Managing Director and CEO

ANNEXURE-B

Compliance Certificate as Required Under Regulation 17(8) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015

To,
The Board of Directors,
Thermax Limited, Pune

Dear Sir(s) and Madam(s),

We hereby certify, to the best of our knowledge and belief, that:

a) We have reviewed financial statements and the cash flow statement for the quarter and year ended March 31, 2023, and that:

   i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   ii. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.

c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, those deficiencies, of which we are aware, in the design or operation of such internal controls, and we have taken the required steps to rectify these deficiencies.

d) We have indicated to the auditors and the Audit Committee that :-

   i. there have been no significant changes in internal control over financial reporting during the year;

   ii. there have been no significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

   iii. there have been no instances of significant fraud, of which we have become aware involving management or an employee having a significant role in the company's internal control system over financial reporting.

Ashish Bhandari
Managing Director & CEO

Rajendran Arunachalam
Group CFO

Date: May 5, 2023
Place: Pune

ANNEXURE-C

Certificate of Non-Disqualification of Directors

(Pursuant to Regulation 34(3) and Schedule V Para C Clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To,
The Members,
Thermax Limited,
D-13 MIDC, Ind Area, R D Aga Road,
Chinchwad, Pune- 411019.

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Thermax Limited (hereinafter referred to as 'the Company'), having CIN L29299PN1980PLC022787 and having registered office at D-13 MIDC, Ind Area, R D Aga Road, Chinchwad, Pune- 411019 produced before us by the Company on the email for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal (www.mca.gov.in) as considered necessary and explanations furnished to us by the Company and its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on March 31, 2023 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India and Ministry of Corporate Affairs or any such other Statutory Authority.

Sr. No.	Name of the Director	DIN	Original Date of Appointment
1	Jairam Varadaraj	00003361	31/01/2003
2	Meher Pheroz Pudumjee	00019581	15/01/2001
3	Pheroz Naswanjee Pudumjee	00019602	15/01/2001
4	Nawshir Hoshang Mirza	00044816	03/05/2011
5	Shashishekhar Pandit Balkrishna	00075861	30/05/2017
6	Harsh Charandas Mariwala	00210342	10/11/2016
7	*Valentin Albrecht Herwart von Massow	00239314	31/01/2006
8	Rajani Kesari	02384170	14/11/2018
9	Ashish Bhandari	05291138	18/06/2020
10	Ravi Shankar Gopinath	00803847	10/11/2021

**Dr. Valentin Albrecht Herwart (DIN: 00239314), ceased to be Independent Director of the Company upon completion of his second term on July 21, 2022.*

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For SVD & Associates
Company Secretaries

Sridhar Mudaliar
Partner
FCS No: 6156
CP No: 2664

Place: Pune
Date: May 17, 2023

Peer Review Number: P2013MH075200
UDIN: F006156E000307481

ANNEXURE-D

Certificate from Practising Company Secretary on Corporate Governance

To,

The Members of
Thermax Limited

We have examined the compliance of conditions of Corporate Governance by Thermax Limited (hereinafter referred "the Company"), for the year ended on March 31, 2023, as stipulated in relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015 (Listing Regulations).

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations, as applicable.

We further state that this certificate is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For SVD & Associates
Company Secretaries

Sridhar Mudaliar
Partner
FCS No: 6156
C P No: 2664

Place: Pune
Date: May 17, 2023

Peer Review Number: P2013MH075200
UDIN: F006156E000307811

Annexure-2 to the Directors' Report

Business Responsibility & Sustainability Report

Section A: General Disclosures

I. Details of the Listed Entity

1	**Corporate Identity Number (CIN) of the Company**	L29299PN1980PLC022787
2	**Name of the Company**	Thermax Limited
3	**Year of incorporation**	30/06/1980
4	**Registered office address**	D-13, MIDC, Industrial Area, R. D. Aga Road, Chinchwad, Pune - 411019, Maharashtra, India
5	**Corporate office address**	Thermax House 14, Mumbai-Pune Road, Wakdewadi, Pune - 411003, Maharashtra, India
6	**E-mail id**	cservice@thermaxglobal.com
7	**Telephone**	020-66051200
8	**Website**	www.thermaxglobal.com
9	**Financial year for which reporting is being done**	2022-23
10	**Name of the Stock Exchange(s) where shares are listed**	Bombay Stock Exchange and National Stock Exchange
11	**Paid-up capital**	Rs. 23,83,12,600
12	**Name and contact details of the person who may be contacted in case of any queries on the BRSR report**	Janhavi Khele cservice@thermaxglobal.com
13	**Reporting boundary**	Disclosures made in this report are on a consolidated basis for the following entities – Thermax Limited, Thermax Babcock & Wilcox Energy Solutions Private Limited (TBWES), Thermax Instrumentation Limited, Thermax Onsite Energy Solutions Limited (TOESL) – collectively referred to as "the Company" in the BRSR report. These entities cover the materiality disclosure as below: • Revenue from Operations – 89.5% • Net Fixed Assets – 92.0% • Profit Before Tax – 94.1%

II. Products/Services

14. Details of business activities (accounting for 90% of the turnover in FY 2022-23)

S. No.	Products/Services	NIC Code	% of Total Turnover Contributed
1	Industrial Products Segment: Boilers & Heating Equipment (small capacity), Absorption Chillers / Heat Pumps, Air Pollution Control Equipment/Systems, Water & Waste Recycle Including Associated Services and Engineering, Procurement and Construction (EPC)	37003, 25131, 20119	35.9%
2	Industrial Infra Segment: EPC of Power Plants, Boiler & Heater (high capacity) Plants, Infra Projects, Flue Gas Desulphurisation Projects (Including Associated Services)		52.1%
3	Green Solutions Segment: Build-Own-Operate (BOO) model of Green Solutions for Energy and Environment Utilities		4.4%
4	Chemical Segment: Ion Exchange Resins, Performance Chemicals, Construction Chemicals, Water Treatment Chemicals, Oil Field Chemicals, Paper Chemicals and Construction Chemicals and Related Services		7.6%

15. Products/services sold by the entity (accounting for 90% of the entity's turnover)

S. No.	Products/Services	NIC Code	% of Total Turnover Contributed
1	Industrial Products Segment: Boilers & Heating equipment (small capacity), Absorption Chillers / Heat Pumps, Air Pollution Control Equipment/Systems, Water & Waste Recycle Including Associated Services and Engineering, Procurement and Construction (EPC)	37003, 25131, 20119	35.9%
2	Industrial Infra Segment: EPC of Power Plants, Boiler & Heater (high capacity) Plants, Infra Projects, Flue Gas Desulphurisation Projects (Including Associated Services)		52.1%
3	Chemical Segment: Ion Exchange Resins, Performance Chemicals, Construction Chemicals, Water Treatment Chemicals, Oil Field Chemicals, Paper Chemicals and Construction Chemicals and Related Services		4.4%
4	Chemical Segment: Ion Exchange Resins, Performance Chemicals, Construction Chemicals, Water Treatment Chemicals, Oil Field Chemicals, Paper Chemicals and Related Services		7.6%

III. Operations

16. Number of locations where plants and/or operations/offices of the entity are situated

Location	Number of Plants	Number of Offices	Total
National	10	22	32
International	4	34	38

17. Markets served by the entity

a. ***Number of locations***

Locations	Number
National (No. of states)	28
International (No. of countries)	85

b. ***What is the contribution of exports as a percentage of the total turnover of the entity?***

19%

c. ***A brief on types of customers***

The Company has a presence in both national and international markets, offering its products and services to customers predominantly in the manufacturing industry. These customers place a great emphasis on providing sustainable products that are both environmentally conscious and economically feasible. By providing sustainable products to these manufacturing customers, the Company is enabling them to make a positive impact on the environment while still maintaining their bottom line.

IV. Employees

18. Details as on March 31, 2023

a. Employees and workers (including differently-abled)

S. No.	Particulars	Total (A)	Male No. (B)	Male % (B / A)	Female No. (C)	Female % (C / A)
	EMPLOYEES					
1	Permanent (D)	3,497	3,230	92.36	267	7.64
2	Other than Permanent (E)	3,181	3,050	95.88	131	4.12
3	**Total employees (D + E)**	**6,678**	**6,280**	**94.04**	**398**	**5.96**
	WORKERS					
4	Permanent (F)	915	913	99.78	2	0.22
5	Other than Permanent (G)	15,977	15,877	99.37	100	0.63
6	**Total workers (F + G)**	**16,892**	**16,790**	**99.99**	**102**	**0.60**

Note: The definition of employee clustering is as under:

- *Permanent employees include managerial professionals and technical employees • Other than permanent employees include fixed-term contractual employees & third-party employees • Permanent workers include workers appointed on the Company's payroll*
- *Other than permanent workers include contractual workers & temporary workmen at manufacturing locations and at our project sites*

b. Differently-abled employees and workers

S. No.	Particulars	Total (A)	Male No. (B)	Male % (B / A)	Female No. (C)	Female % (C / A)
	EMPLOYEES					
1	Permanent (D)	1	0	0	1	100
2	Other than Permanent (E)	0	0	0	0	0
3	**Total differently-abled employees (D + E)**	**1**	**0**	**0**	**1**	**100**
	WORKERS					
4	Permanent (F)	0	0	0	0	100
5	Other than Permanent (G)	2	0	0	2	100
6	**Total differently-abled workers (F + G)**	**2**	**0**	**0**	**2**	**100**

19. Participation/inclusion/representation of women

	Total (A)	No. and Percentage of Females No. (B)	% (B / A)
Board of Directors	16	2	12.50
Key Management Personnel	11	4	36.36

Note: Details are provided as per the reporting boundary of the report

20. Turnover rate for permanent employees and workers

	FY 2022-23 (Turnover rate in current FY)			FY 2021-22 (Turnover rate in previous FY)			FY 2020-21 (Turnover rate in the year prior to the previous FY)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	17.80	26.59	18.47	13.29	8.40	14.00	NA	NA	7.00
Permanent Workers	0.87	60*	1.19	0.32	0	0.32	0	0	0

*Note: NA - For FY 2020-21, the turnover rate is recorded on a consolidated basis. *During FY 2022-23, out of five, three female workers left*

V. Holdings, Subsidiaries, and Associate Companies (including Joint Ventures)

21.

a. Names of holdings/subsidiaries/associate companies/joint ventures

Sr. No.	Name of the Holding/Subsidiary/Associate Company/Joint Venture (A)	Indicate whether Holding/ Subsidiary/ Associate/Joint Venture	% of Shares Held by the Listed Entity	Does the Entity indicated in Column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1	Thermax Onsite Energy Solutions Ltd.	Subsidiary	100	Yes
2	Thermax Instrumentation Limited	Subsidiary	100	Yes
3	Thermax Engineering Construction Company Ltd.	Subsidiary	100	No
4	Thermax Sustainable Energy Solutions Ltd.**	Subsidiary	100	No
5	Thermax International Ltd. (Mauritius)	Subsidiary	100	No
6	Thermax Europe Ltd. (U.K.)	Subsidiary	100	No
7	Thermax Inc. (U.S.A.)	Subsidiary	100	No
8	Thermax do Brasil Energia e Equipamentos Ltda. (Brazil)	Subsidiary	100	No
9	Thermax Netherlands BV	Subsidiary	100	No
10	Thermax Denmark ApS	Subsidiary	100	No
11	Danstoker A/S	Subsidiary	100	No
12	Ejendomsanpartsselskabet Industrivej Nord 13	Subsidiary	100	No
13	Boilerworks A/S	Subsidiary	100	No
14	Danstoker Poland Spółka Z Ograniczona Odpowiedzialnoscia	Subsidiary	100	No
15	Rifox-Hans Richter GmbH Spezialarmaturen	Subsidiary	100	No
16	Thermax Sdn. Bhd, Malaysia	Subsidiary	100	No
17	Thermax Engineering Singapore Pte. Ltd.	Subsidiary	100	No
18	PT Thermax International Indonesia	Subsidiary	100	No
19	Thermax Senegal S.A.R.L#	Subsidiary	100	No
20	Thermax Energy & Environment Philippines Corporation	Subsidiary	100	No
21	Thermax Energy & Environment Lanka (Private) Limited	Subsidiary	100	No
22	Thermax Nigeria Limited	Subsidiary	100	No
23	Thermax Babcock & Wilcox Energy Solutions Ltd.	Subsidiary	100	Yes
24	Thermax Cooling Solutions Limited	Subsidiary	100	No
25	Thermax Engineering Construction FZE	Subsidiary	100	No
26	Thermax International Tanzania Limited	Subsidiary	100	No
27	Thermax (Thailand) Limited	Subsidiary	100	No
28	Enernxt Private Limited*	Subsidiary	100	No
29	Thermax Bioenergy Solutions Private Limited	Subsidiary	65	No
30	First Energy Private Limited	Subsidiary	100	No
31	First Energy TN 1 Private Limited*	Subsidiary	73.82	No
32	First Energy 2 Private Limited*	Subsidiary	74	No
33	First Energy 3 Private Limited*	Subsidiary	73.99	No
34	First Energy 4 Private Limited*	Subsidiary	100	No
35	First Energy 5 Private Limited*	Subsidiary	100	No
36	First Energy 6 Private Limited*	Subsidiary	100	No

Sr. No.	Name of the Holding/Subsidiary/Associate Company/Joint Venture (A)	Indicate whether Holding/ Subsidiary/ Associate/Joint Venture	% of Shares Held by the Listed Entity	Does the Entity indicated in Column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
37	First Energy 7 Private Limited*	Subsidiary	100	No
38	Jalansar Wind Energy Private Limited*	Subsidiary	74	No
39	Kanakal Wind Energy Private Limited*	Subsidiary	74	No

*Subsidiaries of wholly owned subsidiary

** Liquidated vide order passed by the NCLT issued on April 25, 2023

Liquidated effective December 14, 2022

VI. CSR Details

The CSR activities of the Thermax Group of Companies are implemented through Thermax Foundation (TF) which is registered as a section 8 company under the Companies Act, 1956. TF prioritises providing quality education to economically underprivileged children. TF collaborates with NGOs, local governments, and other organisations to achieve this goal. Additionally, TF addresses social discrimination issues and is committed to providing relief during emergencies, such as pandemics, by providing foodgrains and essential health equipment.

22. (i) Whether CSR is applicable as per section 135 of the Companies Act, 2013: Yes
(ii) Turnover (in Rs. crore 7,187.5)
(iii) Net worth (in Rs. crore 3,951)

VII. Transparency and Disclosure Compliances

23. Complaints/grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct (NGRBC)

Stakeholder Group from whom the Complaint is Received	Grievance Redressal Mechanism in Place (Yes/ No) (If Yes, then Provide Web-link for Grievance Redressal Policy)	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
		Number of Complaints filed During the year	Number of Complaints Pending Resolution at the Close of the year	Remarks	Number of Complaints filed During the year	Number of Complaints Pending Resolution at the Close of the year	Remarks
Communities	No	0	0	NA	0	0	NA
Investors (other than shareholders)	Yes*	0	0	NA	0	0	NA
Shareholders	Yes*	2	0	NA	2	0	NA
Employees and Workers	Yes**	7	1	One is under investigation	5	0	NA
Customers	Yes***	7,335	139	NA	6,265	25	NA
Value Chain Partners	Yes**	2	0	NA	4	0	NA

* https://www.thermaxglobal.com/investor-services-contact/

**https://www.thermaxglobal.com/about-us/policies/

***https://www.thermaxglobal.com/thermaxedge/

24. Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, and approach to adapt or mitigate the risk, as per the following format:

S. No.	Material Issue Identified	Indicate whether Risk or Opportunity (R/O)	Rationale for Identifying the Risk/ Opportunity	In case of Risk, Approach to Adapt or Mitigate	Financial Implications of the Risk or Opportunity (Indicate Positive or Negative Implications)
1	**Energy management**	O	Effective emissions management resulted into several advantages to the Company, such as cost reduction, increased efficiency, enhanced reputation, regulatory compliance, and innovation.		Positive
2	**Design upgradation & improvements**	O	Opportunity to develop & deliver state-of-the-art technology products and implement sustainability aspects in both products and services. The Company's strong internal engineering and R&D takes efforts to launch new products and services to meet customer needs.		Positive
3	**Waste management**	R	Waste management is a material issue due to growing regulatory pressure, as companies that fail to comply with regulations may face legal and financial consequences.	Improper disposal of waste can have detrimental effects on our ecosystems and public health. Waste management is one of the most pressing environmental issues of our time. The Company ensures adherence to the regulatory framework defined under applicable laws.	Negative
		O	The Company has taken proactive measures to incorporate sustainable waste management approaches such as recycling and waste reduction. By doing so, we seize the chance to minimise our environmental footprint, reduce expenses, explore fresh avenues for business growth, and ensure compliance with regulations.		Positive
4	**Climate change-related risks**	R	Climate change is a significant risk for companies due to the growing awareness of the negative impact of human activities on the environment. To mitigate this risk, companies must adopt more sustainable practices and offer environmentally friendly products to meet the changing demands of their customers and stakeholders.	The Company recognises the importance of being proactive in responding to the challenges and opportunities presented by climate change. To this end, the Company has developed a detailed strategy and created a dedicated business group to address these issues. By charting out this strategy, the Company is well-positioned to respond to climate change-related risks and opportunities.	Negative
		O	The increasing awareness of the negative impact of human activities on the environment, particularly climate change, presents a significant opportunity for companies. Responding to this concern, the Company is putting concentrated efforts to develop sustainable products and solutions that are environmentally friendly.		Positive

S. No.	Material Issue Identified	Indicate whether Risk or Opportunity (R/O)	Rationale for Identifying the Risk/ Opportunity	In case of Risk, Approach to Adapt or Mitigate	Financial Implications of the Risk or Opportunity (Indicate Positive or Negative Implications)
5	**Water management**	R	The increasing scarcity of freshwater sources can disrupt the Company's operations, supply chain, and reputation, leading to potential economic losses. Additionally, companies that rely heavily on water for their operations, such as agriculture, energy, and manufacturing, are particularly vulnerable to water-related risks.	The Company has developed in-house expertise and solutions for optimising water usage in industrial plants.	Negative
		O	The Company's effective water management practices are helping to mitigate risks associated with water scarcity, such as disruptions to its operations, supply chain, and reputation. Furthermore, the Company considers water management as an opportunity to reduce its water consumption, save costs, and increase efficiency. Adopting sustainable water practices can mitigate risks associated with water scarcity, preserve vital ecosystems, and ensure access to safe and clean drinking water for communities.		Positive
6	**Emission management**	O	The Company's utmost priority is emission management through various activities that contribute to mitigating climate change while also reaping the benefits of a more sustainable and profitable business model.		Positive
7	**Local employment**	R	Lack of employment opportunities in the local area can impede economic development in the community, resulting in insufficient support from local stakeholders. Furthermore, businesses that fail to prioritise local employment may encounter challenges in accessing the skills and expertise of the local workforce, resulting in escalated costs and decreased efficiency.	The Company's emphasis on local hiring minimises the risks and establishes favourable relationships with the local community as a responsible corporate.	Negative
8	**Occupational health & safety**	R	Workplace accidents and illnesses can impact the productivity and increase cost. It may damage the reputation of the Company and may adversely impact the morale of employees and its culture. Deviations, if any, may result in action with respect to local legislation and may attract fines, and impact the Company's reputation.	The Company has implemented the OHSE policy and enforces strict adherence to it. Several initiatives and programmes have also been initiated to manage health and safety, which are continually monitored for improvement. One of the initiatives is the Behaviour Based Safety programme, which aims to bring about a cultural shift towards safety improvement. Furthermore, the Company has put in place several insurance and medical policies to safeguard its employees.	Negative

S. No.	Material Issue Identified	Indicate whether Risk or Opportunity (R/O)	Rationale for Identifying the Risk/ Opportunity	In case of Risk, Approach to Adapt or Mitigate	Financial Implications of the Risk or Opportunity (Indicate Positive or Negative Implications)
9	**Talent acquisition and retention**	R	The inability to attract and retain top talent can result in a shortage of skilled employees, leading to reduced productivity, increased costs, and potential quality issues. Additionally, the turnover of key employees can lead to a loss of institutional knowledge and expertise, which can negatively impact the Company's competitiveness and ability to innovate.	The Company has implemented various measures to attract and retain talent through initiatives such as job rotation, up-skilling, reskilling, training, fast-track promotion, leadership development programmes, etc. Moreover, the Company has taken steps to ensure the well-being of its employees.	Negative
10	**Responsible supply chain management**	R	Consumers are becoming increasingly aware of the ethical and environmental impacts of the products they purchase, and they are more likely to avoid brands that do not meet their expectations. This can lead to a loss of market share and reputational damage for companies. By prioritising responsible supply chain management practices, companies can mitigate these risks, improve their reputation, and gain a competitive advantage in the market. Failure to ensure that suppliers meet environmental and social standards can lead to legal and regulatory challenges, resulting in fines, legal action, and negative publicity.	The Company enforces a vendor code of conduct and actively collaborates with vendors to improve its operations. The vendor code of conduct lays down guidelines outlining expectations and standards for vendors who provide goods or services to the Company. It covers various areas such as labour practices, human rights, environmental sustainability, and business ethics. By having a vendor code of conduct, the Company sets clear expectations for its suppliers, ensuring they meet the necessary standards.	Negative
11	**Labour management relations**	R	Not adhering to labour laws not only violates human rights but can also lead to legal and reputational risks for industrial machinery manufacturing companies. Negative publicity resulting from labour disputes, strikes, or other labour-related issues can lead to a loss of customer confidence, reduced sales, and damage to the Company's reputation.	The Company ensures ongoing monitoring and audits which reveal compliance at all locations. This helps the Company to progressively move to the next level as envisioned through the Social Compact initiative.	Negative
12	**Diversity and equal opportunity**	O	A diverse workforce can bring new perspectives and ideas, which can lead to increased creativity and innovation. Different viewpoints and experiences can improve decision-making and lead to more thoughtful decisions. A diverse workforce can also help companies better understand and serve a diverse customer base, which can lead to improved customer satisfaction and financial performance.		Positive
13	**Ethics & integrity**	O	Prioritising ethics and integrity can lead to enhanced reputation, increased customer loyalty, improved employee morale, and better risk management. Companies that operate with ethics and integrity create a culture of trust and transparency, which can attract customers, investors, and top talent. Employees are more likely to feel engaged and committed to a company that operates with integrity, leading to increased productivity and retention.		Positive

Section B: Management and Process Disclosure

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and core elements.

The National Guidelines for Responsible Business Conduct (NGRBC), as prescribed by the Ministry of Corporate Affairs advocates nine Principles referred to as P1-P9 given below:

P1	Businesses should conduct and govern themselves with integrity in a manner that is ethical, transparent and accountable
P2	Businesses should provide goods and services in a manner that is sustainable and safe
P3	Businesses should respect and promote the well-being of all employees, including those in their value chains
P4	Businesses should respect the interests of and be responsive towards all their stakeholders
P5	Businesses should respect and promote human rights
P6	Businesses should respect, protect and make efforts to restore the environment
P7	Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent
P8	Businesses should promote inclusive growth and equitable development
P9	Businesses should engage with and provide value to their consumers in a responsible manner

Disclosure Question	P 1	P 2	P3	P4	P5	P6	P7	P8	P9
Policy and Management Processes									
1. a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBC (Yes/No)	Yes								
b. Has the policy been approved by the Board? (Yes/No)	Yes*								
c. Web-link of the policies, if available	https://www.thermaxglobal.com/about-us/policies/ https://www.thermaxglobal.com/corporate-governance-policies-and-disclosures/								
2. Whether the entity has translated the policy into procedures (Yes/No)	Yes								
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	Yes								
4. Name the national and international codes/ certifications/labels/ standards	ISO 9001, ISO 14001, ISO 45001								
5. Specific commitments, goals and targets set by the entity with defined timelines, if any	By 2025, we aim to achieve a 25% reduction in our absolute carbon emissions compared to the base year of 2019.								
6. Performance of the entity against specific commitments, goals and targets	In order to attain this objective, we have identified four crucial areas: operational efficiency, along with the implementation of renewable energy generation, procurement of renewable energy, and fuel switch. As a result, the Company has already achieved a 17% reduction in carbon emissions compared to the base year.								

**The Board has approved the Thermax Code of Conduct, CSR, Terms of Reference of the Stakeholder Relationship Committee and Whistleblower Policy which covers each Principle and elements of NGRBC.*

Governance, Leadership and Oversight

7. Statement by the Director responsible for the Business Responsibility & Sustainability Report, highlighting ESG-related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure)

Thermax has been committed to environmental well-being since its inception, prioritising ESG long before it became a mainstream concept.

Aligned with the Paris Agreement, it has charted the decarbonisation path to reduce 25% of absolute carbon emissions from the base year 2019 by 2025. To achieve this, multiple initiatives with respect to improving operational efficiency, addition to renewable energy generation and its procurement, and fuel switch, are being implemented across its facilities.

On the business side, the Company offers a range of energy-efficient and environment-friendly products and solutions. This enables industries to optimise their energy consumption, and reduce greenhouse gas emissions as well as minimise their freshwater intake through reuse and recycling of water.

Cognisant of the change in the energy mix in recent times, and its ability to contribute to this transition, Thermax has concentrated its efforts towards green energy. It has proactively aligned its strategies with climate change mitigation and sustainability goals. Along with investing in R&D and digital capabilities, it has inked partnerships with global technology majors to strengthen its clean energy offerings and to solidify its presence as a trusted partner in energy transition to its customers.

On the social front, Thermax is actively engaged in social initiatives, striving to create equal opportunities through education and empowering the informal workforce through its SoCo initiative.

Although the Company is making persistent efforts to meet its ESG imperatives, there are many challenges that lie on its journey. These include dealing with the complexity of the infrastructure of existing industries and transitioning them into cleaner and more sustainable alternatives, cost implications for implementing the technological innovations, assessing and managing the sustainability practices of its suppliers and mitigating any environmental or associated social risks, and data collection and reporting on ESG performance metrics across the organisation.

Despite these challenges, Thermax remains dedicated to addressing them through ongoing innovation, strategic partnerships, stakeholder engagement, and continuous improvement of its ESG practices. We know we have come a long way, but there is still much that is to be done.

8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility & Sustainability (BRSR) Policy

Managing Director and Chief Executive Officer Ashish Bhandari | DIN – 05291138

9. Does the entity have a specified committee of the Board/Director responsible for decision-making on sustainability-related issues? (Yes/No). If yes, provide details.

Yes. Managing Director and Chief Executive Officer Ashish Bhandari | DIN – 05291138

10. Details of Review of the National Guidelines on Responsible Business Conduct (NGRBC) by the Company:

Subject for Review	Indicate whether Review was Undertaken by Director / Committee of the Board / any other Committee	Frequency: Annually (A) / Half Yearly (H) / Quarterly (Q) / any other – Please Specify
	P1 P2 P3 P4 P5 P6 P7 P8 P9	P1 P2 P3 P4 P5 P6 P7 P8 P9
Performance against the above policies and follow-up action	The policies of Thermax i.e. Code of Conduct, CSR and Whistleblower which cover the elements of the NGRBC Principles are reviewed periodically and approved by the Board.	
Compliance with statutory requirements of relevance to the Principles, and rectification of any non-compliances	During the review, the effectiveness of the policies is evaluated and necessary amendments to policies and procedures are implemented. The Company complies with the extant regulations and principles as applicable.	

11. Has the entity carried out an independent assessment/evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide the name of the agency.

P1	P2	P3	P4	P5	P6	P7	P8	P9
No								

12. If the answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated:

Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
The entity does not consider the Principles material to its business (Yes/No)	Not Applicable								
The entity is not at a stage where it is in a position to formulate and implement the policies on specified Principles (Yes/No)									
The entity does not have the financial or/human and technical resources available for the task (Yes/No)									
It is planned to be done in the next financial year (Yes/No)									
Any other reason (please specify)									

Section C: Principle-Wise Performance Disclosure

This section is aimed at helping entities demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorised as "Essential" and "Leadership". While the essential indicators are expected to be disclosed by every entity that is mandated to file this report, the leadership indicators may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally and ethically responsible.

Principle 1 - Businesses should conduct and govern themselves with integrity and in a manner that is ethical, transparent and accountable

Essential Indicators

1. Percentage coverage by training and awareness programmes on any of the principles during the financial year:

Segment	Total number of Training and Awareness Programmes held	Topics/Principles Covered under the Training Audits Impact	% of Persons in a Respective Category Covered by the Awareness Programmes
Board of Directors	2	On Code of Conduct & Sustainability	100
Key Managerial Personnel (KMP)	1	Code of Conduct (COBEC) & Prevention of Sexual Harassment at the Workplace	100
Employees other than BoD and KMP	4	Code of Conduct (COBEC) & Prevention of Sexual Harassment at the Workplace, & Information Security Awareness and all other policies	100
Workers	6	Prevention of Sexual Harassment at the Workplace	100

The Code of Business Ethics and Conduct training has had a positive impact on the organisation's culture, reputation and legal compliance. By ensuring that all Key Management Personnel (KMP) understand the Company's values and conduct expectations, we have been able to reduce the risk of unethical or illegal behaviour. Moreover, this training has helped protect the Company's reputation and ensure legal compliance by providing KMP with a clear understanding of applicable laws and regulations.

Health-related training has significantly impacted workers and their work environment. It has contributed to the creation of a safer workplace by reducing the number of accidents, injuries, and illnesses. The Company can demonstrate this impact by providing statistics on the percentage of falls in the number of fatalities and injuries in the past year. In addition, a healthier workforce has improved the Company's productivity and efficiency.

2. Details of fines/penalties/punishment/award/compounding fees/settlement amount paid in proceedings (by the Entity or by Directors/KMP) with regulators/law enforcement agencies/judicial institutions, in the financial year, in the following format (Note: The entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):

	NGRBC Principle	Name of the Regulatory/ Enforcement Agencies/ Judicial Institutions	Amount (in Rs.)	Brief of the Case	Has an Appeal been Preferred? (Yes/No)
Monetary					
Penalty/Fine	NIL				
Settlement					
Compounding Fee					
Non-Monetary					
Imprisonment	NIL				
Punishment					

The Company had no monetary and non-monetary fines/penalties/punishment/award/compounding fees/settlement amount paid in proceedings (by the entity or by Directors/KMP) with regulators/law enforcement agencies/judicial institutions, in FY 2023 based on materiality thresholds.

3. Of the instances disclosed in Question 2 above, details of the appeal/revision are preferred in cases where monetary or non-monetary action has been appealed.

Case Details	Name of the Regulatory/Enforcement Agencies/Judicial Institutions
Not Applicable	

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

Yes, we have implemented a Code of Conduct that specifies the expected governance practices for all employees. The Code emphasises the Company's zero-tolerance stance on bribery and corruption and its commitment to conducting all dealings professionally, fairly, and with integrity.

The policy can be accessed at:

https://www.thermaxglobal.com/wp-content/uploads/2022/03/Code-of-Conduct-Alt-03.pdf

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

5. Number of Directors/KMP/employees against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/corruption:

	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Directors	NIL	NIL
KMP		
Employees		
Workers		

6. **Details of complaints about conflict of interest:**

	FY 2022-23 (Current Financial Year)		FY 2021-22 (Previous Financial Year)	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	NIL	Not Applicable	NIL	Not Applicable
Number of complaints received in relation to issues of Conflict of Interest of the KMP				

7. **Provide details of any corrective action taken or underway on issues related to fines/ penalties/action taken by regulators/law enforcement agencies/judicial institutions, on cases of corruption and conflicts of interest.**

Not Applicable

Leadership Indicators

1. **Does the entity have processes in place to avoid/manage conflicts of interest involving members of the Board? (Yes / No) If Yes, provide details of the same.**

Yes. The Company has adopted the Code of Conduct for the Board of Directors and Senior Management (Code). The Code is available on the website of the Company at https://www.thermaxglobal.com/corporate-governance-policies-and-disclosures/

The Code requires directors, key managerial personnel and senior management to avoid situations in which their personal interests could conflict with the interests of the Company. Further, the Board of Directors sign off on the Code on an annual basis. The directors, key managerial personnel and other senior management of the Company mandatorily disclose to the Board of Directors, on a yearly basis the conflict of interest.

Prior approval of the Audit Committee and Board, if required, is obtained for related party transactions where Directors are interested as per the related party transaction policy of the Company.

Directors or KMP abstain from participating in matters where they have a conflict of interest.

Principle 2 - Businesses should provide goods and services in a manner that is sustainable and safe

Essential Indicators

1. **Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of products and processes to total R&D and capex investments made by the entity, respectively.**

	FY 2022-23	FY 2021-22	Details of Improvements in Environmental and Social Impact
R&D	13.2%	13.1%	Fuel cell: It serves as a substitute for diesel-powered generators. When fuelled by green hydrogen, fuel cells generate zero emissions. The current programme involves a 5 kW fuel cell system that utilises methanol as fuel. Using liquid fuels like methanol results in a lower carbon footprint compared to diesel generators. Thermally Activated Cooling (TAC): The TAC technology utilises waste heat from the automotive exhaust to provide cooling to the cabin. Compared to conventional HVAC systems that rely on diesel fuel, it not only improves fuel efficiency by 5-8% but also lowers CO_2 emissions. Capacitive Deionisation (CDI): The CDI technology is superior to conventional RO used for drinking water. The technology is targeted to achieve lower water wastage (20% vs 40% for RO) and lower power consumption (60% lower vs RO) at an affordable price for various segments including rural India (e.g. Water ATMs). The technology promotes water and energy conservation due to improved desalination efficiency and low power requirements.
Capex	13.9%	15.2%	Carbon-related investment (CEP) The Company has diversified its offerings to include 'operations and fuel' as an offering to cater to companies who have already invested in a biomass asset and look for assured biomass supply chain management and efficient operations and maintenance from technical experts The Company worked on a specific design project to treat the wastewater by providing equalisation, filtration membrane, and zero liquid discharge solutions to treat the wastewater generated during coating operations. Measures such as air & land pollution reduction, energy savings & increase in environmental quality and operator morale, alternative fuel usage, substitute of oxyacetylene cutting process and minimising O_2 utilisation have been undertaken.

Additionally, the Group has invested in a group captive renewable solar and wind plant of Rs. 492.71 crore.

a. ***Does the entity have procedures in place for sustainable sourcing? (Yes/No)***

Yes, the Company has a procedure for sustainable sourcing where all the new and existing supply chain partners are evaluated on health, safety, environment and social parameters before onboarding. Also, the supplier/vendor Code of Conduct (CoC) covers HSE and Human Rights parameters to be adhered to, and value chain partners (supply chain partners) must sign the CoC as a part of the contract documents.

b. ***If yes, what percentage of inputs were sourced sustainably?***

Yes, 42% of the input raw material by spend value was sourced from sustainable vendors.

2. **Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging), (b) E-waste, (c) Hazardous waste, and (d) Other waste.**

The Company does not have any specific product to reclaim at the end of life. However, at the project and operation sites, there are systems in place to recycle, reuse and dispose of in line with the regulatory requirement for the above waste being generated during the course of construction and operation.

3. **Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes/No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.**

Yes, Extended Producer Responsibility (EPR) is applicable to the Company for certain products. The waste is collected and recycled through a Central Pollution Control Board (CPCB) registered recycler. In order to ensure compliance with the EPR, the Company has taken steps to register as a brand owner, the registration is in process. This indicates a commitment to responsibly manage waste in accordance with regulatory requirements and industry best practices.

Principle 3 - Businesses should respect and promote the well-being of all employees, including those in their value chains

Essential Indicators

1. a. **Details of measures for the well-being of employees:**

Category	% of Covered by										
	Total (A)	Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day Care Facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent Employees											
Male	3,230	3,230	100	3,230	100	Not Applicable		3,230	100	0	0
Female	267	267	100	267	100	267	100	Not Applicable		0	0
Total	**3,497**	**3,497**	**100**	**3,497**	**100**	**267**	**8**	**3,230**	**92**	**0**	**0**
Other than Permanent Employees											
Male	3,050	3,050	100	3,050	100	Not applicable		3,050	100	0	0
Female	131	131	100	131	100	131	100	Not Applicable		0	0
Total	**3,181**	**3,181**	**100**	**3,181**	**100**	**131**	**4**	**3,050**	**96**	**0**	**0**

The day care facility is outsourced and provided for certain locations i.e. managed through third-party service hence, mentioned as 0. For other locations, the facility will be provided soon.

b. **Details of measures for the well-being of workers:**

Category	Total (A)	% of Workers Covered by									
		Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day-care Facilities	
		No. (B)	% (B/A)	No. (C)	% (C/A)	No. (D)	% (D/A)	No. (E)	% (E/A)	No. (F)	% (F/A)
Permanent Workers											
Male	913	913	100	913	100	0	0	0	0	0	0
Female	2	2	100	2	100	2	100	0	0	2	0.22
Total	**915**	**915**	**100**	**915**	**100**	**2**	**0.22**	**0**	**0**	**0**	**0**
Other than Permanent Workers											
Male	Not Applicable*										
Female											
Total											

*Note: *The well-being of the workers other than permanent is the responsibility of the contractors engaged at the respective locations. The contractor covers their employees under ESIC benefit or WC Policy as applicable.*

2. **Details of retirement benefits for the current and previous financial year**

Benefits	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
	No. of Employees Covered as a % of Total Employees	No. of Workers Covered as a % of Total Workers	Deducted and Deposited with the Authority (Y/N/N.A.)	No. of Employees Covered as a % of Total Employees	No. of Workers Covered as a % of Total Workers	Deducted and Deposited with the Authority (Y/N/N.A.)
PF	100	100	Y	100	100	Y
Gratuity	100	100	Y	100	100	Y
ESI	8	0	Y	9	0	Y
Others - please specify	Not Applicable			Not Applicable		

Note: All our workers in the permanent category are out of ESI purview, hence shown as NA.

3. **Accessibility of workplaces**
Are the premises/offices accessible to differently-abled employees as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.
Diversity, Equity and Inclusion is an integral part of the Company's core value.

The Company is continuously working towards improving infrastructure for eliminating barriers to accessibility for differently-abled people.

4. **Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.**
Yes, https://www.thermaxglobal.com/about-us/policies/

5. **Return to work and retention rates of permanent employees that took parental leave.**

Gender	Permanent Employees		Permanent Workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	100	100	NA*	NA*
Female	100	100	0	0
Total	**100**	**100**	**0**	**0**

**Paternity leave & benefit facility is not provided for the permanent workers, hence, mentioned as NA and maternity leave is applicable to female workers, but none has availed the maternity leave during this period, hence mentioned as 0.*

6. **Is there a mechanism available to receive and redress grievances for the following categories of employees and workers? If yes, give details of the mechanism in brief.**

	Yes/No
Permanent employees	Yes (mechanism given below)
Other than permanent employees	
Permanent workers	
Other than permanent workers	

Grievance redressal procedure in brief:
The Company is committed to the highest standards of transparency, honesty and accountability in all of Thermax's affairs and to provide a workplace conducive to open discussion relating to its business practices. The whistleblower can make protected disclosure to either the Chairperson or the Managing Director or the Chairman of the Audit Committee through the defined reporting channels. Grievances can be raised through e-mails and all the grievances that are received through different platforms are directed to the Chairperson or the Managing Director or the Chairman of the Audit Committee. The Company has assigned e-mail IDs tlgovernance@gmail.com and nhm@nawshirmirza.com for reporting or sending a written complaint. The Whistleblower Policy is available on the website of the Company. The confidentiality of such reporting is maintained and the whistleblower is protected from any discriminatory action. The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. All employees (permanent, contractual, temporary and trainees) are covered under this policy. To build awareness in this area, the Company has been carrying out online induction/refresher programmes across the organisation on a periodical basis.

Thermax Code of Conduct: The Company has adopted a Code of Conduct which is applicable to all its employees and business associates. Since, the adoption of this Code of Conduct, a series of training programmes have been conducted in which employees of all business divisions and regions have been covered. The day-to-day grievances are not covered under the Whistleblower Policy mentioned above. Instead, the Company conducts town hall meetings where employees can voice their concerns and grievances. Additionally, the Company has established other forums or channels for employees to raise their grievances in townhall meetings, new joinee induction sessions (Parichay) etc.

7. Membership of employees in association(s) or unions recognised by the listed entity:

Category	FY 2022-23			FY 2021-22		
	Total Employees/ Workers in the Respective Category (A)	No. of Employees/ Workers in the Respective Category, who are part of the Association(s) or Union (B)	% (B / A)	Total Employees/ Workers in the Respective Category (C)	No. of Employees/ Workers in the Respective Category, who are part of the Association(s) or Union (D)	% (D/C)
Total Permanent Employees						
Male	0	0	0	0	0	0
Female	0	0	0	0	0	0
Total Permanent Workers						
Male	913	843	92.33	873	797	91.29
Female	2	0	0	5	0	0

8. Details of training given to employees and workers:

Category	FY 2022-23 Current Financial Year					FY 2021-22 Previous Financial Year				
	Total (A)	On Health and Safety Measures		On Skill Upgradation		Total (D)	On Health and Safety Measures		On Skill Upgradation	
		No. (B)	% (B / A)	No. (C)	% (C /A)		No. (E)	% (E / D)	No. (F)	% (F / D)
Employees (Permanent + Other than Permanent)										
Male	6,280	4,621	73.6%	1,007	16%	4,961	3,477	70.1%	4,566	92%
Female	398	173	43.5%	98	25%	296	122	41.2%	296	100%
Total	**6,678**	**4,794**	**72%**	**1,105**	**17%**	**5,257**	**3,599**	**68.5%**	**4,892**	**92%**
Workers										
Male	16,790	14,952	89.0%	NA*	NA*	14,362	14,362	100%	NA*	NA*
Female	102	100	98.04%	NA*	NA*	5	5	100.0%	NA*	NA*
Total	**16,892**	**15,052**	**89.1%**	**NA***	**NA***	**14,367**	**14,367**	**100%**	**NA***	**NA***

- NA* means data is not available but the workmen are covered under the wage settlement agreement where skill upgradation requirements are agreed
- The count is regarding the people inducted during the year and for skill upgradation, the trainings conducted on a case-to-case basis.

9. Details of performance and career development reviews of employees and workers

Category	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
	Total (A)	No. (B)	% (B/A)	Total (D)	No. (E)	% (E/D)
Employees						
Male	6,280	6,280	100	4,961	4,961	100
Female	398	398	100	218	218	**100**
Total	6,678	6,678	100	5,257	5,257	**100**
Workers						
Male	913	47	5.1	873	48	5.49
Female	2	0	0	5	0	**0**
Total	**915**	**47**	**5.1**	**878**	**48**	**5.46**

Note: Under the workers' category, only permanent workers at Chinchwad are considered under wage settlement. Basis their performance on various criteria, an additional increment is given. All the workers are in the same category as per wage settlement with the Union.

10. a. *Whether an occupational health and safety management system has been implemented by the entity? (Yes/No). If yes, mention the coverage of such a system.*

Yes, ISO 45001:2018 Occupational Health and Safety Management System has been implemented at manufacturing, EPC and O&M sites to build positive OHS culture. There is a standard operating procedure in place for every activity to be carried out. Emergency management procedures are in place and mock drills are conducted regularly. Regular training is being provided to make employees aware of the occupational health and safety procedures and best practices.

b. *What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?*

Multiple methods are adopted to ensure that work-related and potential risks are identified in a proactive manner. Risk assessment, job safety analysis, HSE audits, site severity index rating, and daily site inspection are carried out on a routine and non-routine basis.

The IT-enabled platform "Thermax OHSE" is implemented for reporting hazards by Thermax employees and workers and track its closure.

c. *Whether you have processes for workers to report work-related hazards and to remove themselves from such risks? (Yes/No)*

Yes. The Company has processes for workers to report work-related hazards and to remove themselves from such risks. Continued usage of an HSE app for HSE observation reporting has helped in improving safety at our locations and reduced risks.

Initiatives being implemented for bettering safety culture are the implementation of a behaviour based safety programme wherein routine people practices are observed, and any inappropriate behaviour is corrected and flagged; digitising HSE management - to build accountability and better transparency in our operations; rewarding individuals demonstrating excellent safety standards and structuring the consequence management system.

d. *Do the employees/workers of the entity have access to non-occupational medical and healthcare services? (Yes/No)*

Yes. Medical centres and first aid facilities are available for both employees and workers.

11. Details of safety-related incidents

Safety Incident/Number	Category	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year
Lost Time Injury Frequency Rate (LTIFR) (per one million person hours worked)	Employees	0.12	0.14
	Workers	0.17	0.38
Total recordable work-related injuries	Employees	5	2
	Workers	45	71
No. of fatalities	Employees	0	0
	Workers	2	7
High-consequence work-related injury or ill-health (excluding fatalities)	Employees	0	0
	Workers	0	0

The fatalities that occurred at customers' premises (sites) where Company has undertaken projects and the Company has taken precautionary measures wherever required to avoid repetition of such instances.

12. Describe the measures taken by the entity to ensure a safe and healthy workplace.

The Company values human life and believes all injuries are preventable and has implemented various measures to ensure a safe and healthy workplace. Providing a healthy, safe and secure workplace to all regular and contractual employees is a key priority for the Company.

The Company's OHSE Policy signed by the Managing Director & CEO is a binding document for everyone who works for or on behalf of Thermax Limited. Company performs hazard identification and assessment of risk and opportunities (HIARO) for all the activities and puts mitigation plan in place. Standardised SOPs are available for all activities. The Company provides regular HSE training to employees and has developed e-learning modules on various safety topics. Safety committees are formed as per the statutory requirements and safety council meetings are conducted at respective locations and business levels.

Medical fitness is ensured before hiring employees and workers. Adherence to the Health, Safety & Environment guidelines is confirmed by business heads and is regularly reviewed. Periodic safety inspections and audits on the high-risk area as work at height, material handling, confined space, and electrical and fire safety parameters are conducted by cross-function teams and appropriate measures are taken for rectification, if any.

Safety is the topmost priority in all Board meetings, permeating down to every employee.

The Company prioritises the safety of permanent, contractual and temporary workforce equally.

The Company will continue these initiatives and undertake many more to ensure the safety of our employees/workers.

13. Number of complaints on working conditions and health and safety made by employees and workers.

Category	FY 2022-23			FY 2021-22		
	Filed During the Year	Pending Resolution at the End of Year	Remarks	Filed During the Year	Pending Resolution at the End of Year	Remarks
Working conditions	0	0	Not Applicable	0	0	Not Applicable
Health & safety	0	0	Not Applicable	0	0	Not Applicable

Note: The Company has a mechanism to track complaints and the numbers are mentioned under respective heads in the report. There are no other complaints received during the year. Other routine/miscellaneous complaints/concerns are not added here.

14. Assessments for the year

	% of Your Plants and Offices that were Assessed (by Entity or Statutory Authorities or Third Parties)
Health and safety practices	100
Working conditions	100

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks/concerns arising from assessments of health and safety practices and working conditions.

Below are some examples highlighting corrective actions to address safety-related incidents:

- All safety-related incidents are investigated and learning from such incidents is shared across the organisation for deployment of corrective action in order to stop the recurrence of such incidents.
- Implementation of Behaviour Based Safety (BBS) practices across the Company
- Strengthening confined space work monitoring and electrical safety
- Auditing and improving safety for conveyor belt

Leadership Indicators

1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N), (B) Workers (Y/N)?

Employees	Yes. The Company extends life insurance coverage for work-related death of its employees and workers*
Workers	

**Only permanent workers are considered. The Company has started extending the life insurance coverage (term life) to the workers from January 2023 at one location. Workers at the remaining locations will be covered gradually. However, they are covered under the death benevolent fund as part of wage settlement, further in case of an accident they are covered under the GPA policy.*

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

Adherence to the applicable statutory provisions including payment and deduction of statutory dues is incorporated in the contract agreement with the value chain partners. The Company makes sure that all the relevant clauses dealing with statutory compliance are validated and followed by both sides. The contractors are required to provide supporting documents against the payment of statutory dues e.g. PF, ESIC with their invoices. The GST payment of vendors is monitored while releasing the payments.

Principle 4 - Businesses should respect the interests of and be responsive to all their stakeholders

Essential Indicators

1. Describe the processes for identifying key stakeholder groups of the entity.

The Company recognises the importance of identifying and engaging with various stakeholders to gain insight into their expectations and develop effective strategies. Key stakeholders, both internal and external, are identified based on their impact on the Company's operations and functioning. These include employees, shareholders, customers, investors, communities, suppliers, and vendors. Channels of communication have been established to facilitate open dialogue and understanding of issues that are critical to their respective interests. This enables us to create shared value and make a positive contribution to building a sustainable society.

2. Each stakeholder group.

Key Stakeholders	Whether Identified as a Vulnerable & Marginalised Group (Yes/No)	Channels of Communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Others	Frequency of Engagement	Purpose and Scope of Engagement Including Key Topics and Concerns Raised During Such Engagement
Communities and academic groups	Yes	(1) CSR initiatives (2) Community development (3) Engaging with local authorities	Continuous	**Purpose:** (1) Contributing to the well-being of local communities through social activities (2) Educational initiatives (3) Health and skill development **Concerns Raised:** (1) Creating livelihoods (2) Developing community infrastructure (3) Improving living standards

Key Stakeholders	Whether Identified as a Vulnerable & Marginalised Group (Yes/ No)	Channels of Communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Others	Frequency of Engagement	Purpose and Scope of Engagement Including Key Topics and Concerns Raised During Such Engagement
Owners & shareholders	No	(1) Annual Report (2) Company website (3) Quarterly calls (4) Investor relationship meetings and AGM (5) Various publications (6) Stock exchange notifications (7) Newspapers (8) Emails (9) Stakeholders Relationship Committee (10) Investor Relations (11) Registrar & Transfer Agent	Quarterly/Half yearly	**Purpose:** (1) Continuously elevating corporate value (2) Delivering better returns on investments **Concerns Raised:** (1) Company's financial health (2) Effective risk controls (3) Fair business practices - Improved return on investment
Employees	No	(1) Awards (2) Department meetings (3) Surveys (4) Town halls (5) Trainings (6) Workshops (7) Nomination & Remuneration Committee (8) Human Resource function	Continuous	**Purpose:** (1) Employee well-being (2) Functional and soft skill development (3) Structured learning (4) Talent attraction and retention **Concerns Raised:** (1) Career growth (2) Employee benefits (3) Performance management
Customers	No	(1) Advertisement campaigns (2) Brochures (3) Company website (4) Customer care (5) Customer meets (6) Customer satisfaction survey (7) Feedback forms - Fireside (in-house magazine) (8) Events and exhibitions (9) Emailers (10) Social media webinars	Continuous	**Purpose:** (1) Providing a comprehensive portfolio of products and solutions aligned with their evolving requirements **Concerns Raised:** (1) Quality (2) Responsiveness (3) Timely project completion (4) Engineering technique
Vendors and Business Partners	No	(1) Enquiries via telephone and e-mail (2) Periodic partner meets (3) Publications (4) Supplier surveys (5) Tendering and procurement	Continuous	**Purpose:** (1) Assessment and audit of suppliers (2) Aligning suppliers with environmental and supplier code of conduct (3) Conforming to quality and HSE (Health, Safety and Environment) **Concerns Raised:** (1) Purchase processes (2) Repeat orders (3) Timely payments
Government Authorities	No	(1) Activities through business and industry groups (2) Industry associations (3) Participation in policy councils	Continuous	**Purpose:** (1) Building businesses contributing to the development (2) Making mandatory and non-mandatory disclosures **Concerns Raised:** (1) Compliance with regulations (2) CSR reporting (3) ESG performance

Thermax embarked on the Social Compact (SoCo) initiative with NGOs and other like-minded corporates, to help design a framework to support informal workers live a life of dignity and equity. This initiative with NGO Dasra ensures greater dignity for the industrial workers in India. SoCo is trying to bring about a massive shift in mindset, policies and procedures within industries to enable government benefits and entitlements to the informal workforce through worker facilitation centres.

To further social equity, we are also partnering with communities around our manufacturing locations.
During FY 2022-23, Thermax Foundation continued its partnership with NGOs such as Lokbharati and Manavlok as well as with like-minded corporates for upskilling of the youth and capacity-building programmes for the farmers.

Lokbharati: https://lokbharti.com/partners/corporate/

Manavlok: https://manavlok.org/our-partners

Leadership Indicators

1. **Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board?**
The Company's management frequently engages with its key stakeholders, including investors, customers, suppliers, and employees. Progress updates are provided to the Board, and their inputs are sought on a periodic basis.
The Board of Directors are periodically updated on various topics, including industry overviews, customer service updates, digital initiatives, Corporate Social Responsibility projects, financial performance, and strategy. Additionally, the Directors are briefed on the regulatory environment, including significant regulatory developments, circulars, and amendments by bodies such as the Securities & Exchange Board of India and the Ministry of Corporate Affairs. Feedback from the Board is also collected to ensure alignment and collaboration.

2. **Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes/No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into the policies and activities of the entity?**
Yes, the Company utilises materiality assessments to engage with stakeholders and priority issues related to economic, environmental, and social topics. In addition, the Company interacts with investors and analysts to gain an understanding of their expectations and incorporate them into the sustainability framework. This has led to the development of several initiatives focussed on responsible investing, equal opportunity, diversity and inclusion policies, privacy policies, human capital, environmental impact, and sustainability risk assessments.

3. **Provide details of instances of engagement with, and actions taken to address the concerns of vulnerable/ marginalised stakeholder groups.**
The Company places a strong emphasis on education for economically underprivileged children, with Thermax Foundation supporting two Akanksha Foundation schools in Pune through a public-private partnership. Additionally, Thermax Foundation provides support to Akanksha Foundation alumni through mentorship and guidance to pursue higher education and careers. In addition to education, the Company is also involved in addressing social discrimination through affirmative action, skill development, and employability initiatives. The Company's social arm, Thermax Foundation, also addresses complex health, safety, and environmental issues faced by disadvantaged, vulnerable, and marginalised stakeholders.

Principle 5 - Businesses should respect and promote human rights

Essential Indicator

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

Category	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
	Total (A)	No. of Employees/ Workers Covered (B)	% (B/A)	Total (C)	No. of Employees/ Workers Covered (D)	% (D/C)
Employees						
Permanent	3,497	707	20.22	3,475	437	12.58
Other than permanent	3, 181	1,399	43.98	1,782	861	48.32
Total employees	**6,678**	**2,106**	**31.54**	**5,257**	**1,298**	**24.69**
Workers						
Permanent	915	915	100	878	878	100
Other than permanent	15,977	Not Applicable*		13,489	Not Applicable*	
Total workers	**16,892**	**915**	**5.42**	**14,367**	**878**	**6.11**

Note: Not Applicable Although the implementation of the Human Rights Policy is ongoing, the company already incorporates aspects of human rights into its Code of Conduct, Child Labour Law, Prevention of Sexual Harassment at the Workplace, and other policies. As part of the induction process for new employees and permanent workers, the Company provides training and orientation sessions on these aspects. The number of people who received such training during the current financial year is indicated in the above mentioned count. For non-permanent workers, the respective contractors are responsible for training on aspects of human rights.*

2. Details of minimum wages paid to employees and workers:

Category	FY 2022-23 Current Financial Year					FY 2021-22 Previous Financial Year				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Permanent										
Male	3,230	0	0	3,230	100	3,257	0	0	3,257	100
Female	267	0	0	267	100	218	0	0	218	100
Other than Permanent										
Male	3,050	0	0	3,050	100	1,704	0	0	1,704	100
Female	131	0	0	131	100	78	0	0	78	100
Workers										
Permanent										
Male	913	0	0	913	100	873	0	0	873	100
Female	2	0	0	2	100	5	0	0	5	100
Other than Permanent										
Male	15,977	0	0	15,977	100	13,489	0	0	13,489	100
Female	0	0	0	0	0	0	0	0	0	0

3. Details of remuneration/salary/wages, in the following format:

	Male		Female	
	Number	Median Remuneration/ Salary/Wages of Respective Category	Number	Median Remuneration/ Salary/Wages of Respective Category
Board of Directors (BoD)	14	6,45,000	2	25,90,000
Key managerial personnel	7	59,02,951	4	2,52,669
Employees other than BoD and KMP	3,230	8,95,758	267	7,61,604
Permanent workers	913	3,30,038	2	22,012
Contractual workers	15,977		Not Applicable*	

Note: Although wages are subject to the rate contract with the contractor, the Company ensures that the wages paid comply with the applicable regulations. The minimum wage rate may differ depending on the location or state.

4. Do you have a focal point (individual/committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes. The Human Resources department of the Company has been designated as the focal point for resolving any issues pertaining to human rights.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues?

Covered under COBEC, POSH and Whistleblower Policy, respective committees are formed to deal with any such instances. Thermax is committed to the highest standards of transparency, honesty and accountability in all Thermax's affairs and to providing a workplace conducive to open discussion relating to its business practices. The whistleblower can make protected disclosure to either the Chairperson or the Managing Director or the Chairman of the Audit Committee through the defined reporting channels. Grievances can be raised through e-mails and all the grievances that are received through different platforms are directed to the Chairperson or the Managing Director or the Chairman of the Audit Committee. The confidentiality of such reporting is maintained and the whistleblower is protected from any discriminatory action. The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. All employees (permanent, contractual, temporary and trainees) are covered under this policy. To build awareness in this area, the Company has been carrying out online induction/refresher programmes across the organisation on a periodical basis. COBEC: The company has adopted the Code of Business Ethics & Conduct (COBEC) which is applicable to all its employees and business associates. Since, the adoption of COBEC, a series of training programmes have been conducted in which employees of all business divisions and regions have been covered.

6. Number of complaints on the following made by employees and workers:

Category	FY 2022-23			FY 2021-22		
	Filed During the Year	Pending Resolution at the End of the Year	Remarks	Filed During the Year	Pending Resolution at the End of Year	Remarks
Sexual harassment	NIL – Complaints not received related to the areas mentioned in the category.					
Discrimination at workplace						
Child labour						
Forced/involuntary labour						
Wages						
Other issues						

Note: The complaint count is provided under point no. VII. Complaints/grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct. With regard to other miscellaneous issues like complaints on issues like canteen service or queries/complaints on appraisals are handled at the appropriate level.

7. **Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases**
The Company believes in upholding fairness and meritocracy through a policy framework that strictly adheres to non-discriminatory practices and provides equal opportunities to all individuals regardless of their gender, religion, caste, race, age, community, physical ability or sexual orientation. To achieve this, the Company has implemented various policies such as the Code of Conduct, Prevention of Sexual Harassment, Rights of Persons with Disabilities, etc. These policies ensure a robust grievance redressal process and establish clear employee responsibilities and acceptable conduct. By upholding these policies, the Company promotes a diverse and inclusive culture in the workplace.

8. **Do human rights requirements form part of your business agreements and contracts? (Yes/No)**
Yes.

9. **Assessments for the year:**

	% of Offices that were assessed (by Entity or Statutory Authorities or Third Parties)
Child labour	100% These aspects are assessed on an ongoing basis by the Company.
Forced/involuntary labour	
Sexual harassment	
Discrimination at workplace	
Wages	
Others – please specify	

10. **Provide details of any corrective actions taken or underway to address significant risks/ concerns arising from the assessments at Question 9 above.**
Not Applicable.

Leadership Indicators

1. **Details of a business process being modified/introduced as a result of addressing human rights grievances/complaints.**
There were no human rights grievances/complaints and thus this is not applicable.

2. **Details of the scope and coverage of any human rights due diligence conducted.**
The human rights aspects are covered under various laws like the prevention of sexual harassment at the workplace, child labour law, equal opportunity policy etc. The Company has ensured human rights aspects by adhering to the laws.

3. **Is the premise/office of the entity accessible to differently-abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?**
Yes. The Company has taken steps to improve accessibility to differently-abled persons. Amenities like wheelchairs, washrooms, and lifts are available at facilities and ramps are available at certain locations.

4. **Details on assessment of value chain partners:** Others – please specify

	% of Value Chain Partners (by the Value of Business Done with Such Partners) that were Assessed
Sexual harassment	NIL
Discrimination at workplace	
Child labour	
Forces labour/involuntary labour	
Wages	
Others – please specify	

5. **Provide details of any corrective actions taken or underway to address significant risks/ concerns arising from the assessment at Question 4 above.**
Not Applicable.

Principle 6 - Businesses should respect and make efforts to protect and restore the environment

Essential Indicators

1. **Details of total energy consumption (in giga joules (GJ)) and energy intensity, in the following format:**

Parameter	FY 2022-23	FY 2021-22
Total electricity consumption (A)	1,20,704	1,20,770
Total fuel consumption (B)	1,82,795	1,97,725
Energy consumption through other sources (C)	15,187	16,390
Total energy consumption (A+B+C)*	3,18,686	3,34,884
Energy intensity per rupee of turnover (Total energy consumption/turnover in rupees)	41.1	55.8
Energy intensity (optional) – the relevant metric may be selected by the entity		

Note: By implementing efficiency projects during the year, the Company reduced its energy consumption by 5% compared to last year and reduced its carbon footprint positively impacting the environment.

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No assessment was carried out by an external agency during the year.

2. **Does the entity have any sites/facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.**
The Company does not fall within the purview of a Designated Consumer under the PAT scheme of GoI.

3. **Provide details of the following disclosures related to water, in the following format:**

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Water withdrawal by source (in kilolitres)		
(i) Surface water	1,46,432	1,62,137
(ii) Groundwater	0	0
(iii) Third-party water	6,40,194	7,18,795
(iv) Seawater/desalinated water	0	0
(v) Others (Rainwater use + bottled water)	23,178	12,635
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	8,09,804	8,93,567
Total volume of water consumption (in kilolitres)	8,09,804	8,93,567
Water intensity per rupee of turnover (water consumed/turnover) in litre per rupee	104.4	148.8
Water intensity (optional) – the relevant metric may be selected by the entity		

Note: The Company's initiatives towards freshwater conservation resulted in a 9% reduction in freshwater consumption during the year. The initiatives like the use of treated water for dosing in the treatment at the manufacturing unit - Dahej, installation of waterless urinals in some offices, installation of low flow water aerators, and increased use of rainwater harvested at the manufacturing unit – Paudh, have contributed to reduction in freshwater intake.

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.
No.

4. **Has the entity implemented a mechanism for zero liquid discharge? If yes, provide details of its coverage and implementation.**
Yes, the Company has implemented the mechanism for zero liquid discharge (ZLD). Our 7 plants (Chinchwad-2, Bhosari, Shirwal, Savli, Solapur, Paudh) are zero liquid discharge compliant.

Note: The Company does not release treated water outside the plant and uses that treated water internally for gardening, flushing, and other applications.

5. **Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:**

Parameter	Please Specify Unit	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
NOx	MT	350.89	21.08
SOx	MT	111.18	11.35
Particulate matter (PM)	MT	991.39	48.73
Persistent organic pollutants (POP)		Not Applicable*	Not Applicable*
Volatile organic compounds (VOC)		161.62	195.65
Hazardous air pollutants (HAP)		Not Applicable*	Not Applicable*
Others – please specify		Not Applicable	Not Applicable

** The requirement of measuring SOx, NOx, are not prescribed in some consents to operate obtained from the concerned pollution control boards. From 2022-23 as a best practice, we have started measuring these in all our manufacturing locations. Thus the numbers of corresponding years are not comparative.*

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.
No assessment/evaluation/assurance was carried out by an external agency during the year.

6. **Provide details of greenhouse gas emissions (scope 1 and scope 2 emissions) & its intensity, in the following format:**

Parameter	Unit	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Total scope 1 emissions (break-up of the GHG into CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3, if available)	Metric tonnes of CO_2 equivalent	12,180	13,000
Total scope 2 emissions (break-up of the GHG into CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3, if available)	Metric tonnes of CO_2 equivalent	24,037	26,072
Total scope 1 and scope 2 emissions per rupee of turnover		4.7	6.5
Total scope 1 and scope 2 emission intensity (optional) – the relevant metric may be selected by the entity		NA	NA

Note: The Company has identified four key areas to achieve the reduction in carbon emissions i.e. operational efficiency, addition to renewable energy generation, renewable energy procurement, and fuel switch.

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.
No assessment/evaluation/assurance was carried out by an external agency during the year.

7. **Does the entity have any project related to reducing greenhouse gas emissions? If yes, then provide details.**
Yes. As part of its commitment to reduce carbon emissions, Thermax has identified four key areas to achieve this goal - operational efficiency, renewable energy generation, renewable energy procurement, and fuel switch.

The Company has made significant progress through these initiatives.

Operational efficiency projects, such as installing VFDs on various equipment, optimising ETP blower operations and arresting compressor leakages, have been implemented to minimise energy consumption. Motion sensors have been installed to prevent excess usage, and energy-efficient pumps have replaced cooling water pumps at process cooling towers. LED lights have also been installed in shop floors that helps reduce energy consumption.

On renewable energy generation and procurement, the Company has commissioned 930 kWp solar rooftop capacity at Sri City, with another 297 kWp land-based solar capacity under commissioning at the Solapur plant. The Company has procured renewable energy through wind sources for three plants - Chinchwad, Shirwal, and Paudh in Maharashtra.

The fuel switch project at the Dahej plant is currently in the commissioning phase, which involves replacing the existing natural gas boiler with a biomass fired boiler.

The Company's overall commitment to sustainability and reducing its carbon footprint is evident through its various efforts.

8. **Provide details related to waste management by the entity, in the following format:**

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Total waste generated (in metric tonnes)		
Plastic waste (A)	86	26
E-waste (B)	7	13
Bio-medical waste (C)	0	2
Construction and demolition waste (D)	0	20
Battery waste (E)	4	0
Radioactive waste (F)	0	0
Other hazardous waste. Please specify, if any. (G) metal scrap, wooden scrap, shop floor soil, garbage, corrugated scrap, non-hazardous ash etc.	9,605	9,032
Other non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)	6,379	4,037
Total (A+ B + C + D + E + F + G + H)	**16,081**	**13,130**
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Category of waste		
(i) Recycled	13,258	9,407
(ii) Re-used	0	0
(iii) Other recovery operations - (co-processing)	1,774	658
Total	**15,032**	**10,065**
For each category of waste generated, total waste disposed of by nature of disposal method (in metric tonnes)		
Category of waste		
(i) Incineration	109	305
(ii) Landfilling	940	2,760
(iii) Other disposal operations	0	0
Total	**1,049**	**3,065**

Note: During this year, the total waste recovered through recycling and other recovery options has significantly increased to 93% and the amount of waste sent to landfills and incineration facilities has decreased to 7%. This reflects the Company's proactive approach towards responsible waste management practices, with a focus on minimising waste disposal in landfills.

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency. (Y/N) If yes, name of the external agency.
No assessment was carried out by an external agency during the year.

9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce the usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

Thermax has incorporated a waste reduction strategy in its operations and has successfully implemented the following projects:

1. Sustainable paint sludge recycling initiative: The Company has taken a sustainable approach towards hazardous waste management by recycling paint sludge. 10.6 MT of paint sludge from the Chinchwad and Shirwal plants was diverted from incineration to recycling for energy recovery. This process not only reduces the amount of waste that needs to be disposed of but also conserves natural resources and saves energy while reducing greenhouse gas emissions.

2. Circular economy initiative at dahej chemical plant: The Company's initiative at the Dahej chemical plant exemplifies a circular economy in action. By repurposing 1,764 MT of hazardous waste as fuel for nearby cement plants, the Company has created a closed-loop system where waste is transformed into a valuable resource. This approach conserves natural resources and reduces carbon footprint and land contamination.

3. 'Single-use plastic free' certification at Savli plant: In adherence to new regulations on plastic waste management, the Company has taken steps towards environmental conservation by implementing a single-use plastic (SUP) free facility. By identifying 14 SUP items used on the site and finding alternative solutions to eliminate them, the Savli plant became the Company's first site to receive a SUP free certification from CII, contributing to the Company's commitment to environmental conservation.

10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals/clearances are required, please specify details.

S. No.	Location of Operations/ Offices	Type of Operations	Whether the Conditions of Environmental Approval/Clearance are being complied with? (Y/N) If No, the Reasons thereof and Corrective Action Taken, if Any
NIL			

11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in FY 2022

Name and Brief Details of Project	EIA Notification Number	Date	Whether Conducted by Independent External Agency (Yes/No)	Results Communicated in Public Domain (Yes/No)	Relevant Web-links
NIL					

Note: The Company has undertaken various projects across the states. The site premise belongs to the customer where EIA was conducted. Those details are not covered.

12. Is the entity compliant with the applicable environmental law/regulations/guidelines in India, such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment Protection Act and rules thereunder? (Y/N) If not, provide details of all such non-compliances.

S No.	Specify the Law/ Regulation/ Guidelines which were Not Complied With	Provide Details of the Non-Compliance	Any Fines/ Penalties/ Action Taken by Regulatory Agencies such as Pollution Control Boards or Courts	Corrective Action Taken, if Any
NIL				

Leadership Indicators

1. Provide break-up of the total energy consumed (in gigo joules (GJ)) from renewable and non-renewable sources, in the following format:

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
From renewable sources		
Total electricity consumption (A)	11,481	2,073
Total fuel consumption (B)	4,428	2,225
Energy consumption through other sources (C)	0	0
Total energy consumed from renewable sources (A+B+C)	**15,909**	**4,298**
From non-renewable sources		
Total electricity consumption (D)	1,09,223	1,18,697
Total fuel consumption (E)	1,78,367	1,95,500
Energy consumption through other sources (F)	15,187	16,390
Total energy consumed from non-renewable sources (D+E+F)	**3,02,777**	**3,30,587**

Note: The significant increase in renewable energy is credited to the increase in solar rooftops at Sri City and procurement of green energy from wind through open access mechanism at Chinchwad, Paudh and Shirwal.

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency. (Y/N) If yes, name of the external agency.

No assessment was carried out by an external agency during the year.

2. Provide the following details related to water discharged:

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Water discharge by destination and level of treatment (in kilolitres)		
(i) To surface water	0	0
No treatment		
With treatment – please specify the level of treatment		
(ii) To groundwater	0	0
No treatment		
With treatment – please specify the level of treatment		
(iii) To seawater	2,74,771	3,95,188
No treatment		
With treatment – please specify the level of treatment	2,74,771	3,95,188
(iv) Sent to third-parties	3,666	3,869
No treatment	3,666	3,869
With treatment – please specify the level of treatment		
(v) Others	0	0
No treatment		
With treatment – please specify the level of treatment		
Total water discharged (in kilolitres)	**2,78,437**	**3,99,057**

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No assessment was carried out by an external agency during the year.

3. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):

For each facility/plant located in areas of water stress, provide the following information:

(i) Name of the area

Not Applicable

(ii) Nature of operations

Not Applicable

(iii) Water withdrawal, consumption and discharge in the following format:

Parameter	FY 2022-23	FY 2020-21
Water withdrawal by source (in kilolitres)		
i. Surface water	Not Applicable	Not Applicable
ii. Groundwater	Not Applicable	Not Applicable
iii. Third-party water	Not Applicable	Not Applicable
iv. Seawater/desalinated water	Not Applicable	Not Applicable
v. Others	Not Applicable	Not Applicable
Total volume of water withdrawal (in kilolitres)	**0**	**0**
Water intensity per rupee of turnover (Water consumed/ turnover)	Not Applicable	Not Applicable
Water intensity (optional) – the relevant metric may be selected by the entity		
Water discharge by destination and level of treatment (in kilolitres)		
i. Into surface water	0	0
- No treatment	Not Applicable	Not Applicable
- With treatment – please specify the level of treatment	Not Applicable	Not Applicable
ii. Into groundwater	0	0
- No treatment	Not Applicable	Not Applicable
- With treatment – please specify the level of treatment	Not Applicable	Not Applicable
iii. Into seawater	0	0
- No treatment	Not Applicable	Not Applicable
- With treatment – please specify the level of treatment	Not Applicable	Not Applicable
iv. Sent to third-parties	0	0
- No treatment	Not Applicable	Not Applicable
- With treatment – please specify the level of treatment	Not Applicable	Not Applicable
v. Others	0	0
- No treatment	Not Applicable	Not Applicable
- With treatment – please specify the level of treatment	Not Applicable	Not Applicable
Total water discharged (in Kilolitres)	**0**	**0**

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No assessment was carried out by an external agency during the year

4. Please provide details of total Scope 3 emissions & its intensity, in the following format:

Parameter	Unit	FY 2022-23	FY 2021-22
Total Scope 3 emissions (Break-up of the GHG into CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3, if available)	tCO_2e	NA	NA
Total Scope 3 emissions per rupee of turnover	tCO_2e/INR	NA	NA
Total Scope 3 emission intensity **(optional) – the relevant metric may be selected by the entity**		NA	NA

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency. (Y/N) If yes, name of the external agency.

No assessment was carried out by an external agency during the year.

5. With respect to the ecologically sensitive areas reported in question 10 of Essential Indicators above, provide details of the significant direct & indirect impact of the entity on biodiversity in such areas along with prevention and remediation activities.

Not Applicable

6. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency or reduce impact due to emissions/effluent discharge/waste generated, please provide details of the same as well as the outcome of such initiatives, as per the following format:

S. No.	Initiative Undertaken	Details of the Initiative (Web-link, if any, may be Provided Along with Summary)	Outcome of the Initiative
1	At Dahej, the co-processing of waste for energy purposes	Diversion of ETP waste to co-processing for the cement industry. Total of 1,764 MT of landfill waste was diverted towards co-processing	Diversion of waste from landfill Resource conservation
2	At Dahej, reduction in freshwater consumption in the ETP process	Reduction of freshwater consumption in the ETP process by using treated water for the preparation of ETP chemicals	Resource conservation Reduction in pollution
3	At Shirwal and Chinchwad, recycling of paint sludge	Diversion of hazardous paint waste going for incineration to recycling for making powder	Resource recovery by eliminating incineration
4	At Savli, eliminated single-use plastic from plant	Elimination of single-use plastic from the Savli plant	Reduced plastic pollution and received certification from CII

7. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web-link.

Yes. The Company has an Enterprise Risk Management (ERM) framework to identify, assess, mitigate, and report on risks. The Company's Risk Management Council and Committee conduct a thorough review of key risks, including their impact on strategic decisions and potential mitigation measures. This review is conducted in response to significant changes in the external environment that could have an impact on these risks. To remain vigilant, the Company closely monitors developments in the domestic economic environment, geopolitical events, commodity prices such as oil, coal, and steel, currency fluctuations, and interest rates. In addition to risk mitigation efforts, the Company continuously monitors these risks for any emerging business opportunities.

Principle 7 - Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

Essential Indicator

1. a. ***Number of affiliations with trade and industry chambers/associations.***

4

b. ***List the top 10 trade and industry chambers/associations (determined based on the total members of such body) the entity is a member of/affiliated to.***

S. No.	Name of the Trade and Industry Chambers / Associations	Reach of Trade and Industry Chambers/ Associations (State/National)
1	CII's National Committee for Capital Goods & Engineering	National
2	Mahratta Chamber of Commerce, Industries and Agriculture	State
3	Boilers and Pressure Vessels Sectional Committee, MED01, BIS	National
4	National Safety Council	National

2. **Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities.**

Name of the Authority	Brief of the Case	Corrective Action Taken
NIL	NA	NA
NIL. There is no litigation filed /pending or completed against Thermax Limited regarding any anti-competitive behaviour and violations of anti-trust provisions under the Competition Act, 2002.		

Principle 8 - Businesses should promote inclusive growth and equitable development

Essential Indicators

1. **Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year**

Name and Brief Details of Project	SIA Notification No.	Date of Notification	Whether Conducted by Independent External Agency (Yes/No)	Results Communicated in Public Domain (Yes/No)	Relevant Web-link
No such project was initiated which requires social impact assessment.					

Note: The Company has undertaken various projects across the states. The site premise belongs to the customer where SIA was conducted. Those details are not covered.

2. **Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity**

S. No.	Name of Project for which R&R is Ongoing	State	District	No. of Project Affected Families (PAFs)	% of PAFs covered by R&R	Amounts Paid to PAFs in FY (In Rs.)
No rehabilitation and resettlement were undertaken by the entity during this reporting period.						

3. **Describe the mechanisms to receive and redress grievances of the community.**

Any community member can raise a complaint on Company's toll-free number and email address provided on the Company's website which is monitored, addressed, and a proper record is maintained under the Whistleblower Policy.

4. **Percentage of input material (inputs to total inputs by value) sourced from suppliers.**

	FY 2022-23	FY 2021-22
Directly sourced from MSMEs/small producers	47.4	45.9
Sourced directly from within the district and neighbouring districts	NA*	NA*

Note: NA Data will be tracked going forward.*

Leadership Indicators

1. **Details of beneficiaries of CSR projects**

S. No.	CSR Projects (in FY 2022-23)	No. of Persons Benefitted from CSR Projects	% of Beneficiaries from Vulnerable and Marginalised Groups
1	**School Project -** Thermax Foundation (TF) funds two Pune Municipal Corporation (PMC) Schools run by NGO Akanksha Foundation through public-private partnership (PPP). Through this project, students from underprivileged economic families receive access to quality education.	1,807	100
2	**Alumni Project -** TF supports the alumni from Akanksha Foundation as well as another NGO iTeach to continue higher education after school. Since most of the students are first-generation learners, through alumni projects they receive career guidance, academic mentoring and support for junior college enrolment.	2,301	100
3	**Skill Building -** TF supports (based on identified need) the community youth from villages near Thermax factories, who have dropped out from education after class 10th to develop skills, and take on roles like electrician, data entry operator. The NGO partner provides training and placement to a minimum of 75% among them in nearby companies.	400	100

Principle 9 - Businesses should engage with and provide value to their consumers in a responsible manner

Essential Indicators

1. **Describe the mechanisms in place to receive and respond to consumer complaints and feedback:**

Customer complaints are received through email, transmittal letters, and verbal communications. All complaints raised by customers through Thermax Channel Associates (TCAs) are logged in Salesforce.com (SFDC) and reviewed by the service team. Resolutions are also recorded on SFDC. Any other complaints received directly from customers at the Customer Relationship Centre (CRC) are forwarded to relevant teams for their response. By monitoring customer complaints through Salesforce.com's service cloud, we have improved our responsiveness and efficiency in managing complaints, while effectively tracking and addressing recurring issues.

2. **Turnover of products and/services as a percentage of turnover from all products/services that carry information about:**

	As a Percentage of Total Turnover
Environmental and social parameters relevant to the product	All the products of the Company contain relevant information as required under applicable laws.
Safe and responsible usage	
Recycling and/or safe disposal	

3. **Number of consumer complaints:**

	FY 2022-23		Remarks	FY 2021-22		Remarks
	Received During the Year	Pending Resolution at End of Year		Received During the Year	Pending Resolution at End of Year	
Data Privacy	NIL		No such complaint was received in FY 2022-23	NIL		No such complaint was received in FY 2021-22
Advertising						
Cyber security						
Delivery of essential services						
Restrictive trade practices						
Unfair trade practices						
Other	Kindly refer to Section A General Disclosure Point No. VII Transparency and Disclosures Compliances					

4. **Details of instances of product recall on accounts of safety issues**

	Number	Reasons for recall
Voluntary recalls	NIL	
Forced recalls		

5. **Does the entity have a framework/policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.**
Yes. The Company regularly provides training on security awareness to its employees. Unused information is archived and purged according to the Company's Data Retention Policy. Role-specific access to IT equipment is created and controlled. Implementation of identity and access management through single sign-on and multi-factor authentication is underway. Servers and databases for all hosted applications are currently being upgraded for high availability.
The Company regularly tests its disaster recovery plan for critical applications.

Web-link: https://www.thermaxglobal.com/

6. **Provide details of any corrective actions taken or underway on issues relating to advertising and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty/action taken by regulatory authorities on the safety of products/services.**
Not Applicable

Leadership Indicators

1. **Channels/platforms where information on products and services of the Company can be accessed.**
The details of the product and services are available on https://www.thermaxglobal.com/

2. **Steps taken to inform and educate consumers, especially vulnerable and marginalised consumers, about safe and responsible usage of products and services.**
The Company's tech-enabled assets/products drive operational efficiency and sustainable growth for its customers. Additionally, the Company places a strong emphasis on educating the customers about the responsible usage of its products and services.

3. **Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.**
The Company has the necessary mechanisms in place to inform consumers if any major discontinuation happens. This includes updating and replacing outdated information on the website, publishing articles about upgraded or new versions of products and solutions in publications, and disseminating information on social media accounts.

4. **Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products/services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)**
No. All the products of the Company contain relevant information as required under applicable laws.

5. **Provide the following information relating to data breaches:**
   a. ***Number of instances of data breaches along with the impact***
   There were no data breaches during the year.

   b. ***Percentage of data breaches involving personally identifiable information of customers***
   NIL

Annexure-3 to the Directors' Report

Energy Conservation, Technology Absorption and Foreign Exchange Earnings & Outgo

[Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014]

A. Conservation of Energy

i) Steps Taken for Conservation of Energy

Thermax, a leading energy and environment solutions provider, has taken significant strides towards achieving its decarbonising commitment. The Company has been actively pursuing operational efficiency initiatives and renewable energy projects to reduce its carbon footprint and contribute towards a sustainable future. During the year, the following measures were taken for energy and resource conservation:

(a) Electricity

Thermax has successfully implemented various operational efficiency projects at its manufacturing plants such as arresting compressor leakages, installing Variable Frequency Drive (VFD) on various equipment, installing motion sensors to avoid excess use, optimising Effluent Treatment Plant (ETP) blower operations, replacing cooling water pumps with energy-efficient pumps at process cooling towers, and installing LED bulbs in shop floor. These initiatives have not only helped Thermax to reduce its energy consumption and greenhouse gas emissions, but also to improve its operational efficiency and reduce costs.

(b) Fuel

Thermax is actively improving operational efficiency and reducing its carbon footprint through projects like transitioning to biomass from natural gas at the Dahej plant and implementing measures to enhance boiler operation at the Paudh plant resulted in a reduction of 145 metric tons of Furnace oil (LHS oil) consumption, generating both cost savings and environmental benefits.

(c) Water

The Company has implemented several initiatives to reduce water consumption and minimize water losses at its domestic manufacturing and office locations. These efforts include the recycling and reuse of wastewater, harvesting of rainwater, and implementing measures to reduce water consumption.

Thermax's water conservation efforts have resulted in a significant saving of 2,49,510 m^3 of water during the year.

ii) Steps Taken by the Company for Utilising Alternate Sources of Energy

Thermax is actively implementing initiatives to increase the utilisation of renewable energy sources. The Company has procured 16.62 lakh units of renewable energy through open access.

In addition, Thermax has generated 15.24 lakh units from 2.17 MWp capacity across its Savli, Jhagadia, Sri City plants, and Pune offices, showcasing a strong commitment to renewable energy adoption for its operations.

In total, Thermax has consumed 31.87 lakh units of renewable power this year, demonstrating significant efforts to reduce its environmental impact.

(iii) Capital Investment on Energy Conservation Equipments

The Company has spent Rs. 4.1 crore as capital expenditure on Carbon Reduction Projects for FY 2022-23.

B. Technology Absorption

1. Efforts, in Brief, Made Towards Technology Absorption

- **Coal Gasification**
  - Under the Company's coal to methanol project (NITI Aayog initiative under Department of Science & Technology and in partnership with IIT Delhi), the Pilot plant has been set up in the year 22-23. Targeted methanol production has been repeatedly demonstrated using high ash Indian coal. Many varieties of Indian coal have been used as a feed and conversion to syngas and methanol has been successfully demonstrated
- **Solar**
  - In 2021, the Company entered into an agreement with Power Roll, a developer of unique, low-cost, and lightweight flexible solar films, to develop the market for solar film in India.
  - The Company's market mapping exercise indicate a potential of 45 GW for Grid and Off Grid Indoor and Outdoor applications for Perovskite based Flexible Solar Thin film in India.
  - The Company developed a techno-economic capability towards technology benchmarking, partner's commercial readiness and cost to commercialise.
  - A technology partner was identified as the best fit company to engage, develop, localise and manufacture Perovskite based Flexible Solar Thin Film for addressing Indian market.
- **THVAC**
  - The product CAD weight has been optimised 800 Kgs to 340 Kgs
  - Since Dec 2022, the THVAC has been installed on one of the largest fleets of India on Pune - Nagpur route and 1,25,000 kms of running has been completed with 100% uptime.
- **Hydrogen (AEM/GPS/BIO)**
  - The Company initiated the project on development of AEM (Anion Exchange Membrane) based Electrolyser and collaboration was initiated with CSIR-NCL under CSIR-Hydrogen Mission Initiative.
  - The project is envisaged to develop and demonstrate an AEM type water Electrolyser for green hydrogen generation.
  - The Company has initiated an inhouse project to develop a novel GPS (gas purification system) which will reduce the foot print and cost compared to conventional systems. The GPS is modular in nature and can be customised to suit any type of Electrolyser.
  - The Company has also initiated a project on biomass based hydrogen generation project with collaboration partners to scale up the lab technology to a pilot plant level project to enable 20% higher production compared to conventional biological process.

2. Benefits Derived as a Result of the above efforts – Product Improvement, Cost Reduction, Product Development, Import Substitution, etc.

- **Coal Gasification:**
  - Indigenous technology development has brought in interest from various

stake holders – Indian private corporates, PSUs etc. to scale up the technology for coal to chemical projects.

- **Solar**
  - Thermax and the technology partner shall accelerate the product localisation, customer acquisition, manufacturing plan and commercialisation for perovskite based flexible solar thin film in India
- **THVAC**
  - Bus Fuel economy improvement has been observed to the tune of 5% to 6%.
  - Use of natural refrigerant has been ensured and less than 5% lower CO_2 emissions has been achieved.
- **Biomass Based Hydrogen**
  - Biomass based Hydrogen can help us to produce 20% more hydrogen than conventional biological route.

3. In Case of Imported Technology (Imported During the Last Three Years Reckoned from the Beginning of the Financial Year), the Following Information is Furnished:

NIL

4. Expenditure on R&D

Particulars	Amount in Rs. crore	
	Current Year 2022-23	Previous Year 2021-22
a. Capital	0.71	0.12
b. Recurring	32.21	31.25
c. Total	32.92	31.38
d. Total R&D expenditure as a percentage of turnover	**0.4%**	**0.5%**

5. Foreign Exchange Earnings and Outgo

The Company's operations in export markets are elaborated in the Management Discussion and Analysis which is a part of its Director's Report

The details of the foreign exchange earnings and outgo are given below:

Particulars	Amount in Rs. crore	
	Current Year 2022-23	Previous Year 2021-22
Inflow	1,437	942
Outflow	442	256
Net	**995**	**686**

For and on behalf of the Board

Meher Pudumjee
Chairperson
DIN: 00019581
Pune, May 17, 2023

Annexure-4 to the Directors' Report

Annual Report on CSR Activities and CSR Policy

1. A Brief Outline on CSR Policy of the Company

The Board of Directors of Thermax Limited, after taking into account the recommendations of the CSR Committee, has approved the CSR Policy for the company. The highlights of the policy are given in this report and the complete policy is uploaded on the company's website: https://www.thermaxglobal.com/wp-content/uploads/2023/05/CSR-Policy.pdf.

The Company has been focusing predominantly in the area of education of economically underprivileged children. Apart from education, Thermax is also involved, in a small way, in addressing the issue of social discrimination through affirmative action, skill development and employability initiatives.

Thermax created a formal structure named Thermax Social Initiative Foundation as a Section 25 company (under the erstwhile Companies Act, 1956) in 2007 to design and implement its CSR Programme. In 2015-16, it was renamed Thermax Foundation (TF) and continues to be the primary implementing agency for the Thermax Group.

2. Composition of the CSR Committee

The Committee met two times on April 6, 2022 and October 4, 2022, during the year. Details of the Committee members and meetings attended by the members are as follows:

Sr. No.	Name of the Director	Designation / Nature of Directorship	Number of Meetings of the CSR Committee Held during the Year	Number of Meetings of the CSR Committee Attended During the Year
1	Meher Pudumjee	Chairperson	2	2
2	Dr. Ravi (S.B) Pandit	Committee Member & Independent Director	2	2
3	Nawshir Mirza	Committee Member & Independent Director	2	2

3.	Provide the web link where the composition of the CSR committee, CSR policy and CSR projects approved by the Board are disclosed on the website of the company	https://www.thermaxglobal.com/corporate-governance-policies-and-disclosures/
4.	Provide the executive summary along with web-link(s) of impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable	Not Applicable

5. (a) Average net profit of the company as per section 135(5): **Rs. 268 Crore**

(b) Two per cent of average net profit of the company as per section 135(5): **Rs.5.37 Crore**

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

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

(e) Total CSR obligation for the financial year [(b)+(c)-(d)]: **Rs.5.37 Crore**

6. (a) Amount spent on CSR Projects (both ongoing projects and other than ongoing projects): **Rs.5.37 Crore**

(b) Amount spent in Administrative Overheads: **Nil**

(c) Amount spent on Impact Assessment, if applicable: **NA**

(d) Total amount spent for the Financial Year [(a)+(b)+(c)]: **Rs. 5.37 Crore**

(e) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount Transferred to Unspent CSR Account as per Section 135(6)		Amount Transferred to Any Fund Specified Under Schedule VII as per second proviso to Section 135(5)		
	Amount	Date of Transfer	Name of the Fund	Amount	Date of Transfer
5.37 Crore	Not Applicable				

(f) Excess amount for set-off, if any

Sr. No.	Particulars	Amount (in Rs.)
(i)	Two per cent of the average net profit of the company as per section 135(5)	5.37 crore
(ii)	Total amount spent for the financial year	5.37 crore
(iii)	Excess amount spent for the financial year [(ii)-(i)]	Nil
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	NA

7. Details of unspent CSR amount for the preceding three financial years:

I	2	3	4	5	6		7	8
Sr. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under sub- section (6) of section 135 (in Rs.)	Balance Amount in Unspent CSR Account under sub- section (6) of section 135 (in Rs.)	Amount Spent in the Financial Year (in Rs)	Amount transferred to a Fund as specified under Schedule VII as per second proviso to sub- section (5) of section 135, if any		Amount remaining to be spent in succeeding Financial Years (in Rs)	Deficiency, if any
					Amount (in Rs.)	Date of Transfer		
Not Applicable								

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

☐ Yes ☑ No

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Sl. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/ Authority/ beneficiary of the registered owner		
(1)	(2)	(3)	(4)	(5)	(6)		
					CSR Registration Number, if applicable	Name	Registered address
Not Applicable							

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

Ashish Bhandari
(Chief Executive Officer & Managing Director)

Meher Pudumjee
(Chairperson, CSR Committee)

Form No. MR-3
Annexure 5(a) to the Directors Report

Secretarial Audit Report

For the Financial Year Ended March 31, 2023

Pursuant to section 204(1) of the Companies Act, 2013, Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 24A of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015

To,
The Members,
Thermax Limited,
D-13, MIDC, Ind. Area,
R D Aga Road, Chinchwad,
Pune - 411019

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of the secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **March 31, 2023**, complied with the statutory provisions listed hereunder and also that the Company has proper board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on **March 31, 2023** according to the provisions of:

(i) The Companies Act, 2013, as amended from time to time (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment;

(v) The following regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

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

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

c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements), Regulations, 2018 **(Not applicable to the Company during the audit period)**;

d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021

e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 **(Not applicable to the Company during the audit period)**;

f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with the client; **(Not applicable to the Company during the audit period)**;

g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 **(Not applicable to the Company during the audit period)**; and

h) The Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018 **(Not applicable to the Company during the audit period)**;

vi) We further report that having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, no other law was applicable specifically to the Company.

We have also examined compliance with the applicable clauses and regulations of the following:

(i) Secretarial Standards issued by 'The Institute of Company Secretaries of India'; and

(ii) The Listing Agreement entered into by the Company with Stock Exchange(s) pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the year under review, the Company has complied with the provisions of the Act, rules, regulations, guidelines, standards etc. mentioned above.

We further report that,

The Board of Directors of the Company is duly constituted with a proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Further, in the incidences where, for the purpose of any Board or Committee Meeting, notice, agenda or notes to agenda are circulated within a shorter period of less than seven days, all the Directors including Independent Directors have consented to the shorter period of circulation of the same.

All decisions at Board Meetings and Committee Meetings are carried out with the requisite majority as recorded in the minutes of the meetings of the Board of Directors or Committees of the Board, as the case may be.

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

We further report that during the audit period:

1. First Energy Private Limited (FEPL) a Wholly Owned Subsidiary (WOS) of the Company has acquired Jalansar Wind Energy Private Limited (JWEPL) and Kanakal Wind Energy Private Limited (KWEPL) vide Share Purchase Agreement (SPA) dated June 22, 2022, pursuant to which they have become step-down subsidiaries of the Company.

2. The Company has agreed to make an investment in Covacsis Technologies Private Limited ("Covacsis") by subscribing to 43,192 (Forty Three Thousand One Hundred and Ninety Two) Cumulative Convertible Preference Shares (CCPS). Post investment, the Company will hold 16.667% of the share capital of Covacsis.

3. A special resolution was passed in the Annual General Meeting of the Company held on August 02, 2022, to make amendments including but not limited to correction, revision, consolidation with any other trust and to alter, modify, edit and make amendments to the trust deeds of all the Employee Welfare Trusts.

4. The Company has executed Shareholders' Agreement with EverEnviro Resource Management Private Limited (EverEnviro) on July 27, 2022, to form a joint venture with an investment of 65% in the share capital by forming a subsidiary, with the name of Thermax Bioenergy Solutions Private Limited which was incorporated on August 12, 2022.

5. The Board of Directors of WOS of the Company i.e. Thermax Cooling Solutions Limited (TCSL/Demerged Company) and Thermax Instrumentation Limited (TIL/Resulting Company) have approved a scheme of arrangement pursuant to Sections 230 to 232 read with section 66 of the Companies Act, 2013 on December 20, 2022.

For **SVD & Associates**
Company Secretaries

Sridhar Mudaliar
Partner
FCS No: 6156
CP No: 2664

Place: Pune
Date: May 17, 2023
Peer Review Number: P2013MH075200
UDIN: F006156E000307259

Note: This report is to be read with the letter of even date by the Secretarial Auditors, which is annexed as Annexure A and forms an integral part of this report.

ANNEXURE-A

To,
The Members,
Thermax Limited
D-13, MIDC Ind. Area
R D Aga Road, Chinchwad,
Pune - 411 019

Our Secretarial Audit Report of even date is to be read along with this letter.

Management's Responsibility

1. It is the responsibility of the management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and ensure that the systems are adequate and operate effectively.

Auditor's Responsibility

2. Our responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.

3. We believe that audit evidence and information obtained from the Company's management are adequate and appropriate for us to provide a basis for our opinion.

4. We have relied on the documents and evidences provided by the Company either physically or in electronic mode.

5. Wherever required, we have obtained the management's representation about the compliance of laws, rules and regulations and the happening of events, etc.

Disclaimer

6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

7. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

For SVD & Associates
Company Secretaries

Sridhar Mudaliar
Partner
FCS No: 6156
C P No: 2664

Place: Pune
Date: May 17, 2023

Peer Review Number: P2013MH075200
UDIN: F006156E000307259

Form No. MR-3
Annexure 5(b) to the Directors Report

Secretarial Audit Report

For the Financial Year Ended March 31, 2023

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Thermax Babcock & Wilcox Energy Solutions Limited
Dhanraj Mahal, 2nd Floor, Chhatrapati Shivaji Maharaj Marg, Near Regal Cinema, Colaba Mumbai MH 400039

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

Based on our verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2023 (Audit Period) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2023 according to the provisions of:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(i) The Boilers Act, 1923 (ii)The Environment (Protection) Act, 1986 (iii) The Contract Labour (Regulation and Abolition), Act 1970

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

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

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

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

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors and Non-Executive Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, except when meetings were called at shorter notice as permitted u/s. 173(3) of the Act and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings were carried out unanimously as recorded in the minutes of the meetings of Board of Directors or Committee of Board as the case maybe.

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

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

For **Amit Jaste & Associates**
Practising Company Secretaries

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

Date: May 12, 2023
Place: Mumbai
UDIN: F007289E000298571

ANNEXURE-A

To,
The Members,
Thermax Babcock & Wilcox Energy Solutions Limited
Dhanraj Mahal, 2nd Floor, Chhatrapati Shivaji Maharaj Marg,
Near Regal Cinema, Colaba Mumbai MH 400039

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

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

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

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

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

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

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

For Amit Jaste & Associates
Practising Company Secretaries

Amit Jaste
Proprietor
FCS No: 7289
C P No: 12234

Place: Mumbai
Date: 12/05/2023
UDIN: F007289E000298571

INDEPENDENT AUDITOR'S REPORT

To the Members of Thermax Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Thermax Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associates comprising of the consolidated Balance sheet as at March 31, 2023, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries and associates, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associates as at March 31, 2023, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year ended March 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit reports furnished to us by the management, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
A) Accounting for Revenue from Contracts with Customer (as described in Note 21 of the consolidated financial statements)	

The Group's revenue comprises of revenue generated from sale of industrial products as well as from Engineering, Procurement and Construction (EPC) contracts. The total revenues for the year amounted to Rs. 8,033.90 crores.
Revenues are recognised under Ind AS 115, Revenue from Contracts with Customers basis the nature and type of the contracts. We consider accounting of revenue contracts to be an area posing a significant risk of material misstatement and accordingly a key audit matter as due to the varied nature of the contracts, identification of contractual obligations, point of time for transfer of control, significant judgements involved in determining the contract costs (including costs incurred to date and estimated total cost), rights to receive payments including those for performance completed till date and recognition for loss making contracts/ onerous obligations. Revenue and profits for the year may deviate significantly on account of changes in the above significantly on account of change in judgements and estimates.
	The audit procedures performed by us and the auditors of the subsidiaries ('other auditors') included the following:
	• We and other auditors understood the Group's policies and processes, control mechanisms and methods in relation to the revenue recognition for revenue contracts and evaluated the design and operative effectiveness of the financial controls from the above through our test of control procedures.
	• We and other auditors obtained and read the terms of revenue contracts to evaluate the management's process to assess nature of the performance obligations, the point of time for transfer of control to customer and other relevant terms necessary for revenue recognition.
	• We and other auditors tested revenue, on sample basis, recorded during the period closer to year-end by testing the supporting documentation.
	• We and other auditors performed analytical procedures and conducted inquiries with senior management about any unusual trends of revenue recognition.
	• For EPC contracts, on sample basis, we and other auditors performed the following procedures among others:
	  • Provision for liquidated damages and claims: Discussed with management and project teams to understand the status of the project and likelihood of customers imposing any contractual penalties through inspection of the relevant documents and correspondences.
	  • Contingency provisions: Understood the management's estimate and rationale for the contingency provision movement during the year. We and other auditors analyzed the movement throughout the life of the contract and discussed progress to date with project teams to determine whether the remaining contingency provision is sufficient coverage for the residual risks identified for those projects.
	  • Assessment of costs-to-complete: Performed procedures on balance cost estimation, tested the historical accuracy of previous forecasts and discussed variances with project teams, tested that the costs incurred were accrued at year-end and tested the assumptions for balance costs-to-complete.
	  • Performed analytical procedures and checked exceptions for contracts with low or negative margins, loss making contracts/ onerous contracts, contracts with significant changes in cost estimates and significant overdue net receivable positions for contracts with marginal or no movement to determine the level of provisioning required.
	• We read and tested the presentation and disclosure in the consolidated financial statements are in accordance with applicable accounting standards.

Key audit matter	How our audit addressed the key audit matter
B) Impairment of trade receivables and contract assets (as described in Note 7 and 9(b) of the consolidated financial statements)	
The Group's accounting with respect to impairment of financial assets and contract assets is covered through Expected Credit Losses (ECL) method under Ind AS 109 and is expected to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments. Impairment of financial assets is a key audit matter for the Group as it has devised a model to recognise impairment through ECL method using individual receivables or for homogeneous group of receivables with similar credit risk characteristics. The calculation of the impairment allowance under ECL method is highly judgmental as it requires management to make significant assumptions on customer payment behavior and other relevant risk characteristics when assessing the Group's statistics of historical information and estimating the level and timing of expected future cash flows. As at the March 31, 2023, the Group recorded an impairment allowance of Rs. 416.87 crores for its receivables and unbilled revenue.	The audit procedures performed by us and the other auditors included the following: • We and other auditors evaluated the management's key data sources and assumptions used in the ECL model to determine impairment allowance. • We and other auditors understood the management's basis to consider the associated risks for identifying homogeneous group of receivables. • We and other auditors evaluated the process followed by the Group for determination of credit risk and the resultant basis for classification of receivables into various stages. • For a sample of receivables, we and other auditors tested the ageing of the receivables considered for the calculation of impairment allowance. • We and other auditors assessed the completeness of financial assets included in the ECL calculations as of the reporting date. • We and other auditors considered the consistency of various inputs and assumptions used by the Group management to determine impairment provisions. • As part of our procedures, we read and tested the disclosures in the notes to consolidated financial statements are as per the relevant accounting standards.

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

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Business Responsibility Report, Sustainability Report and Director's Report including annexure to the Director's Report of the Annual Report of the Group including its associates, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

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

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its associates in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of their respective companies and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associates are responsible for assessing the ability of their respective companies to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance of the companies included in the Group and of its associates are also responsible for overseeing the financial reporting process of their respective companies.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates of which we are the independent auditors and whose financial information we have audited, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the financial year ended March 31, 2023 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

(a) We did not audit the financial statements and other financial information, in respect of 27 subsidiaries, 2 branches of subsidiary and various trusts whose financial statements include total assets of Rs. 1,384.07 crores as at March 31, 2023, and total revenues of Rs. 523.51 crores and net cash inflows of Rs. 101.10 crores for the year ended on that date. These financial statements and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, branches of subsidiary and trusts and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, branches of subsidiary and trusts, is based solely on the reports of such other auditors.

(b) The accompanying consolidated financial statements include the Group's share of net loss of Rs. 0.23 crores for the year ended March 31, 2023, as considered in the consolidated financial statements, in respect of 2 associates whose financial statements, other financial information have not been audited and whose unaudited financial statements, other unaudited financial information have been furnished to us by the management. Our opinion, in so far as it relates amounts and disclosures included in respect of these associates, and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid associates, is based solely on such unaudited financial statements and other unaudited financial information.

In our opinion and according to the information and explanations given to us by the Management, these financial statements and other financial information are not material to the Group.

(c) Our opinion above on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of the subsidiaries incorporated in India, qualifications or adverse remarks made by us or the respective auditors in the Companies (Auditor's Report) Order report of the companies included in the consolidated financial statements are:

S. No	Name	CIN	Holding company/ subsidiary/ step-down subsidiary	Clause number of the CARO report which is qualified or is adverse
1	First Energy Private Limited	U40200MH2008FTC187978	Subsidiary	Clause (vii)(a)
2	First Energy TN1 Private Limited	U40108PN2022PTC208074	Step-down subsidiary	Clause (vii)(a)
3	First Energy 2 Private Limited	U40300PN2022PTC209863	Step-down subsidiary	Clause (vii)(a)
4	First Energy 3 Private Limited	U40100PN2022PTC211607	Step-down subsidiary	Clause (vii)(a)
5	Jalansar Wind Energy Private Limited	U40300GJ2017PTC096527	Step-down subsidiary	Clause (vii)(a)
6	Kanakal Wind Energy Private Limited	U40300GJ2017PTC096521	Step-down subsidiary	Clause (vii)(a)

2. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries and associates, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

   (a) We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;

   (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors, except that with respect to certain entities as disclosed in note 46 to the consolidated financial statements, the back-up of books of account was not kept in servers physically located in India on a daily basis as stated in Note 46 to the consolidated financial statements;

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

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

   (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2023 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act of its subsidiary companies, none of the directors of the Group's companies, incorporated in India, is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act;

   (f) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in paragraph (b) above;

   (g) With respect to the adequacy of the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiary companies, incorporated in India, and the operating effectiveness of such controls, refer to our separate Report in "Annexure 1" to this Report;

   (h) In our opinion and based on the consideration of reports of other statutory auditors of the subsidiaries, the managerial remuneration for the year ended March 31, 2023 has been paid / provided by the Holding Company and its subsidiaries incorporated in India to their directors in accordance with the provisions of section 197 read with Schedule V to the Act;

   (i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries and associates, as noted in the 'Other matter' paragraph:

      i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group and its associates in its consolidated financial statements – Refer Note 31A to the consolidated financial statements;

      ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer (a) Note 9(b) and 18(b) to the consolidated financial statements in respect of such items as it relates to the Group and its associates and (b) the Group's share of net loss in respect of its associates;

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiaries and associates, incorporated in India during the year ended March 31, 2023;

      iv. a) The respective managements of the Holding Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries respectively that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiaries to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the respective Holding Company or any of such subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

      b) The respective managements of the Holding Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries respectively that, to the best of its knowledge and belief, no funds have been received by the respective Holding Company or any of such subsidiaries from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiaries shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

      c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiaries, which are companies incorporated in India, whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (a) and (b) contain any material mis-statement.

      v. a) The final dividend paid by the Holding Company and its subsidiaries companies incorporated in India during the year in respect of the same declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.

      b) The interim dividend declared and paid during the year by subsidiary companies incorporated in India and until the date of the respective audit reports of such subsidiary is in accordance with section 123 of the Act.

      c) As stated in note 15(b) to the consolidated financial statements, the respective Board of Directors of the Holding Company, incorporated in India have proposed final dividend for the year which is subject to the approval of the members of the respective companies at the respective ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend; and

      vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable only w.e.f. April 1, 2023 for the Holding Company, its subsidiaries and associates companies incorporated in India, hence reporting under this clause is not applicable.

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

per Vaibhav Kumar Gupta
Partner
Membership No.: 213935
UDIN: 23213935BGYWXV8166

Place: Pune
Date: May 17, 2023

Annexure 1 as referred to in paragraph 2(g) under the heading 'Report on Other Legal and Regulatory Requirements' to the Independent Auditor's Report of even date on the Consolidated Financial Statements of Thermax Limited

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

In conjunction with our audit of the consolidated financial statements of Thermax Limited (hereinafter referred to as the "Holding Company") as of and for the year ended March 31, 2023, we have audited the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

Meaning of Internal Financial Controls With Reference to Consolidated Financial Statements

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

Inherent Limitations of Internal Financial Controls With Reference to Consolidated Financial Statements

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

Opinion

In our opinion, the Holding Company and its subsidiaries which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Other Matter

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements of the Holding Company, in so far as it relates to these 3 subsidiaries, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiaries incorporated in India.

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

per Vaibhav Kumar Gupta
Partner
Membership No.: 213935
UDIN: 23213935BGYWXV8166

Place: Pune
Date: May 17, 2023

CONSOLIDATED BALANCE SHEET

as at March 31, 2023

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

Particulars	Note No.	As at March 31, 2023	As at March 31, 2022
Assets			
I. Non-current assets			
Property, plant and equipment	4 (a)	1,039.89	990.95
Capital work-in-progress	4 (a)	433.77	44.32
Right-of-use assets	4 (b)	176.06	163.24
Goodwill	4 (c)	3.03	3.03
Other intangible assets	4 (c)	29.19	37.52
Investment in associate	5	16.37	6.63
Financial assets:			
(a) Investments	6 (a)	216.84	703.36
(b) Trade receivables	7 (a)	114.50	173.52
(c) Loans	8 (a)	4.66	5.18
(d) Finance lease receivables	32	117.64	85.89
(e) Other assets	9 (a)	65.71	94.08
Deferred tax assets (net)	10	108.62	130.21
Income tax assets (net)		219.64	191.07
Other assets	11 (a)	212.53	94.32
Total non-current assets		**2,758.45**	**2,723.32**
II. Current assets			
Inventories	12	755.63	727.01
Financial assets:			
(a) Investments	6 (b)	1,392.87	766.54
(b) Trade receivables	7 (b)	1,762.06	1,423.72
(c) Cash and cash equivalents	13 (a)	452.82	310.78
(d) Bank balances other than (c) above	13 (b)	678.76	642.72
(e) Loans	8 (b)	2.46	1.98
(f) Finance lease receivables	32	22.83	15.73
(g) Other assets	9 (b)	527.64	470.43
Income tax assets (net)		1.19	3.27
Other assets	11 (b)	476.00	375.61
Total current assets		**6,072.26**	**4,737.79**
III. Assets classified as held for sale	45	7.90	-
Total assets		**8,838.61**	**7,461.11**
Equity and liabilities			
IV. Equity			
Equity share capital	14	22.52	22.52
Other equity	15 (a)	3,845.55	3,469.97
Equity attributable to equity holders of the parent		**3,868.07**	**3,492.49**
Non-controlling interests	37 (b)	2.15	-
Total equity		**3,870.22**	**3,492.49**
V. Non-current liabilities			
Financial liabilities:			
(a) Borrowings	16 (a)	422.52	61.42
(b) Lease liabilities	32 (ii)	14.74	8.13
(c) Trade payables	17 (a)	30.75	47.64
(d) Other liabilities	18 (a)	28.24	17.28
Provisions	19 (a)	38.40	32.41
Deferred tax liabilities (net)	10	2.91	3.09
Other liabilities	20 (a)	21.64	40.58
Total non-current liabilities		**559.20**	**210.55**
VI. Current liabilities			
Financial liabilities:			
(a) Borrowings	16 (b)	388.02	294.00
(b) Lease liabilities	32 (ii)	5.25	4.16
(c) Trade payables	17 (b)		
Total outstanding dues of micro and small enterprises		518.02	402.18
Total outstanding dues of creditors other than micro and small enterprises		979.84	1,057.58
(d) Other liabilities	18 (b)	145.05	108.28
Provisions	19 (b)	203.71	206.80
Income tax liabilities (net)		24.44	23.39
Other liabilities	20 (b)	2,144.86	1,661.68
Total current liabilities		**4,409.19**	**3,758.07**
Total equity and liabilities		**8,838.61**	**7,461.11**
Summary of significant accounting policies	2		
Summary of significant accounting judgements, estimates and assumptions	3		
The accompanying notes are an integral part of these financial statements.			

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

per Vaibhav Kumar Gupta
Partner
Membership No. 213935

Place: Pune
Date: May 17, 2023

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

Meher Pudumjee
Chairperson
DIN: 00019581

Ashish Bhandari
Managing Director and CEO
DIN: 05291138

Rajendran Arunachalam
Executive Vice President and
Group Chief Financial Officer

Janhavi Khele
Company Secretary

Place: Pune
Date: May 17, 2023

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2023

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

Particulars	Note No.	Year ended March 31, 2023	Year ended March 31, 2022
Income			
Revenue from operations	21	8,089.81	6,128.33
Other income	22	160.18	127.01
Total income (I)		**8,249.99**	**6,255.34**
Expenses			
Cost of raw materials and components consumed	23	4,442.70	3,506.01
Purchase of traded goods		152.73	121.55
Decrease / (Increase) in inventories of finished goods, work-in-progress and traded goods	24	29.25	(142.52)
Employee benefits expense	25	954.17	812.93
Finance cost	26	37.59	25.17
Depreciation and amortisation expense	27	116.86	113.24
Other expenses	28	1,913.40	1,408.99
Total expenses (II)		**7,646.70**	**5,845.37**
Profit before tax and share of (loss) / profit of associates (III) = (I-II)		**603.29**	**409.97**
Share of (loss) / profit of associates (IV)	37	(0.23)	0.13
Profit before tax (V) = (III+IV)		**603.06**	**410.10**
Tax expense	10		
Current tax		125.89	72.55
Deferred tax (net)		26.47	25.24
Total tax expense (VI)		**152.36**	**97.79**
Profit for the year (VII) = (V-VI)		**450.70**	**312.31**
Other Comprehensive Income (OCI)			
A. Items that will be reclassified subsequently to profit or loss	30		
i) Net gain/(loss) on cash flow hedges		(6.64)	2.41
Less: Income tax effect		1.58	(0.49)
		(5.06)	**1.92**
ii) Exchange differences on translating of foreign operations		15.87	2.08
		10.81	**4.00**
B. Items that will not be reclassified subsequently to profit or loss	30		
i) Re-measurement (loss) / gain on defined benefit plan		(14.16)	4.88
Less: Income tax effect		3.57	(1.26)
		(10.59)	**3.62**
ii) Share of OCI of associates (Re-measurement (loss) on defined benefit plan (net of tax))	37(a)	(0.03)	-
		(10.62)	**3.62**
Net other comprehensive income for the year (net of tax) (VIII)		**0.19**	**7.62**
Total comprehensive income for the year (IX=VII + VIII)		**450.89**	**319.93**
Profit for the year			
Attributable to:			
Equity holders of the parent		450.29	312.31
Non-controlling interest	37 (b)	0.41	-
Other comprehensive income for the year			
Attributable to:			
Equity holders of the parent		0.20	7.62
Non-controlling interest	37 (b)	(0.01)	-
Total comprehensive income for the year			
Attributable to:			
Equity holders of the parent		450.49	319.93
Non-controlling interest	37 (b)	0.40	-
Earning per equity share [Nominal value per share Rs.2/- each (March 31, 2022: Rs.2/-)] (computed on the basis of profit for the year attributable to equity holders of the parent)	29		
Basic		39.98	27.73
Diluted		39.98	27.73
Summary of significant accounting policies	2		
Summary of significant accounting judgements, estimates and assumptions	3		
The accompanying notes are an integral part of these financial statements.			

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

per Vaibhav Kumar Gupta
Partner
Membership No. 213935

Place: Pune
Date: May 17, 2023

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

Meher Pudumjee
Chairperson
DIN: 00019581

Ashish Bhandari
Managing Director and CEO
DIN: 05291138

Rajendran Arunachalam
Executive Vice President and
Group Chief Financial Officer

Janhavi Khele
Company Secretary

Place: Pune
Date: May 17, 2023

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2023

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

A Equity Share Capital ^

Particulars	Note No.	March 31, 2023	March 31, 2022
Balance at the beginning of the year	14	22.52	22.52
Changes in equity shares capital during the year	14	-	-
Balance at the end of the year	14	**22.52**	**22.52**

B Other Equity ^

Particulars	Attributable to the equity holders of the parent									Non-controlling interest	Total
	Reserves and surplus						Other reserves		Total other equity		
	General reserve	Share based payment reserve	Capital reserve	Capital redemption reserve	Retained earnings	Securities premium	Foreign currency translation reserve	Effective portion of cash flow hedge reserve			
As at April 1, 2021	**435.31**	**-**	**95.12**	**60.34**	**2,542.22**	**57.28**	**39.54**	**(0.94)**	**3,228.87**	**-**	**3,228.87**
Profit for the year	-	-	-	-	312.31	-	-	-	**312.31**	-	**312.31**
Other Comprehensive Income (net)	-	-	-	-	3.62	-	2.08	1.92	**7.62**	-	**7.62**
Total comprehensive income	**-**	**-**	**-**	**-**	**315.93**	**-**	**2.08**	**1.92**	**319.93**	**-**	**319.93**
Dividends paid	-	-	-	-	(78.83)	-	-	-	**(78.83)**	-	**(78.83)**
As at March 31, 2022	**435.31**	**-**	**95.12**	**60.34**	**2,779.32**	**57.28**	**41.62**	**0.98**	**3,469.97**	**-**	**3,469.97**
Profit for the year	-	-	-	-	450.29	-	-	-	**450.29**	0.41	**450.70**
Other Comprehensive Income (net)	-	-	-	-	(10.61)	-	15.87	(5.06)	**0.20**	(0.01)	**0.19**
Total comprehensive income	**-**	**-**	**-**	**-**	**439.68**	**-**	**15.87**	**(5.06)**	**450.49**	**0.40**	**450.89**
Share based payments (note 42)	-	2.52	-	-	-	-	-	-	**2.52**	-	**2.52**
Arising on account of acquisition (note 37 (b))	-	-	-	-	-	-	-	-	**-**	1.75	**1.75**
Transactions with non-controlling shareholders (note 18 (a))	-	-	-	-	24.61	-	-	-	**24.61**	-	**24.61**
Dividends paid	-	-	-	-	(102.04)	-	-	-	**(102.04)**	-	**(102.04)**
As at March 31, 2023	**435.31**	**2.52**	**95.12**	**60.34**	**3,141.57**	**57.28**	**57.49**	**(4.08)**	**3,845.55**	**2.15**	**3,847.70**

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

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

per Vaibhav Kumar Gupta
Partner
Membership No. 213935

Place: Pune
Date: May 17, 2023

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

Meher Pudumjee
Chairperson
DIN: 00019581

Ashish Bhandari
Managing Director and CEO
DIN: 05291138

Rajendran Arunachalam
Executive Vice President and
Group Chief Financial Officer

Janhavi Khele
Company Secretary

Place: Pune
Date: May 17, 2023

CONSOLIDATED CASH FLOW STATEMENT

for the year ended March 31, 2023

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

		Note No.	Year ended March 31, 2023	Year ended March 31, 2022
A)	**Cash flows from operating activities**			
	Profit before tax (after share of (loss) / profit of associates)		603.06	410.10
	Less: Share of (loss) / profit on associates		(0.23)	0.13
	Profit before tax (before share of (loss) / profit of associates)		603.29	409.97
	Adjustments to reconcile profit before tax to net cash flows			
	Depreciation / amortisation on property, plant and equipment, right-of-use assets and intangible assets	27	116.86	113.24
	Provision for impairment allowance of financial assets (net)	28	37.76	(9.41)
	Provision for advances (net)	28	2.92	5.01
	Interest expense	26	26.00	13.47
	Unwinding of discount on provisions	26	11.95	11.70
	Unrealised foreign exchange (gain)/ loss		(0.26)	3.46
	Interest income	22	(69.55)	(51.87)
	Dividend income	22	-	(1.37)
	Liabilities no longer required written back	22	(16.83)	(18.99)
	Fair value gain on financial instrument at fair value through profit and loss (net)	22	(44.85)	(39.32)
	Loss / (Profit) on sale / discard of assets (net)	28	3.79	(7.64)
	Share based payment expenses	25	2.52	-
	Working capital adjustments			
	(Increase)/ decrease in trade receivables		(314.42)	(249.70)
	(Increase)/ decrease in inventories		(28.62)	(322.27)
	(Increase)/ decrease in other financial assets		(109.36)	(122.87)
	(Increase)/ decrease in other assets		(103.71)	7.45
	(Decrease)/ increase in trade payables		38.58	354.95
	(Decrease)/ increase in other liabilities		450.04	323.90
	(Decrease)/ increase in provisions		(9.05)	6.51
	(Decrease)/ increase in other financial liabilities		13.74	1.49
	Cash generated from operations		**610.80**	**427.71**
	Direct taxes paid (net of refunds received)		(151.24)	(103.00)
	Net cash inflow from operating activities		**459.56**	**324.71**
B)	**Cash flows from / (used in) investing activities**			
	Purchase of property, plant and equipment, right of use of assets (ROU) and intangible assets (net of disposal)		(649.94)	(83.78)
	Investment in associates		(10.00)	(6.50)
	Investment in fixed deposits and other investments (net)		(89.29)	(419.83)
	Interest received		69.55	88.53
	Net cash flows (used in) investing activities		**(679.68)**	**(421.58)**

CONSOLIDATED CASH FLOW STATEMENT

for the year ended March 31, 2023
(All amounts are in Rupees Crore, except per share data and unless stated otherwise)

	Note No.	Year ended March 31, 2023	Year ended March 31, 2022
C) Cash flows from / (used in) financing activities			
Proceeds from borrowings (net of repayments)		448.13	76.19
Interest paid		(25.57)	(13.47)
Dividend paid		(102.13)	(78.83)
Payment of lease liability		(9.80)	(4.47)
Transactions with non-controlling interests		36.16	-
Proceeds from issuance of shares to non-controlling interest		1.75	-
Net cash flows from / (used in) financing activities		**348.54**	**(20.58)**
Net increase / (decrease) in cash and cash equivalents		**128.42**	**(117.45)**
Cash and cash equivalents at the beginning of the year		303.44	418.81
Exchange differences on translation of foreign operations		15.87	2.08
Cash and cash equivalents at the end of the year		**447.73**	**303.44**

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

	Note No.	March 31, 2023	March 31, 2022
Cash and cash equivalents	13 (a)	452.82	310.78
Bank overdraft	16 (b)	(5.07)	-
Book overdraft	18 (b)	(0.02)	(7.34)
Balances as per Cash flow statement		**447.73**	**303.44**

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

per Vaibhav Kumar Gupta
Partner
Membership No. 213935

Place: Pune
Date: May 17, 2023

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

Meher Pudumjee
Chairperson
DIN: 00019581

Ashish Bhandari
Managing Director and CEO
DIN: 05291138

Rajendran Arunachalam
Executive Vice President and
Group Chief Financial Officer

Janhavi Khele
Company Secretary

Place: Pune
Date: May 17, 2023

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023
(All amounts are in Rupees Crore, except per share data and unless stated otherwise)

1. Corporate Information

Thermax Limited ('the Holding Company' or 'the Company"), its subsidiaries and its associates (together referred to as 'the Group') is a leading energy and environment solutions provider. The Group's portfolio includes boilers and heaters, absorption chillers/ heat pumps, power plants, solar equipment, air pollution control equipment/system, water and waste recycle plant, ion exchange resins and performance chemicals and related services.

The Holding Company is a public limited company incorporated and domiciled in India. It is listed on the BSE Limited (BSE) and National Stock Exchange Limited (NSE) in India. The address of its registered office is D-13, MIDC Industrial Area, R.D. Aga Road, Chinchwad, Pune- 411019, India. The Board of Directors have authorised to issue these financial statements on May 17, 2023. The CIN of the Company is L29299PN1980PLC022787.

2. Significant Accounting Policies

2.1. Basis of preparation, measurement and consolidation

(a) Basis of preparation

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

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

The accounting policies adopted for preparation and presentation of these consolidated financial statements have been consistently applied except for changes resulting from amendments to Ind AS issued by the Ministry of Corporate Affairs, effective for financial years beginning on or after April 1, 2022 as disclosed in note 2.2.

(b) Basis of measurement

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

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

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Holding Company, its subsidiaries and its associates as at March 31, 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

There is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

- Rights arising from other contractual arrangements;
- The Group's voting rights and potential voting rights; and
- The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of an entity begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to the same reporting date as that of the Holding Company, i.e., year ended March 31, 2023. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary.

Consolidation procedure

(a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

(b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. The accounting policy regarding business combinations and goodwill explains how to account for any related goodwill.

(c) Eliminate in full, intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 'Income Taxes' applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the carrying amount of assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interests;
- Derecognises the cumulative translation differences recorded in equity;

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

2.2. Changes in accounting policies and disclosures

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 April 2022. The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standard) Amendment Rules 2022 dated March 23, 2022, to amend the following Ind AS which are effective from April 01, 2022.

(i) Onerous Contracts – Costs of Fulfilling a Contract – Amendments to Ind AS 37

An onerous contract is a contract under which the unavoidable of meeting the obligations under the contract costs (i.e., the costs that the Group cannot avoid because it has the contract) exceed the economic benefits expected to be received under it.

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services including both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract and costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. There is no material impact on financial statements of the Group.

2.2.1. Others

Several other amendments and interpretations apply for the first time for the year ended March 31, 2023, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards or amendments that have been issued but are not yet effective.

2.3 Summary of significant accounting policies

a. Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

- Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 'Income Taxes' and Ind AS 19 'Employee Benefits', respectively.
- Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI, as appropriate.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit, pro-rata, based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

b. Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The considerations made in determining whether significant influence exists are similar to those necessary to determine control over the subsidiaries.

The Group's investments in its associates are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit and loss reflects the Group's share of the results of operations of the associates. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

If an entity's share of losses of an associate equals or exceeds its interest in the associate (which

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

includes any long-term interest that, in substance, form part of the Group's net investment in the associate), the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The aggregate of the Group's share of profit or loss of associates is shown on the face of the statement of profit and loss outside operating profit. The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as 'Share of profit of an associate' in the statement of profit and loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

c. Current and non-current classification

The Group 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 terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification. The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

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

d. Foreign currencies

The Group's consolidated financial statements are prepared in INR, which is also the functional currency of the Company. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

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 recognised in the Consolidated Statement of profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

Group companies

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

Any goodwill arising in the acquisition/ business combination of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

e. Fair value measurement

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

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

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

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

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

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

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

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

For the purpose of fair value disclosures, the Group has determined classes of assets and

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

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 summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Disclosures for significant judgements, estimates and assumptions (note 3)
- Quantitative disclosures of fair value measurement hierarchy (note 38)
- Financial instruments (including those carried at amortised cost) (note 38)

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

f. Property, Plant and Equipment

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

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

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

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

Asset category	Group's estimate of useful life (years)	Useful life as prescribed under Schedule II (years)
Factory buildings	28 to 30	30
Other buildings	58	60
Plant and equipment	5 to 25	15 to 20
Roads	5 to 30	5 to 10
Office equipment	15	15
Furniture and fixtures	15	10
Computers and data processing units	4 to 6	3 to 6
Vehicles	7 to 10	8

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

g. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in the Consolidated Statement of profit and loss in the period in which the expenditure is incurred.

Intangible assets with finite lives are amortised over the useful economic life and assessed

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation 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 amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Consolidated 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 recognised in the Consolidated Statement of profit and loss when the asset is derecognised.

Research and development costs

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognised as an intangible asset when the Group can demonstrate all the following:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Its intention to complete the asset
- Its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of adequate resources to complete the development and to use or sell the asset
- The ability to measure reliably the expenditure attributable to the intangible asset during development.

Following the initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses, if any. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised on a straight line basis over the period of expected future benefit from the related project, i.e., the estimated useful life subject to a maximum of ten years. Amortisation is recognised in the Statement of profit and loss unless such expenditure forms part of carrying value of another asset. During the period of development, the asset is tested for impairment annually.

A summary of amortisation rates applied to the Group's intangible assets are as below:

Asset category	Life (years)
Technical know how	3 to 6
Computer software	3 to 5
Customer rights	3 to 5

h. Non-current assets held for sale

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale/ distribution should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale and the sale expected within one year from the date of classification.

For these purposes, sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance. The criteria for held for sale classification is regarded met only when the assets or disposal group is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets (or disposal groups), its sale is highly probable; and it will genuinely be sold, not abandoned. The group treats sale of the asset or disposal group to be highly probable when:

- The appropriate level of management is committed to a plan to sell the asset (or disposal group),
- An active programme to locate a buyer and complete the plan has been initiated (if applicable),
- The asset (or disposal group) is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, and
- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Property, plant and equipment and intangible are not depreciated, or amortised assets once classified as held for sale. Assets and liabilities classified as held for sale are presented separately from other items in the balance sheet.

i. Inventories

Raw materials, components, stores and spares are valued at lower of cost and estimated net realisable 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 realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost is determined on a weighted average basis.

Traded goods are valued at lower of cost and net realisable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a weighted average basis.

Net realisable 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.

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

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

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The Group has following streams of revenue:

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

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

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

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

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

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

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

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

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

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  The Group estimates variable consideration amount which it expects to be entitled under the contract and includes it in the transaction price to the extent it is highly probable that a significant reversal of cumulative revenue recognised 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 Consolidated 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 recognised as an adjustment to revenue on a cumulative catch-up basis.

  When it becomes probable that the total contract costs will exceed the total contract revenue, the Group recognises the expected losses from onerous contract as an expense immediately.

  Penalties for any delay or improper execution of a contract are recognised as a deduction from revenue. In the balance sheet, such provisions are presented on net basis of the contract receivables.

- **Revenue from sale of goods**

  If the criteria for revenue under over-a-period of time as mentioned above are not met, the Group recognises revenue at a point-in-time. The point-in-time is determined when the control of the goods or services is transferred which is determined based on when the significant risks and rewards of ownership are transferred to the customer. Apart from this, the Group also considers its present right to payment, the legal title to the goods, the physical possession and the customer acceptance in determining the point in time where control has been transferred. The Group provides for warranty provision for general repairs up to 18 – 24 months on its products sold, in line with the industry practice. A liability is recognised at the time the product is sold. The Group does not provide any extended warranties.

- **Revenue from sale of services**

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

  Contract balances

  Contract assets: A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised

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for the earned consideration and are transferred to trade receivables on completion of milestones and its related invoicing. Contract assets are recorded in balance sheet as unbilled revenue.

Trade receivables: A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

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

ii. Interest income

For all debt instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. Interest income is included in finance income in the Consolidated Statement of profit and loss.

iii. Dividend

Revenue is recognised when the Group's right to receive the payment is established.

iv. Rental income

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

k. Financial instruments

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

Financial assets

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

i. Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised 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 amortised cost using the effective interest rate (EIR) method. Amortised 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 amortisation is included in finance costs/income in the Consolidated Statement of profit and loss. The losses arising from impairment are recognised in the Consolidated Statement of profit and loss.

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ii. Debt instrument at FVTPL

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

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

iii. Equity investments

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

If the Group decides to classify an equity instrument at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to the Consolidated Statement of profit and loss, even on the sale of the investment. However, the Group may transfer the cumulative gain or loss within equity.

Derecognition

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

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

Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant assumptions – see Note 3
- Trade receivables– see Note 7
- Contract assets- see Note 9

In accordance with Ind AS 109, the Group applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss and credit risk exposure on the financial assets that are debt instruments measured at amortised costs e.g. loans, deposits, trade receivables, contractual receivables and bank balances. The Group follows 'simplified approach' for recognition of impairment allowance. The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment allowance based on 12-month ECL. The Group considers current and anticipated future economic conditions relating to industries the Group deals with and the countries where it operates.

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ECL impairment allowance (or reversal) recognised during the period is recognised as income/expense in the Consolidated Statement of profit and loss under the head 'other expenses' in the Consolidated 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 Group does not reduce impairment allowance from the gross carrying amount.

Financial liabilities
Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

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

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

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires when an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Consolidated 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 recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

l. Derivative financial instruments and hedge accounting
Initial recognition and subsequent measurement
The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risks and interest rate risks respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to the Consolidated Statement of profit and loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Group's risk management objective and strategy for undertaking hedge, the hedging / economic relationship, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated. Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

(i) Fair value hedges

The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the Consolidated Statement of profit and loss as finance costs. The Group has not undertaken Fair value hedges.

(ii) Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the Consolidated Statement of profit and loss. The Group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. The ineffective portion relating to foreign currency contracts is recognised in consolidated statement of profit and loss.

Amounts recognised in OCI are transferred to the Consolidated Statement of profit and loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised in OCI are transferred to the initial carrying amount of the non-financial asset or liability. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

m. Share held by ESOP and Welfare trusts
The Group has created ESOP Trust and Welfare trusts for providing share-based payment to/ welfare of its employees and various other employee benefit trusts for providing other employee benefits such as loans at concessional rates for various purposes, collectively referred to as Employee Benefit Trusts. Own equity instruments are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in Securities premium.

n. Cash and cash equivalents
Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and

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

o. Government Grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in proportion to the depreciation charged over the expected useful life of the related asset. The Group accounts for export incentives for export of goods if the entitlements can be estimated with reasonable accuracy and conditions precedent to claims are fulfilled.

p. Share capital

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

q. Income tax

Current tax

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

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

Deferred tax

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

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity (or each tax group of entities when applicable) and the same taxation authority.

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The Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Group applies significant judgement in identifying uncertainties over income tax treatments.

r. Borrowing costs

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

s. Leases

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Group as a lessee

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

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

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised. The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at present value of the future lease payments. The lease payments include fixed payments less any lease

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incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

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

For a contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Group as a lessor

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

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Group to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

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

t. Impairment of non-financial assets

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

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

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

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in which the asset is used. Impairment losses including impairment on inventory are recognised in the Consolidated Statement of profit or loss.

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

Goodwill is tested for impairment annually as at the year-end and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

The Group assesses where climate risks could have a significant impact, such as the introduction of emission-reduction legislation that may increase manufacturing costs. These risks in relation to climate-related matters are included as key assumptions where they materially impact the measure of recoverable amount. These assumptions have been included in the cash-flow forecasts in assessing value-in-use amounts, if applicable.

u. Provisions

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

Warranty provisions

Provisions for warranty-related costs are recognised 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

If the Group has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognises any impairment loss that has occurred on assets dedicated to that contract.

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost

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of fulfilling it and any compensation or penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e., both incremental costs and an allocation of costs directly related to contract activities).

Decommissioning liability

The Group records a provision for decommissioning costs of its manufacturing facilities. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the particular asset. The unwinding of the discount is expensed as incurred and recognised in the Consolidated Statement of profit and loss as finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

The impact of climate-related matters on remediation of environmental damage is considered with determining the decommissioning liability on the manufacturing facility which has been disclosed in Note 19.

v. Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund. The Group recognises 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 recognised 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 recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

The Group and some of its Indian subsidiaries operate a defined benefit gratuity plan, 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 recognised 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 Consolidated Statement of profit and loss in subsequent periods.

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

- The date of the plan amendment or curtailment, and
- The date that the Group recognises related restructuring costs

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

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

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

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

Long term incentives

The provision for long term incentives is recognised considering the estimated payout expected by the Group at present value using projected unit credit method. These include the determination of the discount rate. 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 long term incentives.

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates:

(a) when the Group can no longer withdraw the offer of these benefits; and

(b) when the entity recognises cost for a restructuring that is within the scope of Ind AS 37 and involves payment of termination benefits.

In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

w. Segment reporting

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

The Board of Directors of the Company has identified the Managing Director and Chief Executive Officer as the chief operating decision maker of the Group.

x. Contingent liabilities

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

y. Earnings Per Share (EPS)

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

z. Dividends

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

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liability and deducted from shareholders' equity in the year in which the dividends are declared by the Board of directors.

aa. Employee stock option and share based payments

In respect of stock options granted pursuant to the Company's Employee Stock Option Scheme, the Company recognises employee compensation expense, using the grant date fair value in accordance with Ind-AS 102 - Share Based Payment, on straight line basis over the period over which the employees would become unconditionally entitled to apply for the shares.

Employees (senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. Further details are given in Note 42.

That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit and loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

ab. Redemption liability

Liability for put option issued to non-controlling interests, to be settled in cash by the Company, which do not grant present access to ownership interest to the Group is recognised at present value of the redemption amount and is reclassified from equity. At the end of each reporting period, the non- controlling interests subject to put option is derecognised and the difference between the amount derecognised and present value of the redemption amount, which is recorded as a financial liability, is accounted for as an equity transaction.

3. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the accompanying disclosures and including 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.

Other disclosures relating to the Group's exposure to risks and uncertainties includes:

- Capital management Note 41
- Financial risk management objectives and policies Note 39
- Sensitivity analyses disclosures Note 39

3.1 Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the consolidated financial statements:

i. Revenue from contracts with customers

A significant portion of the Group's business relates to EPC contracts which is accounted using cost-based input method, recognising revenue as the performance on the contract progresses. This requires management to make judgement with respect to identifying contracts for which revenue need to be recognised over a period of time, depending upon when the customer consumes the benefit, when the control is passed to customer, whether the asset created has an alternative use and whether the Group has right to payment for performance completed till date, either contractually or legally. The input method requires management to make significant judgments of the extent of progress towards completion including accounting of multiple contracts which need to be combined and considered as a single contract.

ii. Consolidation Structured Entities

The Company has an ESOP trust and various Employee Welfare Trusts for the welfare of its employees. Determination of the Group's control over these trusts for the purpose of consolidation requires judgement on the part of the Management of the Group.

The ESOP trust and various Employee Welfare Trusts, being separate legal entities, are not considered for the purpose of consolidation in the standalone financial statements. However, these trusts have been consolidated in the consolidated financial statements under Ind AS 110.

iii. Arrangements in the nature of lease

The Group has entered into certain arrangements with its customers where the Group will supply heat/steam by installing the boiler/heater at the customers' premises. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that fulfillment of these arrangement is dependent on the use of specific assets and the arrangement conveys to customers a right to use these specific assets. Accordingly, the Group has determined that these arrangements qualify as arrangements in the form of lease as per Ind AS 116. The Group has also determined, based on evaluation of terms and conditions of these arrangements, such as the contract term constituting a major part of the economic life of the specific assets and the fair value of the asset, that it has transferred the significant risks and rewards in these assets to the customers and therefore these embedded lease arrangements have been classified as finance leases. The separation of lease and non-lease elements in these arrangements have been made at relative fair value of these elements, requiring Management judgment.

iv. Contingencies relating to tax and legal matters

The Group has received various orders and notices from tax authorities in respect of direct taxes and indirect taxes. The outcome of these

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matters may have a material effect on the financial position, results of operations or cash flows. Management regularly analyzes current information about these matters and provides provisions for probable losses including the estimate of legal expense to resolve such matters. In making the decision regarding the need for loss provisions, management considers the degree of probability of an unfavorable outcome and the ability to make a sufficiently reliable estimate of the amount of loss. The filing of a suit or formal assertion of a claim against the Group or the disclosure of any such suit or assertions, does not automatically indicate that a provision of a loss may be appropriate.

v. Segment reporting

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

Operating segments used to present segment information are identified based on the internal reports used and reviewed by the Managing Director and Chief Executive Officer to assess performance and allocate resources. The management has determined that some of the segments exhibit similar economic characteristics and meet other aggregation criteria and accordingly aggregated into four reportable segments i.e.industrial products, industrial infra, green solutions and chemical.

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

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

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 Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

i. EPC contracts:

- **Provisions for liquidated damages claims (LDs):** The Group provides for LD claims to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised 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 recognised.
- **Project cost to complete estimates:** At each reporting date, the Group is required to estimate costs to complete on fixed-price contracts. Estimating costs to complete on such contracts requires the Group to make estimates of future costs to be incurred, based on work to be performed beyond the reporting date. This estimate will impact revenues, cost of sales, work-in-progress, billings in excess of costs, estimated earnings and accrued contract expenses.

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- **Recognition of contract variations:** The Group recognises revenues and margins from contract variations where it is considered probable that they will be awarded by the customer and this requires management to assess the likelihood of such an award being made by reference to customer communications and other forms of documentary evidence
- **Provision for onerous contracts:** The Group provides for future losses on EPC 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. Refer note 19(b) for details for provision for onerous contract.

ii. Impairment of non-financial assets

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

iii. Defined benefit plan - 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 are based on expected future inflation rates. Further details about gratuity obligations are given in note 33.

iv. Fair value measurement of unquoted financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of assumption is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer note 38 for further disclosures.

v. Warranty provision

The Group 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.

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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 Group's productivity and quality initiatives. Warranty provisions are discounted using a pre-tax discount rate which reflects current market assessments of time value of money and risks specific to the liability. Refer note 19 for further details.

vi. Impairment of financial assets

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

As a practical expedient, the Group uses a provision matrix to determine ECL impairment allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. On that basis, the Group estimates a default rate of total revenue for trade receivables and contract revenue for contract assets. The Group follows provisioning norms based on ageing of receivables to estimate the impairment allowance under ECL. For retention receivables, the Group additionally categorises the receivables due from Public Sector Undertakings (PSUs) and Non-PSUs and follows a wider aged bucket provisioning norm as the performance guarantee tests require certain time period after the supplies are completed. Refer note 7 and 9(b) for details of impairment allowance recognised at the reporting date.

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

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

viii. Deferred taxes

At each balance sheet date, the Group assesses whether the realisation of future tax benefits is sufficiently probable to recognise deferred tax assets. This assessment requires the use of significant estimates with respect to assessment of future taxable income. The recorded amount of total deferred tax assets could change if estimates of projected future taxable income or if changes in current tax regulations are enacted for any of the tax jurisdictions in which the Group operates. Refer note 10 for further information on potential tax benefits for which no deferred tax asset is recognised.

ix. Employee stock option

The Company initially measures the cost of equity-settled transactions with employees using a Black Scholes Options Pricing model to determine the fair value of the liability incurred. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model and the performance of the Company, which is dependent on the terms and conditions of the grant.

This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 42.

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4 (a) Property, Plant and Equipment

Particulars	Freehold land	Buildings	Plant and equipment	Office equipment	Computer	Furniture and fixtures	Vehicles	Total	Capital work-in-progress #
Gross carrying amount as at April 1, 2021*	**7.57**	**787.11**	**838.90**	**44.55**	**69.30**	**39.52**	**19.97**	**1,806.92**	**21.06**
Additions	4.40	2.99	27.23	1.50	9.73	0.04	2.64	**48.53**	71.79
Disposals/Transfers/Adjustments	-	(4.43)	(12.22)	(4.07)	(4.71)	(1.37)	(3.42)	**(30.22)**	(48.53)
Exchange differences	-	(0.52)	(0.29)	(0.09)	0.02	0.07	(0.03)	**(0.84)**	-
Gross carrying amount as at March 31, 2022	**11.97**	**785.15**	**853.62**	**41.89**	**74.34**	**38.26**	**19.16**	**1,824.39**	**44.32**
Additions	7.33	2.97	119.04	2.86	18.57	1.37	5.56	**157.70**	547.15
Disposals/Transfers/Adjustments	-	(3.30)	(32.46)	(1.66)	(5.08)	(2.50)	(5.23)	**(50.23)**	(157.70)
Non-current asset classified as held for sale (note 45)	(0.36)	(18.23)	(0.49)	-	-	-	-	**(19.08)**	-
Exchange differences	-	5.48	3.45	0.34	0.03	0.13	0.01	**9.44**	-
Gross carrying amount as at March 31, 2023	**18.94**	**772.07**	**943.16**	**43.43**	**87.86**	**37.26**	**19.50**	**1,922.22**	**433.77**
Accumulated depreciation and impairment as at April 1, 2021*	**-**	**180.15**	**480.54**	**25.63**	**48.01**	**22.34**	**7.56**	**764.23**	**-**
Charge for the year	-	25.48	52.56	2.58	6.56	2.29	4.55	**94.02**	-
Disposals/Transfers/Adjustments	-	(1.26)	(11.14)	(4.56)	(4.48)	(0.93)	(2.13)	**(24.50)**	-
Exchange differences	-	(0.14)	(0.16)	(0.08)	0.01	0.07	(0.01)	**(0.31)**	-
Accumulated depreciation and impairment as at March 31, 2022	**-**	**204.23**	**521.80**	**23.57**	**50.10**	**23.77**	**9.97**	**833.44**	**-**
Charge for the year	-	24.97	54.26	2.59	9.02	2.31	3.01	**96.16**	-
Disposals/Transfers/Adjustments	-	(0.60)	(30.10)	(1.52)	(3.17)	(1.51)	(4.48)	**(41.38)**	-
Non-current asset classified as held for sale (note 45)	-	(11.07)	(0.11)	-	-	-	-	**(11.18)**	-
Exchange differences	-	2.19	2.69	0.31	0.02	0.07	0.01	**5.29**	-
Closing accumulated depreciation and impairment as at March 31, 2023	**-**	**219.72**	**548.54**	**24.95**	**55.97**	**24.64**	**8.51**	**882.33**	**-**
Net Block as at March 31, 2023	**18.94**	**552.35**	**394.62**	**18.48**	**31.89**	**12.62**	**10.99**	**1,039.89**	**433.77**
Net Block as at March 31, 2022	**11.97**	**580.92**	**331.82**	**18.32**	**24.24**	**14.49**	**9.19**	**990.95**	**44.32**

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

#Capital work in progress majorly includes expenditure towards construction of new solar and hybrid renewable energy plants.

Refer note 47 for property, plant and equipment given as security for borrowings.

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Ageing of Capital work-in-progress (CWIP)*:

CWIP		Amount in CWIP for a period of			Total
		Less than 1 year	1-2 years	2-3 years	
Project in progress	March 31, 2023	**431.51**	**2.26**	**-**	**433.77**
	March 31, 2022	43.90	0.42	-	**44.32**
Projects temporarily suspended	March 31, 2023	**-**	**-**	**-**	**-**
	March 31, 2022	-	-	-	**-**
Total Capital work-in-progress	March 31, 2023	**431.51**	**2.26**	**-**	**433.77**
	March 31, 2022	**43.90**	**0.42**	**-**	**44.32**

** For CWIP, there are no projects whose completion date is overdue or exceeded its cost as compared to its original plan for the year ended and as at March 31, 2023 and March 31, 2022.*

Capitalisation of expenses

During the year, the Group has capitalised the following expenses of revenue nature to the cost of property, plant and equipment and intangible assets. Consequently, expenses disclosed under the respective notes are net of amounts capitalised by the Group.

Particulars	March 31, 2023	March 31, 2022
Salaries and wages	4.47	-
Others	1.67	0.12
Total	**6.14**	**0.12**

4 (b) Right-of-Use Assets

Particulars	Leasehold Land	Buildings	Vehicles	Total
Gross carrying amount as at April 1, 2021	**164.96**	**12.90**	**3.05**	**180.91**
Additions	-	5.71	0.58	**6.29**
Disposals/Transfers/Adjustments	(6.50)	(0.35)	(0.06)	**(6.91)**
Exchange differences	1.91	0.19	(0.07)	**2.03**
Gross carrying amount as at March 31, 2022	**160.37**	**18.45**	**3.50**	**182.32**
Additions	13.10	1.82	2.58	**17.50**
Disposals/Transfers/Adjustments	-	(3.30)	(1.91)	**(5.21)**
Exchange differences	1.72	0.44	0.25	**2.41**
Gross carrying amount as at March 31, 2023	**175.19**	**17.41**	**4.42**	**197.02**
Accumulated depreciation and impairment as at April 1, 2021	**7.89**	**4.13**	**1.49**	**13.51**
Charge for the year	1.80	2.81	0.85	**5.46**
Disposals/Transfers/Adjustments	(0.05)	-	(0.06)	**(0.11)**
Exchange differences	-	0.12	0.10	**0.22**
Accumulated depreciation and impairment as at March 31, 2022	**9.64**	**7.06**	**2.38**	**19.08**
Charge for the year	1.50	3.59	0.92	**6.01**
Disposals/Transfers/Adjustments	-	(2.91)	(1.64)	**(4.55)**
Exchange differences	-	0.32	0.10	**0.42**
Closing accumulated depreciation and impairment as at March 31, 2023	**11.14**	**8.06**	**1.76**	**20.96**
Net Block as at March 31, 2023	**164.05**	**9.35**	**2.66**	**176.06**
Net Block as at March 31, 2022	**150.73**	**11.39**	**1.12**	**163.24**

The Group has taken certain assets on lease which has been accounted in accordance with Ind AS 116-Leases under right-of-use assets. Refer note 32 for further disclosure on leases.

For assets pledged as security, refer note 47.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

4 (c) Intangible Assets and Goodwill

Particulars	Computer software	Technical know-how #	Goodwill	Customer Rights	Total	Intangibles under development
Gross carrying amount as at April 1, 2021*	**84.98**	**88.95**	**166.30**	**-**	**340.23**	**3.10**
Additions	12.16	10.33	-	-	**22.49**	19.39
Disposals/Transfers/Adjustments	-	(13.83)	-	-	**(13.83)**	(22.49)
Exchange difference	(0.07)	(0.12)	(3.63)	-	**(3.82)**	-
Gross carrying amount as at March 31, 2022	**97.07**	**85.33**	**162.67**	**-**	**345.07**	**-**
Additions	7.88	-	-	0.09	**7.97**	-
Disposals/Transfers/Adjustments	(6.94)	(3.52)	-	-	**(10.46)**	-
Exchange difference	0.41	0.10	7.14	-	**7.65**	-
Gross carrying amount as at March 31, 2023	**98.42**	**81.91**	**169.81**	**0.09**	**350.23**	**-**
Accumulated amortisation and impairment as at April 1, 2021*	**67.32**	**77.69**	**163.27**	**-**	**308.28**	**-**
Charge for the year	9.48	4.28	-	-	**13.76**	-
Disposals/Transfers/Adjustments	0.15	(13.83)	-	-	**(13.68)**	-
Exchange difference	(0.09)	(0.12)	(3.63)	-	**(3.84)**	-
Accumulated amortisation and impairment as at March 31, 2022	**76.86**	**68.02**	**159.64**	**-**	**304.52**	**-**
Charge for the year	9.25	5.41	-	0.03	**14.69**	-
Disposals/Transfers/Adjustments	(5.26)	(3.56)	-	-	**(8.82)**	-
Exchange difference	0.38	0.10	7.14	-	**7.62**	-
Closing accumulated amortisation and impairment as at March 31, 2023	**81.23**	**69.97**	**166.78**	**0.03**	**318.01**	**-**
Net Block as at March 31, 2023	**17.19**	**11.94**	**3.03**	**0.06**	**32.22**	**-**
Net Block as at March 31, 2022	**20.21**	**17.31**	**3.03**	**-**	**40.55**	**-**

**The Group had elected to continue with the carrying value of intangible assets and goodwill as recognised in the consolidated financial statements as per previous GAAP and had regarded those values as the deemed cost on the date of transition (i.e. April 1, 2015). The Group has disclosed the gross cost and accumulated amortisation above, for information purpose only.*

 # Includes internally developed assets of net block Rs. 5.45 (March 31, 2022: Rs. 9.99)

4 (d) Impairment Tests for Goodwill

Goodwill acquired through business combinations has been considered for impairment testing by the management.

As at the March 31, 2023, the carrying amount of goodwill is Rs. 3.03 (March 31, 2022: Rs. 3.03). The Group performs impairment testing annually. The recoverable amount of the CGU has been determined based on a value in use calculation using cash flow projections from financial budgets approved by management covering a five year period. The projected cash flows have been updated to reflect the demand changes for products pursuant to Covid-19 pandemic. Based on the cash flow projections, discount rate and other assumptions including gross margin, sales discount, market share, volume growth, etc it was concluded that the value in use exceeds the carrying value of goodwill and overall CGU. As a result of the analysis, no impairment of the Goodwill was required. As at March 31, 2023, there were no indicators of impairment noted by management.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

5 Investments in Associates

Particulars	Face value per share	Number of shares		Amount	
		March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Investments in Equity Instruments*:					
Investments accounted using the equity method					
Cumulative convertible preference shares in associate (unquoted)					
ExactSpace Technologies Private Limited (10.41%)	Rs. 10	1,249	1,249	6.56	6.63
Covacsis Technologies Private Limited (16.67%)	Rs. 10	43,192	-	9.81	-
Total investments in associates				**16.37**	**6.63**

** Refer note 37(a) for further details.*

6 (a) Non-Current Investments

Particulars	Face value per share	Number of shares		Amount	
		March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Investments in Equity Instruments:					
Investments at Fair Value through Profit and Loss					
Unquoted equity shares (fully paid up)					
Sicom Limited#	Rs. 10	10,000	10,000	-	-
Total investment in equity shares				**-**	**-**
Investments at Fair Value through Profit and Loss					
Corporate Bonds				-	274.88
Fund of Funds (FOF)				75.08	73.19
Exchange Traded Funds (ETF) and Index Funds				82.53	80.18
Floater Fund				59.23	133.53
Sub total (A)				**216.84**	**561.78**
Investments at amortised cost					
Investments in Corporate Fixed Deposits (Unquoted)				-	141.58
Sub total (B)				-	141.58
Total Non-Current Investments C=A+B				**216.84**	**703.36**
Aggregate amount of quoted investments and market value thereof				216.84	561.78
Aggregate amount of unquoted investments				-	141.58
Aggregate amount of impairment in the value of investments				-	-

 # Deemed cost is considered to be Nil as on April 1, 2015.

Investments at fair value through profit or loss reflect investment in quoted and unquoted equity and debt securities. Refer note 38 for determination of their fair values.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

6 (b) Current Investments

Particulars	Amount	
	March 31, 2023	March 31, 2022
Investments at Fair value through Profit and Loss		
Liquid/ Liquid Plus and Duration funds (Quoted)		
Units of Mutual Funds (Quoted)	763.52	602.21
Sub total (A)	**763.52**	**602.21**
Investments at amortised cost		
Investments in Corporate Fixed Deposits (Unquoted)	467.57	164.33
Sub total (B)	**467.57**	**164.33**
Investments at amortised cost		
Investments in Corporate Bonds (Unquoted)	161.78	-
Sub total (C)	**161.78**	**-**
Total Current Investments D=(A+B+C)	**1,392.87**	**766.54**
Aggregate amount of quoted investments and market value thereof	763.52	602.21
Aggregate amount of unquoted investments	629.35	164.33
Aggregate amount of impairment in the value of investments	-	-

Investments at fair value through profit or loss reflect investment in unquoted equity and debt securities. Refer note 38 for determination of their fair values.

7 Trade Receivables

(a) Non-current trade receivables

	As at March 31, 2023	As at March 31, 2022
Trade receivables from:		
i) Related parties (note 35)	-	-
ii) Others	114.50	173.52
Total	**114.50**	**173.52**
Break-up for security details		
Secured, considered good	-	-
Unsecured, considered good	133.21	193.16
Trade receivables which has a significant increase in credit risk	-	-
Trade receivables - credit impaired	-	-
	133.21	**193.16**
Less: Impairment allowance	(18.71)	(19.64)
Total	**114.50**	**173.52**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

The ageing of non-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	
(i) Undisputed trade receivables- considered good	March 31, 2023	133.21	-	-	-	-	-	**133.21**
	March 31, 2022	*193.16*	-	-	-	-	-	***193.16***
Sub-total	March 31, 2023	133.21	-	-	-	-	-	**133.21**
	March 31, 2022	*193.16*	-	-	-	-	-	***193.16***
Less: Impairment allowance	March 31, 2023							**(18.71)**
	March 31, 2022							***(19.64)***
Total	March 31, 2023							**114.50**
	March 31, 2022							***173.52***

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

(b) Current trade receivables

	As at March 31, 2023	As at March 31, 2022
Trade receivables from:		
i) Related parties (note 35)	0.36	0.60
ii) Others	1,761.70	1,423.12
Total	**1,762.06**	**1,423.72**
Break-up for security details		
Secured, considered good	136.55	189.06
Unsecured, considered good	1,918.10	1,523.31
Trade receivables which have a significant increase in credit risk	44.80	58.71
Trade receivables - credit impaired	36.18	35.48
	2,135.63	**1,806.56**
Less: Impairment allowance*	(373.57)	(382.84)
Total	**1,762.06**	**1,423.72**

No trade or other receivables are due from directors or other officers of the Group either severally or jointly with any other person. Nor any receivable from firms or private companies in which any director is a partner, a director or a member, respectively.

*Includes provision amounting to Rs. 44.80 (March 31, 2022: Rs. 58.71) for trade receivables which have a significant increase in credit risk.

For terms and conditions relating to related party receivables, refer note 35.

Trade receivables are non-interest bearing and are generally on terms of 7 to 90 days.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

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	
(i) Undisputed trade receivables- considered good	March 31, 2023	958.31	642.96	169.24	75.47	48.40	150.98	**2,045.36**
	March 31, 2022	*789.71*	*554.47*	*91.04*	*88.99*	*42.70*	*131.20*	***1,698.11***
(ii) Undisputed trade receivables- which have significant increase in credit risk	March 31, 2023	-	-	0.03	-	0.43	34.93	**35.39**
	March 31, 2022	-	-	-	*0.05*	*1.35*	*51.33*	***52.73***
(iii) Undisputed trade receivables- credit impaired	March 31, 2023	2.62	3.00	3.91	10.68	4.40	11.57	**36.18**
	March 31, 2022	*0.35*	*5.33*	*4.76*	*6.38*	*7.35*	*9.71*	***33.88***
(iv) Disputed trade receivables- considered good	March 31, 2023	-	-	-	-	-	9.29	**9.29**
	March 31, 2022	-	-	*0.94*	*1.26*	*0.92*	*11.14*	***14.26***
(v) Disputed trade receivables- which have significant increase in credit risk	March 31, 2023	-	-	-	-	-	9.41	**9.41**
	March 31, 2022	-	-	-	-	-	*5.98*	***5.98***
(vi) Disputed trade receivables- credit impaired	March 31, 2023	-	-	-	-	-	-	**-**
	March 31, 2022	-	-	-	*0.33*	*0.27*	*1.00*	***1.60***
Sub-total	March 31, 2023	960.93	645.96	173.18	86.15	53.23	216.18	**2,135.63**
	March 31, 2022	*790.06*	*559.80*	*96.74*	*97.01*	*52.59*	*210.36*	***1,806.56***
Less: Impairment allowance	March 31, 2023							**(373.57)**
	March 31, 2022							***(382.84)***
Total	March 31, 2023							**1,762.06**
	March 31, 2022							***1,423.72***

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

(c) The following table summarises the change in impairment allowance measured using the life time expected credit loss model (Pursuant to Ind AS 109):

	Provision on Trade Receivables		Provision on unbilled revenue	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
At the beginning of the year	402.48	430.38	18.33	13.86
Less: Bad debts / write off	(32.61)	(14.04)	-	-
	369.87	416.34	18.33	13.86
Add: Provision made during the year	101.17	86.80	6.37	5.38
Less: Utilised/reversed during the year	(79.66)	(100.80)	(0.11)	(0.91)
Exchange differences	0.90	0.14	-	-
At the end of the year	**392.28**	**402.48**	**24.59**	**18.33**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

8 Loans

(a) Non-current loans

	As at March 31, 2023	As at March 31, 2022
Unsecured, considered good		
At amortised cost		
Loans to employees	4.66	5.18
Total	**4.66**	**5.18**
Classification of above is as follows:		
Loans receivables- considered good- Secured	-	-
Loans receivables- considered good- Unsecured	4.66	5.18
Loans receivables which have significant increase in credit risk	-	-
Loans receivables- credit impaired	-	-
Total	**4.66**	**5.18**

(b) Current loans

	As at March 31, 2023	As at March 31, 2022
Unsecured, considered good		
At amortised cost		
Loans to employees	2.46	1.98
Total	**2.46**	**1.98**
Classification of above is as follows:		
Loans receivables- considered good- Secured	-	-
Loans receivables- considered good- Unsecured	2.46	1.98
Loans receivables which have significant increase in credit risk	-	-
Loans receivables- credit impaired	-	-
Total	**2.46**	**1.98**

Loans are various kinds of non-derivative financial assets which generate fixed interest income. The tenure of such loans have different time range based on employee eligibility.

No loans are due from directors or key managerial persons of the Group either severally or jointly with any other person or from firms or private companies in which any director is a partner, a director or a member, respectively.

9 Other Financials Assets

(a) Other non-current assets

	As at March 31, 2023	As at March 31, 2022
Bank deposits with remaining maturity more than twelve months #	40.83	82.54
Unbilled revenue (contract assets)	10.72	-
Security deposits	14.16	11.54
Total	**65.71**	**94.08**

 # Includes bank deposits Rs. 0.90 (March 31, 2022: Rs. 0.17) which are pledged as margin money.

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for the year ended March 31, 2023

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

(b) Other current assets

	As at March 31, 2023	As at March 31, 2022
Derivative instruments at fair value through OCI		
Cash flow hedges		
Foreign exchange forward contracts	1.57	2.25
Derivative instruments at fair value through profit or loss		
Derivative not designated as hedges		
Foreign exchange forward contracts	2.28	3.86
At amortised cost		
Export incentive receivable	8.16	31.61
Unbilled revenue (contract assets)^	484.41	394.87
Security deposits*	3.89	2.42
Others	27.33	35.42
Total	**527.64**	**470.43**

**Includes lease deposits given to directors of Rs. 0.18 (March 31, 2022: Rs. 0.18). The maximum amount due from directors during the year amounted to Rs. 0.18 (March 31, 2022: Rs. 0.18), refer note 35. This also includes deposits given to various other parties for rent, utilities etc.*

Financial assets at fair value through other comprehensive income reflect the positive change in fair value of foreign exchange forward contracts, designated as cash flow hedges to hedge highly probable forecast sales and purchases in various foreign currencies.

^ Unbilled revenue is disclosed net of provision for impairment allowance of Rs. 24.59 (March 31, 2022: Rs. 18.33).

10 Income Taxes

The major components of income tax expense for the year ended March 31, 2023 and March 31, 2022 are:

Statement of profit and loss

Particulars	March 31, 2023	March 31, 2022
Current tax	125.89	72.55
Deferred tax	26.47	25.24
Income tax expense reported in the consolidated statement of profit or loss	**152.36**	**97.79**

Other comprehensive income

Particulars	March 31, 2023	March 31, 2022
Deferred tax related to items recognised in other comprehensive income during the year		
Net gain/(loss) on revaluation of Cash flow hedge	(1.58)	0.49
Net gain/(loss) on remeasurements of defined benefit plans	(3.57)	1.26
Deferred tax credit in other comprehensive income	**(5.15)**	**1.75**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate

Particulars	March 31, 2023	March 31, 2022
Accounting profit before tax	603.06	410.10
Share of (loss) / profit of associates	(0.23)	0.13
Accounting profit before tax (before share of (loss)/ profit of associates)	603.29	409.97
At India's statutory income tax rate (as per Income Tax Act, 1961) of 25.17% (March 31, 2022: 25.17%)	151.85	103.19
Fair value gain on FVPL investments	(0.25)	(4.82)
Deferred tax recognised on unabsorbed losses of earlier years	0.43	(0.16)
Deferred tax on account of utilisation of losses of previous year	(7.10)	(3.22)
Unrecognised tax benefits on tax losses	6.16	0.56
Taxes paid / payable on repatriation of branches/subsidiary profits	1.86	2.31
Others (includes effect of non-deductible business expenses and tax rate difference)	(0.59)	(0.07)
Effective tax	152.36	97.79
Income tax expense reported in the consolidated statement of profit or loss	**152.36**	**97.79**

Deferred tax

Statement of profit and loss

Particulars	March 31, 2023	March 31, 2022
Deferred tax relates to the following:		
Impact of difference between tax depreciation and depreciation/amortisation charged for financial reporting purposes	(1.37)	0.43
Deferred tax utilised on unabsorbed losses of earlier year	30.04	20.81
Provision for doubtful debts, advances and liquidated damages	5.25	1.81
Employee benefit obligations	5.10	1.39
Temporary differences due to accounting treatment as required by Income tax standards	(2.75)	(0.88)
Items allowed on payment basis	4.33	1.63
Others*	(14.13)	0.05
Deferred tax expense	**26.47**	**25.24**

** Includes impact on account of deferred tax created on unrealised profit elimination from inventory etc.*

Balance sheet

Particulars	As at March 31, 2023	As at March 31, 2022
Deferred tax relates to the following:		
Impact of difference between tax depreciation and depreciation/amortisation charged for financial reporting purposes	(79.24)	(80.61)
Losses available for offsetting against future taxable income	24.93	54.97
Provision for doubtful debts, advances and liquidated damages	116.02	121.27
Employee benefit obligations	10.43	11.96
Temporary differences in accounting treatment as required by Income tax standards	7.77	5.02
Items allowed on payment basis	7.68	12.01
Others*	18.12	2.50
Net deferred tax assets	**105.71**	**127.12**

** Includes impact on account of deferred tax asset on brought forward losses and deferred tax created on unrealised profit elimination from inventory, etc.*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

Reconciliation of deferred tax assets (net)

	March 31, 2023	March 31, 2022
Opening balance	**127.12**	**154.03**
Tax (expense)/ income during the year recognised in profit or loss	(26.47)	(25.24)
Tax (expense)/ income during the year recognised in OCI	5.15	(1.75)
Currency translation effect	(0.09)	0.08
Closing balance	**105.71**	**127.12**

Break up of gross deferred tax assets/liabilities

	March 31, 2023	March 31, 2022
Deferred tax assets	108.62	130.21
Deferred tax liabilities	(2.91)	(3.09)
Net deferred tax assets	**105.71**	**127.12**

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

The Group has tax losses of Rs. 182.19 (March 31, 2022: Rs. 207.83) that are available for offsetting against future taxable profits of the companies in which the losses arose. Majority of these losses will expire over a period by end of March 31, 2032. Deferred tax assets have not been recognised in respect of these losses as they may not be used to offset taxable profits elsewhere in the Group, they have arisen in subsidiaries that have been loss-making for some time, in Holding Company, for capital losses that may not be used to offset taxable capital profits elsewhere and also does not meet the requirements of recognition of deferred tax assets on unabsorbed losses as per Ind AS 12 on Income taxes. If the Group were able to recognise all unrecognised deferred tax assets, the profit would increase by Rs. 44 (March 31, 2022: Rs. 48).

As at March 31, 2023, there is deferred tax liability of Rs. 2.91 (March 31, 2022: Rs. 2.31) for taxes that would be payable on the unremitted earnings of the Group's branches/one of subsidiary wherein the Group has determined that undistributed profits of its branches/subsidiary will be distributed in the foreseeable future. The deferred tax liabilities on temporary differences associated with investment in other subsidiaries which have not been recognised, where the Group is able to control the reversal of the temporary difference.

11 Other Assets

(a) Other non-current assets

	As at March 31, 2023	As at March 31, 2022
Unsecured, considered good		
Advance to suppliers	0.07	0.07
Capital advance	147.17	14.18
Balances with government authorities	44.64	79.81
Prepayments	20.65	0.26
Total	**212.53**	**94.32**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

(b) Other current assets

	As at March 31, 2023	As at March 31, 2022
Unsecured, considered good		
Advance to suppliers	271.10	186.60
Advance to employees	14.03	13.01
Prepayments	24.23	24.69
Balances with government authorities	150.63	125.12
Prepaid employee benefits (note 33)	9.81	18.83
Others (includes interest due on tax refunds, other recoveries of expenses, etc.)	6.20	7.36
Total	**476.00**	**375.61**

There were no advances due by directors or officers of the Holding 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.

12 Inventories (Valued at Lower of Cost and Net Realisable Value)

	As at March 31, 2023	As at March 31, 2022
Raw materials, components and bought-outs **	452.56	395.93
Work-in-progress	202.52	226.06
Finished goods	82.37	90.11
Stores and spares	10.30	9.06
Traded goods	7.88	5.85
Total	**755.63**	**727.01**

***Includes goods in transit Rs. 25.18 (March 31, 2022: Rs. 14.82)*

For the year ended March 31, 2023 Rs. 11.58 (March 31, 2022: Rs. 8.55) was reversed (net of expense) for inventories carried at net realisable value. These were recognised during the year and included in 'cost of raw materials and components consumed and consumption of stores and spare parts' in the Statement of profit and loss.

For assets pledged as security, refer note 47.

13 (a) Cash and Cash Equivalents

	As at March 31, 2023	As at March 31, 2022
Balances with banks		
- in current accounts (including balances in EEFC accounts)	300.09	203.56
- in deposits with original maturity of less than three months *	152.35	106.01
Cheques, drafts on hand	0.07	0.81
Cash on hand	0.31	0.40
Total	**452.82**	**310.78**

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

Cash and cash equivalents include Rs. 8.66 (March 31, 2022: Rs. 5.25) held by irrevocable trust controlled by the Group.

This includes bank balances of Rs. 5.98 (March 31, 2022: Rs. 6.24) at branches and Rs. 1.92 (March 31, 2022: Rs. Nil) at subsidiaries which can be used freely for business in those countries. For any repatriation to India, these are subject to repatriation taxes as per the local laws of those countries.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

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Cash and cash equivalents balance includes of Rs. 11.44 (March 31, 2022: Rs. 11.01) held as security against import commitments.

13 (b) Other Bank Balances

	As at March 31, 2023	As at March 31, 2022
Bank deposits with original maturity more than three months and remaining maturity less than twelve months	678.07	641.94
Unpaid dividend account (restricted)	0.69	0.78
Total	**678.76**	**642.72**

13 (c) Changes in Liabilities from Financing Activities

Particulars	Borrowings	Unpaid dividend	Lease liabilities
As on April 1, 2021	276.65	0.89	10.47
Cash flow (net)	76.19	-	-
Unrealised foreign exchange (gain)/ loss	2.58	-	-
Other#	-	(0.11)	1.82
As on March 31, 2022	**355.42**	**0.78**	**12.29**
Cash flow (net)	448.13	-	-
Unrealised foreign exchange (gain)/ loss	1.92	-	-
Other#	-	(0.09)	7.70
As on March 31, 2023	**805.47**	**0.69**	**19.99**

 # Lease obligation includes repayment of lease obligation net off new leases.

14 Share Capital

	As at March 31, 2023	As at March 31, 2022
Authorised shares		
375,000,000 (March 31, 2022: 375,000,000) equity shares of Rs. 2/- each.	75.00	75.00
	75.00	**75.00**
Issued, subscribed and fully paid share capital		
119,156,300 (March 31, 2022: 119,156,300) equity shares of Rs. 2/- each.	23.83	23.83
Less: 6,541,440 (March 31, 2022: 6,541,440) equity shares held by Trusts of Rs. 2/- each.	(1.31)	(1.31)
Total issued, subscribed and fully paid-up share capital	**22.52**	**22.52**

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

	No. of shares	Rs.
Equity share of Rs. 2 each issued, subscribed and fully paid		
As at April 1, 2021	112,614,860	22.52
Changes during the year	-	-
As at March 31, 2022	**112,614,860**	**22.52**
Changes during the year	-	-
As at March 31, 2023	**112,614,860**	**22.52**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

(b) Terms/ rights attached to equity shares

The Group has one class of equity shares having a par value of Rs. 2 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors of the Holding Company is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(c) Equity shares held by Holding Company

	As at March 31, 2023	As at March 31, 2022
Holding Company		
RDA Holding Private Limited 64,328,500 (March 31, 2022: 64,328,500) equity shares of Rs. 2/- each fully paid	12.87	12.87

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

	As at March 31, 2023	As at March 31, 2022
RDA Holding Private Limited, India		
%	53.99	53.99
No. of shares	64,328,500	64,328,500
ARA Trusteeship Company Private Limited, India		
%	7.99	7.99
No. of shares	9,520,805	9,520,805
Kotak Mahindra Mutual Fund		
%	6.98	7.02
No. of shares	8,322,863	8,362,109
Nalanda India Equity Fund Ltd.		
%	6.86	6.86
No. of shares	8,176,668	8,176,668

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

(e) Details of equity shares held by promoters in the Holding Company

	As at March 31, 2023	As at March 31, 2022
RDA Holding Private Limited, India		
%	53.99	53.99
No. of shares	64,328,500	64,328,500
% of change during the year	-	-
ARA Trusteeship Company Private Limited, India		
%	7.99	7.99
No. of shares	9,520,805	9,520,805
% of change during the year	-	-
Mr. Pheroz Pudumjee		
%	*	*
No. of shares	6,000	6,000
% of change during the year	-	-

** represents less than 0.01%.*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

(f) There were no buy back of shares/issue of shares for consideration other than cash during the period of five years immediately preceding the reporting date.

15 (a) Other Equity

	As at March 31, 2023	As at March 31, 2022
Reserves and surplus		
Capital redemption reserve	60.34	60.34
Securities premium	57.28	57.28
Capital reserve	95.12	95.12
General reserve	435.31	435.31
Share based payment reserve		
Opening balance	-	-
Add: Options granted during the year	2.52	-
Closing balance	2.52	-
Retained earnings		
Opening balance	2,779.32	2,542.22
Add: Profit for the year	450.29	312.31
Add: Adjustments on account of acquisition of non-controlling interest	24.61	-
Less: Dividends paid	102.04	78.83
Movement during the year	372.86	233.48
Items of other comprehensive income recognised directly in retained earnings:		
Re-measurement (loss)/gain on defined benefit plans, net of tax Rs. 3.57 (March 31, 2022: Rs. (1.26))	(10.58)	3.62
Share of OCI of associates (Re-measurement of defined benefit plans (net of tax))	(0.03)	-
Net surplus in the Statement of profit and loss	**3,141.57**	**2,779.32**
Total Reserves and Surplus	**3,792.14**	**3,427.37**
Other reserves		
Cash flow hedge reserve		
Opening balance	0.98	(0.94)
Add: Movement during the year (net)	(6.64)	2.41
Less: Tax on above movement	1.58	(0.49)
Closing balance	**(4.08)**	**0.98**
Foreign currency translation reserve		
Opening balance	41.62	39.54
Add: Movement during the year (net)	15.87	2.08
Closing balance	**57.49**	**41.62**
Total	**3,845.55**	**3,469.97**

Capital redemption reserve

Pertains to reserve created towards redemption of debentures and can be utilised in accordance with the provisions of the Companies Act, 2013 ("Act").

Securities premium

Securities premium is used to record the premium on issue of shares. The reserve can be utilised in accordance with the provisions of the Act.

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for the year ended March 31, 2023

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

Capital reserve

Opening balance pertains to reserves arising on amalgamations in the past and step up acquisition of joint venture. This reserve is required to be maintained as per statute and cannot be distributed to the shareholders.

General reserve

Represents amounts transferred from retained earning in earlier years as per the requirements of the erstwhile Companies Act 1956 of India and other countries' corporate laws.

Cash flow hedge reserve

This reserve comprises the effective portion of the cumulative net change in the fair value of the cash flow hedge instruments related to hedged transactions that have not yet occurred.

Foreign currency translation reserve

The foreign currency translation reserve pertains to exchange differences on the translation of subsidiaries and branches having a functional currency other than Indian Rupees.

Share based payment reserve

The Holding Company has established various equity-settled share based payment plans for certain categories of employees of the Group. Refer note 42 for further details.

15 (b) Distribution Made and Proposed

	March 31, 2023	March 31, 2022
Cash dividend on equity shares declared and paid by Holding company:		
Final dividend for the year ended 2021-2022: Rs. 9 per share (2020-2021: Rs. 7 per share) (gross of consolidation adjustments)	107.24	83.41
	107.24	**83.41**
Proposed dividends on equity shares are subject to approval at the Annual General Meeting and are not recognised as a liability as at the reporting date.		
Proposed dividend of Holding Company on equity shares:		
Proposed dividend for the year ended 2022-2023: Rs. 10 per share (2021-2022: Rs. 9 per share) (gross of consolidation adjustments)	119.16	107.24
	119.16	**107.24**

16 Borrowings

(a) Non-current borrowings

	As at March 31, 2023	As at March 31, 2022
At amortised cost		
Term loans (from banks)		
Secured loans - Foreign currency	9.50	21.39
Indian currency	437.73	57.78
Total non-current borrowings	**447.23**	**79.17**
Less: amount disclosed under the head "Current borrowings" (note 16 (b))		
- Current maturities of term Loans	(24.71)	(17.75)
	422.52	**61.42**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

(b) Current borrowings

	As at March 31, 2023	As at March 31, 2022
At amortised cost		
Loans (from banks)		
Secured loans - Packing credit	10.00	-
- Short term borrowings	5.38	13.76
Unsecured loans - Packing credit	267.00	254.00
- Hundi	-	8.49
- From bank	80.93	-
Current maturities of long-term borrowings	24.71	17.75
Total	**388.02**	**294.00**

The details related to terms of borrowings of the Group are as follows:

For March 31, 2023:

Particulars	Amount of loan	Repayment timelines	Tenure of loan	Rate of interest
Non-current Borrowings:				
Foreign currency borrowings	9.50	On maturity	4-7 years	3.72%- 5.08% p.a.
Indian rupee borrowings	437.73	Monthly/ Quarterly	7-20 years	8.85%-10.14% p.a.
Current Borrowings:				
Foreign currency borrowings	0.66	On maturity	Less than 1 year	4.09% p.a.
Foreign currency borrowings- Bank overdraft	5.07	On demand	Less than 1 year	4.09% p.a.
Indian rupee borrowings				
- Packing Credit	277.00	On maturity	90 to 365 days	5.25%- 5.85% p.a.
- From bank	80.58	On maturity	Less than 1 year	8.10% p.a.

For March 31, 2022:

Particulars	Amount of loan	Repayment timelines	Tenure of loan	Rate of interest
Non-current Borrowings:				
Foreign currency borrowings	21.39	Quarterly/ Semi-annually/ Annually	17 years	1%-4.72% p.a.
Indian rupee borrowings	57.78	Monthly	5-7 years	6.09%-7.25% p.a.
Current Borrowings:				
Foreign currency borrowings	13.76	On maturity	Less than 1 year	1.25% p.a.
Indian rupee borrowings				
- Packing Credit	254.00	On maturity	180 to 365 days	2%- 2.85% p.a.
- Hundi	8.49	On maturity	60 to 120 days	

For details of collaterals of borrowings, refer to note 47.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

17 Trade Payables

(a) Non-current trade payables

	As at March 31, 2023	As at March 31, 2022
Total outstanding dues of creditors other than micro enterprises and small enterprises		
i) Related parties (note 35)	-	-
ii) Others	30.75	47.64
Total	**30.75**	**47.64**

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

Particulars		Not due	Outstanding for the following period from due date of payments				Total
			Less than a year	1-2 years	2-3 years	More than 3 years	
(i) Micro enterprises and small enterprises	March 31, 2023	-	-	-	-	-	-
	March 31, 2022	-	-	-	-	-	-
(ii) Others	March 31, 2023	30.72	-	-	-	-	**30.72**
	March 31, 2022	*47.57*	-	-	-	-	***47.57***
(iii) Disputed dues- Micro enterprises and small enterprises	March 31, 2023	-	-	-	-	-	-
	March 31, 2022	-	-	-	-	-	-
(iv) Disputed dues- Others	March 31, 2023	0.03	-	-	-	-	**0.03**
	March 31, 2022	*0.07*	-	-	-	-	***0.07***
Total	March 31, 2023	**30.75**	-	-	-	-	**30.75**
	March 31, 2022	***47.64***	-	-	-	-	***47.64***

(b) Current trade payables

	As at March 31, 2023	As at March 31, 2022
Total outstanding dues of micro enterprises and small enterprises	518.02	402.18
Total outstanding dues of creditors other than micro enterprises and small enterprises		
i) Related parties (note 35)	1.56	1.01
ii) Others	978.28	1,056.57
Total	**1,497.86**	**1,459.76**

For terms and conditions with related parties, refer note 35.

Trade payables are non-interest bearing and are generally on terms of 7 to 90 days.

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for the year ended March 31, 2023

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

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

Particulars		Not due	Outstanding for the following period from due date of payments				Total
			Less than a year	1-2 years	2-3 years	More than 3 years	
(i) Micro enterprises and small enterprises	March 31, 2023	431.15	77.18	3.95	0.94	4.51	**517.73**
	March 31, 2022	*362.22*	*30.63*	*2.22*	*2.09*	*4.19*	***401.35***
(ii) Others	March 31, 2023	382.91	241.39	23.40	12.45	26.18	**686.33**
	March 31, 2022	*565.23*	*243.18*	*25.56*	*13.90*	*25.75*	***873.62***
(iii) Disputed dues- Micro enterprises and small enterprises	March 31, 2023	0.03	-	-	-	0.26	**0.29**
	March 31, 2022	*0.10*	-	-	-	*0.73*	***0.83***
(iv) Disputed dues- Others	March 31, 2023	0.09	-	0.27	-	0.24	**0.60**
	March 31, 2022	-	*0.27*	-	-	*0.24*	***0.51***
Sub-total	March 31, 2023	814.18	318.57	27.62	13.39	31.19	**1,204.95**
	March 31, 2022	*927.55*	*274.08*	*27.78*	*15.99*	*30.91*	***1,276.31***
Unbilled trade payable (Pertains to accured expenses/liabilities)	March 31, 2023						**292.91**
	March 31, 2022						***183.45***
Total	March 31, 2023						**1,497.86**
	March 31, 2022						***1,459.76***

18 Financial Liabilities

(a) Other non-current liabilities

	As at March 31, 2023	As at March 31, 2022
At amortised cost		
Trade deposits	15.51	15.33
Liability towards employee separation scheme#	0.75	1.95
Redemption liability*	11.98	-
Total	**28.24**	**17.28**

**One of the subsidiaries, First Energy Private Limited (FEPL), has accounted for Special Purpose Vehicles (SPVs) using the acquisition method. There are other stakeholders in these SPVs owning up to 26% stake in these entities. A redemption liability of Rs. 11.98 (March 31, 2022: Rs. Nil) has been accounted for non-controlling interest portion.*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2023
(All amounts are in Rupees Crore, except per share data and unless stated otherwise)

(b) Other current liabilities

	As at March 31, 2023	As at March 31, 2022
Derivative instruments at fair value through OCI		
Cash flow hedges		
Foreign exchange forward contracts	5.66	0.84
Derivative instruments at fair value through profit or loss		
Derivative not designated as hedges		
Foreign exchange forward contracts	3.92	2.94
At amortised cost		
Employee related payables	103.26	84.28
Payables for Property, plant and equipment and intangible assets	25.13	2.35
Book overdraft	0.02	7.34
Liability towards employee separation scheme #	1.64	2.16
Unpaid dividend	0.69	0.78
Other payables *	4.73	7.59
Total	**145.05**	**108.28**

** includes dealer deposits, security deposits, etc.*

 # The Group as on October 05, 2020 announced a Voluntary Retirement Scheme (VRS) for its eligible employees. The outstanding amount of scheme benefits payable to employees as on March 31, 2023 is Rs. 2.39 (March 31, 2022: Rs. 4.11).

19 Provisions

(a) Non-current provisions

	As at March 31, 2023	As at March 31, 2022
Provision for employee benefits		
Provision for gratuity (note 33)	0.41	-
Other long-term employee benefits (note 33)	4.28	-
	4.69	**-**
Other provisions		
Provision for warranties	20.84	20.70
Provision for decommissioning liability	12.87	11.71
	33.71	**32.41**
Total	**38.40**	**32.41**

(b) Current provisions

	As at March 31, 2023	As at March 31, 2022
Provision for employee benefits		
Provision for gratuity (note 33)	0.96	0.41
Provision for leave encashment	71.19	66.56
	72.15	**66.97**
Other provisions		
Provision for onerous contracts	13.75	17.33
Provision for warranties	117.81	122.50
	131.56	**139.83**
Total	**203.71**	**206.80**

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for the year ended March 31, 2023
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Provision for decommissioning liability

A provision has been recognised for decommissioning costs associated with the properties taken on lease by the Group. The Group is committed to restore the sites on conclusion of the manufacturing activities. The timing of cash outflows in respect of such provision cannot be reasonably determined.

Provision for warranties

Warranty costs are provided based on a technical estimate of the costs required to be incurred for repairs, replacements, material costs, servicing cost and past experience in respect of such costs. It is expected that this expenditure will be incurred over the contracted warranty period ranging up to 2 years. If warranty claim costs vary by 10% from management's estimate, the warranty provisions would be an estimated Rs. 13.87 higher or lower (March 31, 2022: Rs. 14.32).

Provision for onerous contracts

A provision for expected loss on contracts with customers is recognised when it is probable that the contracts costs will exceed total contract revenue. For all other contracts, provision is made when the unavoidable costs of meeting the obligation under the contract exceed the currently estimated economic benefits. The timing of cash outflows in respect of such provision is over the contract period.

Movement in provisions
For the year ended March 31, 2023

	Provision for onerous contracts	Provision for warranties	Provision for decommissioning liability
As at April 1, 2022	**17.33**	**143.20**	**11.71**
Additional provision recognised	7.12	38.74	0.12
Unused amounts reversed	(4.44)	(40.75)	-
Unwinding of discount	-	8.99	1.04
Utilised during the year	(6.26)	(11.53)	-
As at March 31, 2023	**13.75**	**138.65**	**12.87**
Breakup of provisions:			
Current	13.75	117.81	-
Non-current	-	20.84	12.87
Total	**13.75**	**138.65**	**12.87**

20 Other Liabilities

(a) Other non-current liabilities

	As at March 31, 2023	As at March 31, 2022
Contract liabilities		
Unearned revenue* (Contract liabilities)	8.61	9.26
Customer advances	-	21.42
Advance lease rentals	13.03	9.90
Total	**21.64**	**40.58**

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023
(All amounts are in Rupees Crore, except per share data and unless stated otherwise)

(b) Other current liabilities

	As at March 31, 2023	As at March 31, 2022
Contract liabilities		
Unearned revenue (Contract liabilities)	756.15	437.03
Customer advances	1,286.93	1,174.85
Advance lease rentals	7.77	1.57
Other advances#	14.20	-
Statutory dues and other liabilities**	79.81	48.23
Total	**2,144.86**	**1,661.68**

***includes tax deducted at source, GST, ESIC, provident fund, government grant received for a research project etc.*

 # consists of advance received against sale of property, plant and equipment etc.

21 Revenue from Operations

(a) Revenue from contracts with customers:

	March 31, 2023	March 31, 2022
Revenue from projects and products	7,072.03	5,384.47
Revenue from services	961.87	679.56
Total revenue from contracts with customers (a)	**8,033.90**	**6,064.03**

(b) Other operating income

	March 31, 2023	March 31, 2022
Export incentives	23.73	15.67
Sale of scrap	31.25	28.80
Interest income from finance lease	18.13	11.23
Commission income	3.19	2.41
Exchange fluctuation gain / (loss) (net) *	(25.83)	1.67
Royalty income	2.81	3.97
Miscellaneous income	2.63	0.55
Total Other operating income (b)	**55.91**	**64.30**
Total revenue from operations (a+b)	**8,089.81**	**6,128.33**

** Includes mark to market loss on forward contracts not subjected to hedge accounting Rs. 1.63 (March 31, 2022: gain of Rs. 0.92)*

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

i) By category of contracts

	March 31, 2023	March 31, 2022
Over a period of time basis	4,981.94	3,676.82
At a point-in-time basis	3,051.96	2,387.21
Total revenue from contracts with customers	**8,033.90**	**6,064.03**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2023
(All amounts are in Rupees Crore, except per share data and unless stated otherwise)

Revenue by segment (refer note 36)

	March 31, 2023				
	Industrial Products	Industrial Infra	Green Solutions	Chemical	Total
Revenue from contracts with customers					
External revenue	3,317.00	3,920.38	343.63	664.15	8,245.16
Inter segment	(182.84)	(20.54)	(0.88)	(7.00)	(211.26)
Total revenue from contracts with customers	**3,134.16**	**3,899.84**	**342.75**	**657.15**	**8,033.90**
Other operating income	20.53	7.62	19.08	8.68	55.91
Total revenue from operations	**3,154.69**	**3,907.46**	**361.83**	**665.83**	**8,089.81**

	March 31, 2022				
	Industrial Products	Industrial Infra	Green Solutions	Chemical	Total
Revenue from contracts with customers					
External revenue	2,549.97	2,967.54	203.64	533.47	6,254.62
Inter segment	(169.62)	(12.53)	(0.17)	(8.27)	(190.59)
Total revenue from contracts with customers	**2,380.35**	**2,955.01**	**203.47**	**525.20**	**6,064.03**
Other operating income	25.75	20.40	13.11	5.04	64.30
Total revenue from operations	**2,406.10**	**2,975.41**	**216.58**	**530.24**	**6,128.33**

ii) Contract balances

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

	March 31, 2023	March 31, 2022
Trade receivables (note 7)	1,876.56	1,597.24
Unbilled revenue (Contract asset) (note 9(a) and 9(b))	495.13	394.87
Unearned revenue (Contract liability) (note 20)	764.76	446.29
Customer advances (Contract liability) (note 20)	1,286.93	1,196.27

Contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date from projects and customised contracts. Contract assets are transferred to Trade receivables on completion of milestones and 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 Group's cash positions on specific projects.

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

	March 31, 2023	March 31, 2022
Unearned revenue	339.70	299.01
Customer advance	892.58	612.13

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

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 year presented in the table below:

	March 31, 2023	
Opening unbilled revenue (note 9(a) and 9(b))	**394.87**	
Opening unearned revenue (note 20)	**446.29**	**(51.42)**
- Transfer of contract assets to receivable from opening unbilled revenue	(358.90)	
- Increase in revenue as a result of changes in the measure of progress from the opening unearned revenue	339.70	
- Transfer of contract assets to receivable	(4,843.73)	
- Increase in revenue as a result of changes in the measure of progress	4,642.24	
- Others*	2.48	**(218.21)**
Closing unbilled revenue (note 9(a) and 9(b))	**495.13**	
Closing unearned revenue (note 20)	**764.76**	**(269.63)**

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

	March 31, 2022	
Opening unbilled revenue (note 9(a) and 9(b))	**301.49**	
Opening unearned revenue (note 20)	**388.24**	**(86.75)**
- Transfer of contract assets to receivable from opening unbilled revenue	(276.89)	
- Increase in revenue as a result of changes in the measure of progress from the opening unearned revenue	299.01	
- Transfer of contract assets to receivable	(3,366.75)	
- Increase in revenue as a result of changes in the measure of progress	3,377.81	
- Others*	2.15	**35.33**
Closing unbilled revenue (note 9(a) and 9(b))	**394.87**	
Closing unearned revenue (note 20)	**446.29**	**(51.42)**

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

v) Performance obligations

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

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

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

Remaining performance obligations

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

The Group 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

	March 31, 2023	March 31, 2022
Amount of revenue yet to be recognised for contracts in progress	5,979.21	6,370.44

The Group expects that a significant portion of the remaining performance obligation will be completed in the next 1 to 2 years.

The Group has disclosed remaining performance obligation expected to be fulfilled in next 12 months where the contracts with customers for supply of utilities/operation and maintenance services are for a longer period.

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

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

22 Other Income

	March 31, 2023	March 31, 2022
Interest income from financial assets at amortised cost		
Bank deposits	69.55	51.87
Other interest income	1.75	5.80
Dividend income from investments designated at fair value through profit and loss	-	1.37
Liabilities no longer required written back	16.83	18.99
Fair value gain on financial instruments at fair value through profit and loss (net)	44.85	39.32
Miscellaneous income ^^	27.20	9.66
Total	**160.18**	**127.01**

^^ Includes rent income of Rs. 0.07 (March 31, 2022: Rs. 0.02) refer note 32(i)(b).

23 Cost of Raw Material and Components Consumed

	March 31, 2023	March 31, 2022
Inventories at the beginning of the year	395.93	219.24
Add: Purchases	4,499.33	3,682.70
	4,895.26	**3,901.94**
Inventories at the end of the year	(452.56)	(395.93)
Total	**4,442.70**	**3,506.01**

24 Decrease / (Increase) in Inventories of Finished Goods, Work-in-Progress and Traded Goods

	March 31, 2023	March 31, 2022
Inventories at the beginning of the year		
Work-in-progress	226.06	112.84
Finished goods	90.11	60.75
Traded goods	5.85	5.91
	322.02	**179.50**
Less: inventories at the end of the year		
Work-in-progress	202.52	226.06
Finished goods	82.37	90.11
Traded goods	7.88	5.85
	292.77	**322.02**
	29.25	**(142.52)**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

25 Employee Benefits Expense

	March 31, 2023	March 31, 2022
Salaries and wages	850.71	727.34
Contribution to provident and other funds	48.42	41.24
Gratuity expense (note 33)	9.91	9.27
Share based payment expenses (note 42)	2.52	-
Staff welfare expenses	47.08	35.08
	958.64	**812.93**
Less: capitalised during the year (note 4(a))	(4.47)	-
Total	**954.17**	**812.93**

26 Finance Costs

	March 31, 2023	March 31, 2022
Interest expense*	25.57	13.47
Unwinding of discount	11.95	11.70
Finance cost on redemption liability	0.43	-
	37.95	**25.17**
Less: capitalised during the year (note 4(a))	(0.36)	-
Total	**37.59**	**25.17**

** Includes accretion of interest on lease obligation Rs. 0.58 (March 31, 2022: Rs. 0.23) (refer note 32(ii)).*

27 Depreciation and Amortisation Expense

	March 31, 2023	March 31, 2022
Depreciation on property, plant and equipment (note 4(a))	96.16	94.02
Depreciation on right-of-use assets (note 4(b))	6.01	5.46
Amortisation of intangible assets (note 4(c))	14.69	13.76
Total	**116.86**	**113.24**

28 Other Expenses

	March 31, 2023	March 31, 2022
Consumption of stores and spare parts	101.17	103.04
Power and fuel	61.96	52.31
Freight and forwarding charges (net of recovery)	207.22	176.09
Site expenses and contract labour charges	936.48	652.90
Drawing, design and technical service charges	68.29	24.65
Sales commission	28.66	25.34
Advertisement and sales promotion	23.23	10.48
Rent	23.05	19.19
Rates and taxes	19.88	20.09
Insurance	16.10	11.88
Repairs and maintenance:		
Plant and machinery	20.99	22.99
Buildings	5.79	5.05
Others	65.04	40.14
Travelling and conveyance	93.49	60.14
Legal and professional fees	125.95	103.52
Director sitting fees	1.13	1.00
Provision for advance (net)	2.92	5.01
Provision for impairment allowance of financial assets (net)	37.76	(9.41)
Warranty expenses (net)	14.59	35.39
(Gain) / loss on sale/ discard of assets (net)	3.79	(7.64)
CSR expenditure	6.86	7.54
Miscellaneous expenses (includes printing, communication, security expense, etc.)	50.36	49.41
	1,914.71	**1,409.11**
Less: capitalised during the year (note 4(a))	(1.31)	(0.12)
Total	**1,913.40**	**1,408.99**

29 Earnings Per Share

The following table reflects the income and earnings per share data used in the basic and diluted EPS computation:

	March 31, 2023	March 31, 2022
Profit after tax attributable to the equity holders (a)	450.29	312.31
Weighted average number of shares considered for calculating basic EPS (b)	112,614,860	112,614,860
Weighted average number of shares considered for calculating diluted EPS (c)	112,637,493	112,637,493
Nominal value per share (Rs.)	2.00	2.00
Basic earnings per share (d) = (a)/(b)	39.98	27.73
Diluted earnings per share (e) = (a)/(c)	39.98	27.73

30 Components of Other Comprehensive Income (OCI)

The disaggregation of changes to OCI by each type of reserve and surplus in equity is shown below:

For the year ended March 31, 2023

	Cash flow hedge reserve	Foreign Currency translation reserve	Retained earnings	Total
Foreign currency translation differences	-	15.87	-	**15.87**
Foreign exchange forward contracts	(5.27)	-	-	**(5.27)**
Reclassified to statement of profit or loss (Net)	0.21	-	-	**0.21**
Re-measurement gains on defined benefit plans	-	-	(10.62)	**(10.62)**
Total	**(5.06)**	**15.87**	**(10.62)**	**0.19**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

For the year ended March 31, 2022

	Cash flow hedge reserve	Foreign Currency translation reserve	Retained earnings	Total
Foreign currency translation differences	-	2.08	-	**2.08**
Foreign exchange forward contracts	3.46	-	-	**3.46**
Reclassified to statement of profit or loss (Net)	(1.54)	-	-	**(1.54)**
Re-measurement gains on defined benefit plans	-	-	3.62	**3.62**
Total	**1.92**	**2.08**	**3.62**	**7.62**

31 Contingent Liabilities and Commitments

A Contingent liabilities

a) During earlier years, the Group had received demand notices from the Excise department covering period from July 2000 till June 2017 for Rs. 1,385.47 crores (March 31, 2022: Rs. 1,385.47 crores). These demands are of excise duty payable on inclusion of the cost of bought out items in the assessable value of certain products manufactured, though such duty paid bought out items are directly dispatched by the manufacturers thereof to the ultimate customer, without being received in the factories. The Holding Company had filed an appeal against the same before CESTAT, Mumbai. During the current year, CESTAT has allowed the appeal and accordingly the litigation is closed.

b) Taxes*

	March 31, 2023	March 31, 2022
Excise, Customs Duty and Service tax	22.28	26.73
Sales tax #	32.08	35.63
Income tax demands disputed in appellate proceedings ^$**	208.51	200.01
References/appeals preferred by the Income tax department in respect of which, should the ultimate decision be unfavourable to the Group	16.36	16.91
Others	0.12	0.10

** Excluding interest and penalty thereon.*

*** The above excludes the effects of similar disallowances, if any, for any subsequent period that are pending for assessments.*

 # Includes Sales tax and Income tax demands disputed in appellate proceedings pertaining to Thermax Senegal S.A.R.L, a subsidiary which is liquidated, of Rs. 9.64 and Rs. 21.20 (March 31, 2022 of Rs.9.18 and Rs.20.20) respectively which are still open with the department despite the liquidation of the subsidiary.

During the FY 2021-22, one of the subsidiary has received a income tax assessment order for AY 2017-18 majorly adding back income of Rs. 97.93 for sales made to related parties and Rs. 107.19 on account of share premium for shares issued. The subsidiary has filed an appeal with ITAT against the said order. Based on the advice obtained from tax expert, the subsidiary's management does not expect any outflow in respect of this order.

^ Includes income tax disputed demand, the Holding Company has received favourable ITAT orders in earlier years (similar issues) for Rs. 93.62 (March 31, 2022:Rs. 59.45).

$ One of the subsidiary has received an income tax order for AY 2021-22 majorly adding back income of Rs. 200.10 for Goods and Services Tax ("GST") on sales. The subsidiary has filed a stay of demand against the said order. Based on the advice obtained from tax expert, the subsidiary's management believes that the probability of any outflow in respect of this order is remote and hence not considered in contingent liability.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

c) Guarantees

The Group has issued various guarantees for performance, deposits, tender money, advances etc. The Group has issued various indemnity bonds, letter of support, corporate guarantees, etc. for working capital requirements purposes to banks for wholly owned subsidiaries. The management has considered the probability for outflow of the same to be remote and accordingly no amount has been disclosed here.

d) Others

	March 31, 2023	March 31, 2022
Liability for export obligations	2.54	1.90
Claims against the Group not acknowledged as debt*	209.63	209.68

The timing and amount of the cash flow which will arise from these matters, will be determined by the relevant authorities on settlement of the cases or on receipt of claims from customers.

**Claims against the Group not acknowledged as debt on account of ongoing arbitration/ legal dispute with the various customers / vendors of the Group. Based on the legal opinion on few matters and management assessments of the facts of the case, no provision against above claim is considered. Pending resolution of the matters, it is not practicable to estimate the timing of cash outflows, if any.*

e) There are certain law suits, disputes, warranty claims, etc., including commercial matters that arise from time to time in the ordinary course of business, the amounts involved in such matters are currently not quantifiable. However, based on managements assessment under Ind AS 37 "Provisions, Contingent Liabilities and Contingent Assets", that claims are not tenable / probability of final outcome against the Group is low and therefore not disclosed as contingent liabilities.

B Capital and other commitments

a) Liability in respect of partly paid shares Rs. Nil (March 31, 2022: Rs. Nil).

b) Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for is Rs. 392.10 (March 31, 2022: Rs. 14.61).

c) Estimated amount of contracts remaining to be executed for assets which are to be leased to customers and are currently under commissioning (net of advances) and not provided for is Rs. 72.43 (March 31, 2022: Rs. 24.01).

d) For lease commitments, refer note 32.

32 Leasing Arrangements

i) Where the Group is lessor

a) Amounts receivable under Finance lease -

The Group has entered into certain arrangements with its customers where the Group will supply heat/steam/treated water by installing boiler/heater/water treatment plants at their customers' premises. The Group has determined, that fulfilment of these arrangements is dependent on the use of a specific asset and the arrangement conveys a right to use these specific asset to the customers. Accordingly, these arrangements qualify as arrangements in the form of lease as specified in Ind-AS 116. Based on the evaluation of terms and conditions of these arrangements, such as the contract term constituting a major part of the economic life of the specific assets, the fair value of the asset and that it has transferred the significant risks and rewards in these assets to the customers, these lease arrangements have been classified as finance leases.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

	Gross Investment in lease		Present value of minimum lease payments	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Within one year	39.70	27.46	22.83	15.73
Between 1 and 2 years	32.40	28.30	18.24	16.48
Between 2 and 3 years	29.67	20.52	17.47	11.79
Between 3 and 4 years	27.97	18.24	17.76	10.97
Between 4 and 5 years	24.42	17.08	16.40	11.19
More than five years	64.41	48.19	47.77	35.46
	218.57	**159.79**	**140.47**	**101.62**
Less: Unearned finance income	78.10	58.17	-	-
Present value of minimum lease payments receivable	140.47	101.62	140.47	101.62
Allowance for uncollectible lease payments	-	-	-	-
	140.47	**101.62**	**140.47**	**101.62**

Particulars	March 31, 2023	March 31, 2022
Current portion of finance lease receivables*	22.83	15.73
Non-current portion of finance lease receivables*	117.64	85.89

Particulars	March 31, 2023	March 31, 2022
Estimated unguaranteed residual value of assets under finance lease	-	-
Contingent rent recognised as income during the year	-	-
Interest rate inherent in the lease per annum	10.82% - 28.19%	10.87% - 17.03%

**Lease receivables amounting to Rs. 67.73 (March 31, 2022: Rs. 22.83) have been hypothecated against borrowings.*

b) Operating lease

The Group has leased certain parts of its surplus office, buildings and equipment. The tenure of such lease agreements ranges from 1 to 5 years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions. For nature of assets, refer note 4 (a).

	March 31, 2023	March 31, 2022
Lease rental received for the year	0.07	0.02

ii) Where the Group is lessee

The Group has taken office buildings, factory sheds, guest house, warehouse, vehicles, printers and other office equipments on lease for a tenure of 1 to 5 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets. There are no variable lease payments and residual value guarantees for these leases. The leases are renewable on mutually agreeable terms. At the expiry of the lease term, either party has an option to terminate the agreement or extend the term by giving notice in writing.

The Group also has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

Carrying amounts of lease liabilities and the movements during the period ended as follows:

	March 31, 2023	March 31, 2022
Lease liabilities at the beginning of the year	12.29	10.47
Additions (for new lease during the year)	17.50	6.29
Accretion of interest	0.58	0.23
Exchange differences	(0.58)	(0.23)
Payments made	(9.80)	(4.47)
Lease liabilities at the end of the year	**19.99**	**12.29**
Current portion of lease liabilities	5.25	4.16
Non-current portion of lease liabilities	14.74	8.13
Total	**19.99**	**12.29**

Details of amounts recognised in Consolidated Statement of Profit and Loss

	March 31, 2023	March 31, 2022
Depreciation expense of right-of-use assets	6.01	5.46
Interest expense on lease liabilities	0.58	0.23
Expense relating to short-term leases (included in other expenses and staff welfare expenses)	24.40	19.44
Expense relating to leases of low-value assets (included in other expenses)	1.46	2.15
Total amount recognised in Consolidated Statement of Profit or Loss	**32.45**	**27.28**

Refer note 39(a) III for maturities of finance lease liabilities.

33 (a) Gratuity

The Holding Company and its Indian subsidiaries operate a defined benefit plan vis. gratuity for its employees. Under the gratuity plan, every employee who has completed at least specified years of service gets a gratuity on departure at 15 days (minimum) of the last drawn salary for each completed year of service. The scheme is funded with an insurance Company in the form of qualifying insurance policy. The fund has formed a trust and it is governed by the Board of Trustees. Overseas subsidiaries do not operate any defined benefit plans for employees.

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

Particulars	March 31, 2023	March 31, 2022
Current asset	9.81	18.83
Current liability	(0.96)	(0.41)
Non Current liability	(0.41)	-
Net asset	**8.44**	**18.42**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

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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, 2021	**101.28**	**(110.56)**	**(9.28)**
Current service cost	10.49	-	10.49
Interest expense/(income)	6.00	(7.22)	(1.22)
Total amount recognised in Profit or Loss	**16.49**	**(7.22)**	**9.27**
Experience adjustments	(3.23)	-	(3.23)
Return on plan assets (income)	-	(0.28)	(0.28)
Actuarial loss from change in demographic assumptions	(0.36)	-	(0.36)
Actuarial loss from change in financial assumptions	(1.24)	0.23	(1.01)
Total amount recognised in Other Comprehensive Income	**(4.83)**	**(0.05)**	**(4.88)**
Employer contributions	-	(13.52)	(13.52)
Benefits paid	(10.59)	10.59	-
March 31, 2022	**102.34**	**(120.76)**	**(18.42)**
Current service cost	11.69	-	11.69
Interest expense/(income)	6.61	(8.39)	(1.78)
Total amount recognised in Profit or Loss	**18.30**	**(8.39)**	**9.91**
Experience adjustments	13.52	-	13.52
Return on plan assets (income)	-	(0.06)	(0.06)
Actuarial loss from change in demographic assumptions	(0.01)	-	(0.01)
Actuarial loss from change in financial assumptions	0.72	(0.01)	0.71
Total amount recognised in Other Comprehensive Income	**14.23**	**(0.07)**	**14.16**
Employer contributions	-	(14.09)	(14.09)
Benefits paid	(10.87)	10.87	-
March 31, 2023	**124.00**	**(132.44)**	**(8.44)**

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

Particulars	March 31, 2023	March 31, 2022
Present value of funded obligation	124.00	102.34
Fair value of plan assets	(132.44)	(120.76)
Surplus of funded plan	**(8.44)**	**(18.42)**

III Significant assumptions

The principal actuarial assumptions were as follows:

Particulars	March 31, 2023	March 31, 2022
Discount rate	7.15% to 7.40%	6.5% to 7.2%
Salary growth rate	7 % to 9 %	5 % to 9 %
Normal retirement age	60 years	60 years
Mortality table	Indian Assured Lives Mortality (2012-14) Ultimate	Indian Assured Lives Mortality (2012-14) Ultimate
Employee turnover	5% to 12%	5% to 14%

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IV Sensitivity analysis

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

Assumption	March 31, 2023		March 31, 2022	
	Impact of 1% increase	Impact of 1% decrease	Impact of 1% increase	Impact of 1% decrease
Discount rate	Decrease by 6.93	Increase by 6.66	Decrease by 6.18	Increase by 7.51
Future salary increase	Increase by 5.49	Decrease by 5.98	Increase by 5.87	Decrease by 5.36
Attrition rate	Increase by 0.17	Decrease by 0.16	Increase by 0.28	Decrease by 0.31

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

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

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

Particulars	March 31, 2023	March 31, 2022
Within next 12 months	20.83	13.73
Between 2-5 years	64.66	45.24
Next 5 years	89.26	43.29

The average duration of the defined benefit plan obligation at the end of the reporting period is 8.17 years (March 31, 2022: 8.84 years)

V The major categories of plan assets are as follows:

Particulars	March 31, 2023	March 31, 2022
Investments with insurer (LIC of India)	100.00%	100.00%

33 (b) Other Long Term Employee Benefits

One of the subsidiary offers cash bonuses to certain managerial employees the amount of which is based on performance of the subsidiary in a specific year. The amount of provision recognised for the long term employee benefit is Rs. 4.28 (March 31, 2022: Rs. Nil).

34 Interests in Other Entities

Group information

A Subsidiaries

The consolidated financial statements of the Group includes subsidiaries listed in the table below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

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Sr No.	Name of the entity	Place of business/ Country of incorporation	Ownership interest held by the Group		Principal activities
			March 31, 2023	March 31, 2022	
1	Thermax Onsite Energy Solutions Limited	India	100%	100%	Supply of steam and heat on build, own and operate basis
2	Thermax Instrumentation Limited	India	100%	100%	Civil, Erection & Commissioning and Operation and Maintenance of power plants
3	Thermax Engineering Construction Company Limited	India	100%	100%	Installation of industrial machinery and equipment
4	Thermax Sustainable Energy Solutions Limited ^^^^	India	100%	100%	Carbon advisory services
5	Thermax International Limited	Mauritius	100%	100%	Investment Company
6	Thermax Europe Limited	United Kingdom	100%	100%	Sale and service of vapour absorption chillers
7	Thermax Inc.	USA	100%	100%	Sale and service of vapour absorption chillers and sale of chemicals
8	Thermax do Brasil Energia e Equipamentos Ltda	Brazil	100%	100%	Rendering services including technical assistance
9	Thermax Netherlands BV.	Netherlands	100%	100%	Investment Company
10	Thermax Denmark ApS	Denmark	100%	100%	Investment Company
11	Danstoker A/S	Denmark	100%	100%	Produces and sells boilers to the energy market
12	Ejendomsanp artsselskabet Industrivej Nord 13	Denmark	100%	100%	Own and lease out property within Group
13	Boilerworks A/S	Denmark	100%	100%	Produces and supplies high-pressure boilers and components
14	Boilerworks Properties ApS Industrivej^^^^	Denmark	100%	100%	Own and lease out the property within Group
15	Danstoker Poland Spółka Z Ograniczona Odpowiedzialnoscia	Poland	100%	100%	Produces and supplies high-pressure boilers and components
16	Rifox-Hans Richter GmbH Spezialarmaturen	Germany	100%	100%	Manufacturing steam trap systems
17	Thermax Sdn. Bhd	Malaysia	100%	100%	Turnkey solutions provider
18	Thermax Engineering Singapore Pte. Ltd.	Singapore	100%	100%	Investment Company and trading of solar power modules
19	PT Thermax International Indonesia	Indonesia	100%	100%	Manufacturing of industrial products
20	Thermax Senegal S.A.R.L ^^^^	Senegal	100%	100%	Plant management services
21	First Energy Private Limited	India	100%	100%	Supply of solar power on build, own and operate basis
22	Thermax Energy & Environment Philippines Corporation	Philippines	100%	100%	Marketing and sales of component parts of boilers
23	Thermax Energy & Environment Lanka (Private) Limited	Sri Lanka	100%	100%	Marketing and sales of component parts of boilers
24	Thermax Nigeria Limited	Nigeria	100%	100%	Marketing and sales of component parts of boilers
25	Thermax Babcock & Wilcox Energy Solutions Ltd	India	100%	100%	Manufacture of steam or other vapour generating boilers and hot water boilers other than central heating boilers

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

Sr No.	Name of the entity	Place of business/ Country of incorporation	Ownership interest held by the Group		Principal activities
			March 31, 2023	March 31, 2022	
26	Thermax Cooling Solutions Limited	India	100%	100%	Supply and erection commissioning of Air cooled condenser (ACC), Rotary air Pre-Heater (RAPH), electrostatic precipitator (ESP), Bag Houses
27	Thermax Engineering Construction FZE	Nigeria	100%	100%	Operation and maintenance of power plants
28	Thermax International Tanzania Limited	Tanzania	100%	100%	Supervision for project business, operation and maintenance services and sales related support.
29	Thermax (Thailand) Limited	Thailand	100%	100%	Trade and investment support office.
30	ESOP Trust and Employee Welfare Trusts**	India	100%	100%	Employee welfare
31	Enernxt Private Limited	India	100%	100%	Supply of biogas on build, own, operate and transfer basis
32	Thermax BioEnergy Solutions Private Limited (incorporated on August 08, 2022)	India	65%	NA	Setting up of BioCNG plants on turnkey basis
33	First Energy TN 1 Private Limited (incorporated on January 31, 2022)*	India	74%	100%	Supply of solar power on build, own and operate basis
34	First Energy 2 Private Limited (incorporated on March 29, 2022)*	India	74%	100%	Supply of solar power on build, own and operate basis
35	First Energy 3 Private Limited (incorporated on May 05, 2022)*	India	74%	NA	Supply of solar power on build, own and operate basis
36	First Energy 4 Private Limited (incorporated on December 07, 2022)	India	100%	NA	Supply of solar power on build, own and operate basis
37	First Energy 5 Private Limited (incorporated on December 13, 2022)	India	100%	NA	Supply of solar power on build, own and operate basis
38	First Energy 6 Private Limited (incorporated on March 23, 2023)	India	100%	NA	Supply of solar power on build, own and operate basis
39	First Energy 7 Private Limited (incorporated on March 26, 2023)	India	100%	NA	Supply of solar power on build, own and operate basis
40	Jalansar Wind Energy Private Limited (w.e.f June 22, 2022)*	India	74%	NA	Supply of solar power on build, own and operate basis
41	Kanakal Wind Energy Private Limited (w.e.f June 22, 2022)*	India	74%	NA	Supply of solar power on build, own and operate basis

*** The Group has ESOP trust and Employee Welfare Trusts for the welfare of the employees. Pursuant to the arrangement between the Trusts and the Holding Company, the Holding Company has determined that it has power to direct the relevant activities of the trust while being exposed to variable returns from its involvement with these entities. As a result, these entities have been consolidated in these financial statements.*

^^^^ The subsidiaries are under liquidation process / are liquidated.

**Includes shares held by non-controlling shareholders for which Non-controlling interests have not been recognised as the Group has assessed that there is no risk reward relationship attributable to them.*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

B Parent entity

Sr No.	Name of the entity	Place of business/ Country of incorporation	Ownership interest held by the Group		Type
			March 31, 2023	March 31, 2022	
1	RDA Holdings Private Limited	India	53.99%	53.99%	Ultimate Holding company

The above percentage of shareholding is before elimination of Trust's holding**.

C Associates

Sr No.	Name of the entity	Place of business/ Country of incorporation	Ownership interest held by the Group		Principal activities
			March 31, 2023	March 31, 2022	
1	Exactspace Technologies Private Limited (date of investment- January 25, 2022)	India	10.41%	10.41%	Business of developing artificial intelligence solutions for the energy industry
2	Covacsis Technologies Private Limited (date of investment- July 22, 2022)	India	16.67%	NA	Developing digital enabled service solutions for the energy industry

The investments listed above has been accounted by equity method.

35 Related Party Disclosures

A For details of Holding company and associates, refer note 34.

B Individuals having significant influence over the Group by reason of voting power, and their relatives

1. Mrs. Meher Pudumjee - Chairperson
2. Mr. Pheroz Pudumjee - Director
3. Mrs. Anu Aga - Relative of Chairperson / Director
4. Mr. Zahaan Pudumjee - Relative of Chairperson / Director
5. Ms. Lea Pudumjee - Relative of Director / Chairperson

C Key Management Personnel:

1. Mr. Ashish Bhandari - Managing Director and Chief Executive Officer
2. Dr. Valentin A. H. von Massow - Independent Director (ceased to be director w.e.f. July 21, 2022)
3. Dr. Jairam Varadaraj - Independent Director
4. Mr. Nawshir Mirza - Independent Director
5. Mr. Harsh Mariwala - Independent Director
6. Mr. Sashishekhar Balakrishna (Ravi) Pandit - Independent Director
7. Mrs. Rajani Kesari - Independent Director
8. Mr. Rajendran Arunachalam - Chief Financial Officer
9. Ms. Janhavi Khele- Company Secretary
10. Mr. Ravi Shankar Gopinath - Independent Director

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

D Enterprises with whom transactions have taken place during the year, over which control is exercised by individuals listed in 'B' and 'C' above:

1. Thermax Foundation, India
2. ARA Trusteeship Company Private Limited, India
3. Marico Limited, India
4. Elgi Ultra Industries Limited, India
5. Elgi Equipments Limited, India
6. The Akanksha Foundation, India
7. Festo India Private Limited, India
8. Kirtane & Pandit LLP, India
9. B9 Beverages Private Limited, India

E Enterprises with whom transactions have taken place during the year, other than listed in 'B', 'C' and 'D' above:

1. EverEnviro Resource Management Private Limited

F Transactions with related parties:

Particulars	Associates		Enterprises over which control is exercised by Individuals having Significant influence over the company and Key Management Personnel		Key Management Personnel and Individuals having Significant influence over the company mentioned in B and C		Total	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
a. Transactions during the year								
Sales of products and services	-	-	48.75	5.65	-	-	48.75	5.65
Purchase of raw material and components	-	-	5.49	0.34	-	-	5.49	0.34
Reimbursement of expenses	-	-	-	0.03	-	-	-	0.03
Other expenses	3.47	-	-	0.04	-	-	3.47	0.04
Remuneration to key management personnel*	-	-	-	-	8.13	7.36	8.13	7.36
CSR expenditure	-	-	6.86	7.54	-	-	6.86	7.54
Director's sitting fees ^	-	-	-	-	0.84	0.78	0.84	0.78
Commission paid	-	-	-	-	5.39	4.82	5.39	4.82
Rent paid	-	-	-	-	0.63	0.60	0.63	0.60

** Does not include gratuity and leave encashment since the same is calculated for all employees of the Group as a whole.*

Dividend paid to RDA Holdings Pvt. Ltd., India is Rs. 57.90 (March 31, 2022: Rs. 4.58) including interim dividend for the year 2021-22.

^ Includes sitting fees paid to director's of holding companies.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

Particulars	Associates		Enterprises over which control is exercised by Individuals having Significant influence over the company and Key Management Personnel		Key Management Personnel and Individuals having Significant influence over the company mentioned in B and C		Total	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
b. Balances as at the year end								
Trade receivables	-	-	0.36	0.60	-	-	0.36	0.60
Advances received	-	-	0.03	0.01	-	-	0.03	0.01
Security deposit	-	-	-	-	0.18	0.53	0.18	0.53
Trade payables and other liabilities	0.62	-	0.94	1.01	-	-	1.56	1.01

G Related party transactions include transactions pertaining to the following parties with whom the percentage of the transactions are 10 % or more of the total of the above:

Particulars	March 31, 2023	March 31, 2022
Transactions during the year		
Sale of product and services		
Marico Limited	6.57	5.65
EverEnviro Resource Management Private Limited	41.68	-
Purchase of raw material and components		
Elgi Equipments Limited	5.49	0.34
Reimbursement of expenses		
Dr. Jairam Varadaraj	-	**
Dr. Valentin A. H. von Massow	-	**
Mr. Ravi Shankar Gopinath	-	0.02
Other expenses		
Ms. Lea Pudumjee	-	0.03
Exactspace Technologies Private Limited	3.37	-
Remuneration to key management personnel		
Mr. Ashish Bhandari	5.91	5.25
Mr. Rajendran Arunachalam	1.78	1.49
Mr. Kedar Phadke	-	0.25
Ms. Janhavi Khele	0.44	0.37
CSR expenditure		
Thermax Foundation, India	6.86	7.54
Directors sitting fees		
Mrs. Meher Pudumjee	0.09	0.09
Mr. Pheroz Pudumjee	0.11	0.12
Dr. Valentin A. H. von Massow	0.03	0.09

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

Particulars	March 31, 2023	March 31, 2022
Dr. Jairam Varadaraj	0.11	0.11
Mr. Nawshir Mirza	0.15	0.14
Mr. Ravi Pandit	0.09	0.08
Mrs. Rajani Kesari	0.12	0.10
Mr. Harsh Mariwala	0.07	0.05
Mr. Ravi Shankar Gopinath	0.09	0.02
Commission paid		
Mrs. Meher Pudumjee	0.46	0.41
Mr. Pheroz Pudumjee	0.23	0.18
Dr. Valentin A. H. von Massow	0.32	0.29
Dr. Jairam Varadaraj	0.18	0.14
Mr. Nawshir Mirza	0.45	0.32
Mr. Harsh Mariwala	0.23	0.18
Mr. Ravi Pandit	0.18	0.14
Mrs. Rajani Kesari	0.22	0.14
Mr. Ashish Bhandari	3.12	3.04
Rent paid		
Mrs. Meher Pudumjee	-	0.16
Mrs. Anu Aga	0.63	0.28
Mr. Pheroz Pudumjee	-	0.16

*** represents amount less than a lakh rupees*

Particulars	March 31, 2023	March 31, 2022
Trade receivables		
Marico Limited	0.36	0.60
Trade payables and other liabilities		
Elgi Equipments Limited	0.08	0.16
Marico Limited	0.75	0.76
Exactspace Technologies Private Limited	0.59	-
Covacsis Technologies Private Limited	0.03	-
Mr. Nawshir Mirza	0.07	0.05
Mrs. Rajani Kesari	0.04	0.03
Advances received		
Marico Limited	**	0.01
B9 Beverages Private Limited	0.03	-
Security deposits		
Mr. Pheroz Pudumjee	0.18	0.18

*** represents amount less than a lakh rupees.*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

H Terms and conditions of related party transactions:

The sales to and purchases from related parties are assessed to be at arm's length by the management. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash.

For the year ended March 31, 2023, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2022: Rs. Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

All outstanding balances are unsecured and repayable in cash.

36 Segment Reporting

The Group's portfolio includes boilers and heaters, absorption chillers/heat pumps, power plants, solar equipment, related services, air pollution control equipment/system, water and waste recycle plant, ion exchange resins and performance chemicals and related services. The CEO and Managing Director (CMD) of the Holding Company has been identified as the chief operating decision maker ('CODM'). Management has determined the operating segments based on the reports reviewed by the CMD; that are used to make strategic decisions, allocation of resources and assessing the performance of the segments. The CMD evaluates the segments based on their revenue and operating results.

During the current year, the management has taken a decision to realign the disclosure related to Ind AS 108 Operating Segment. This is to align the disclosures in line with management's business outlook.

The CODM evaluates performance based on the revenues and operating profit for the three segments- Industrial Products, Industrial Infra, Green Solutions and Chemical. The composition of these segments is given below:

Segment	Products Covered
a) Industrial Products	Boilers & Heating equipment (small capacity), Absorption Chillers / Heat Pumps, Air Pollution Control Equipment/Systems, Water & Waste Recycle. Including associated services and engineering, procurement and construction (EPC).
b) Industrial Infra	EPC of Power Plants, Boiler & Heater (high capacity) plants, Infra projects, Flue Gas Desulphurization projects. Includes associated services.
c) Green Solutions	Build, Own and Operate (BOO) model of Green solutions for Energy and Environment utilities.
d) Chemical	Ion Exchange Resins, Performance Chemicals, Construction Chemicals, Water Treatment Chemicals, Oil Field Chemicals, Paper Chemicals and Construction Chemicals and related services.

Segment Revenue, Segment Results, Segment Assets and Segment Liabilities include the respective amounts identifiable to each of the segments and amounts allocated on a reasonable basis.

Inter-segment transfer price is calculated as cost plus reasonable mark-up.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

I Information about Business Segments:

Sr. No.	Particulars	March 31, 2023	March 31, 2022
i	**Segment Revenue**		
	a. Industrial Products	3,337.53	2,575.72
	b. Industrial Infra	3,928.00	2,987.94
	c. Green Solutions	362.71	216.75
	d. Chemical	672.83	538.51
	Total	**8,301.07**	**6,318.92**
	Less: Inter segment revenue	(211.26)	(190.59)
	Income From operations	**8,089.81**	**6,128.33**
ii	**Depreciation and amortisation**		
	a. Industrial Products	35.16	36.39
	b. Industrial Infra	32.69	33.95
	c. Green Solutions	2.35	0.70
	d. Chemical	22.24	19.49
	e. Unallocated	24.42	22.71
		116.86	**113.24**
iii	**Segment Results**		
	Profit before tax and interest from each segment		
	a. Industrial Products	273.92	181.52
	b. Industrial Infra	216.77	131.02
	c. Green Solutions	14.96	16.12
	d. Chemical	86.45	62.38
	Total	**592.10**	**391.04**
	Less: i) Interest	37.59	25.17
	ii) Other unallocable expenditure net of unallocable (income)	(48.78)	(44.10)
	iii) Share of loss / (profit) on associates	0.23	(0.13)
	Total profit before tax	**603.06**	**410.10**

Sr. No.	Particulars	As at March 31, 2023	As at March 31, 2022
iv	**Segment Assets**		
	a. Industrial Products	1,686.95	1,534.56
	b. Industrial Infra	2,548.92	2,236.52
	c. Green Solutions	956.61	291.78
	d. Chemical	498.18	477.52
	e. Unallocated	3,301.91	3,024.74
	Total	**8,992.57**	**7,565.12**
	Less: Inter segment assets	(153.96)	(104.01)
	Total Assets	**8,838.61**	**7,461.11**
v	**Segment Liabilities**		
	a. Industrial Products	1,847.43	1,494.61
	b. Industrial Infra	2,374.97	2,187.04
	c. Green Solutions	629.63	130.93
	d. Chemical	93.15	88.07
	e. Unallocated	177.17	171.98
	Total	**5,122.35**	**4,072.63**
	Less: Inter segment liabilities	(153.96)	(104.01)
	Total Liabilities	**4,968.39**	**3,968.62**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

Reconciliations to amounts consolidated in financial statements

Reconciliation of profit

Particulars	March 31, 2023	March 31, 2022
Segment profit	592.10	391.04
Other income	160.18	127.01
Share of (loss) / profit on associates	(0.23)	0.13
Finance cost	(37.59)	(25.17)
Other corporate costs*	(111.40)	(82.91)
Profit before tax	**603.06**	**410.10**

** Mainly includes employee cost, legal and professional expenses, depreciation on unallocable assets, etc.*

Reconciliation of assets

Particulars	As at March 31, 2023	As at March 31, 2022
Segment operating assets (net of intersegment elimination)	5,536.70	4,436.37
Investments	1,626.08	1,476.53
Cash and bank balances	1,131.58	953.50
Balances with government authorities	128.74	124.00
Income tax assets	220.83	194.34
Other unallocated assets (includes deferred tax, etc.)	194.68	276.37
Total assets	**8,838.61**	**7,461.11**

Reconciliation of liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
Segment operating liabilities (net of intersegment elimination)	4,791.22	3,796.64
General borrowings	15.23	43.64
Income tax liabilities	24.44	23.39
Other unallocated liabilities (includes deferred tax, statutory dues, provision for leave encashment, etc.)	137.50	104.95
Total liabilities	**4,968.39**	**3,968.62**

II Information about geographic segment

Revenue from external customers

Particulars	March 31, 2023	March 31, 2022
India	6,040.51	4,505.94
Outside India	2,049.30	1,622.39
Total	**8,089.81**	**6,128.33**

No individual customer contributed more than 10% of Group's total revenue for the year ended March 31, 2023 and March 31, 2022.

Non-current asset

Particulars	March 31, 2023	March 31, 2022
India	1,998.69	1,382.03
Outside India	131.79	149.05
Total	**2,130.48**	**1,531.08**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

37 (a) Investment in Associates

Investment in Covacsis Technologies Private Limited

The Group has acquired 16.67% share in Covacsis Technologies Private Limited (Covacsis) on July 22, 2022, which is involved in the business of developing digital enabled service solutions with respect to process improvement, throughput enhancement, specific energy consumption reduction. The Group has the right to participate in policy-making decision as well as a director representing the Group in the Board of Directors of Covacsis. As a result, the Holding Company holds significant influence in Covacsis and the interest in Covacsis is accounted for using equity method in consolidated financial statements.

The summarised financial information of the associate, based on their unaudited financial statements, and reconciliation with the carrying amount of investment in consolidated financial statements are set out below:

Summarised balance sheet	As at March 31, 2023
Current assets	
Cash and cash equivalents	4.19
Other current assets	2.48
Total current assets (A)	**6.67**
Total Non-current assets (B)	**3.02**
Non-current liabilities	
Financial liabilities	0.21
Other Non-current liabilities	0.37
Total Non-current liabilities (C)	**0.59**
Current liabilities	
Financial liabilities	1.39
Other current liabilities	0.54
Total current liabilities (D)	**1.93**
Net assets E=(A+B-C-D)	**7.18**
Group's share in net assets - 16.67% (March 31, 2022: Nil)	1.20
Goodwill	8.61
Carrying amount	**9.81**

The information disclosed reflects the amounts presented in the financial statements of the relevant associate and not Thermax Limited's share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

Summarised Statement of Profit and Loss	July 22, 2022 to March 31, 2023
Total income	4.01
Cost of raw materials and components consumed	0.87
Depreciation and amortisation expense	0.40
Finance costs	0.07
Employee benefits expense	2.21
Other expenses	1.41
(Loss) before tax	**(0.95)**
Tax Expense	-
(Loss) for the period	**(0.95)**
Other comprehensive income that may be reclassified to profit or loss in subsequent periods, net of tax	(0.18)
Other comprehensive income that will not be reclassified to profit or loss in the subsequent periods, net of tax	-
Total comprehensive income for the period	**(1.13)**
Group's share of (loss) - 16.67%	**(0.19)**

The Group has an agreement with its associate that the profits of the associate will not be distributed until it obtains the consent of the Holding Company. The Parent does not foresee giving such consent at the reporting date.

The associate had no contingent liabilities or capital commitments as at March 31, 2023.

Investment in Exactspace Technologies Private Limited

The Group has acquired 10.41% share in Exactspace Technologies Private Limited (Exactspace) on January 25, 2022, which is involved in the business of developing artificial intelligence solutions. The Group has the right to participate in policy-making decision as well as a director representing the Group in the Board of Directors of Exactspace. As a result, the Holding Company holds significant influence in Exactspace and the interest in Exactspace is accounted for using equity method in consolidated financial statements.

The summarised financial information of the associate, based on their unaudited financial statements, and reconciliation with the carrying amount of investment in consolidated financial statements are set out below:

Summarised balance sheet	As at March 31, 2023	As at March 31, 2022
Current assets		
Cash and cash equivalents	4.09	6.41
Other current assets	4.60	2.75
Total current assets (A)	**8.69**	**9.16**
Total Non-current assets (B)	**0.69**	**0.38**
Non-current liabilities		
Financial liabilities	0.19	0.29
Other Non-current liabilities	0.23	0.27
Total Non-current liabilities (C)	**0.42**	**0.56**
Current liabilities		
Financial liabilities	0.16	0.13
Other current liabilities	1.04	0.40
Total current liabilities (D)	**1.20**	**0.53**
Net assets E=(A+B-C-D)	**7.76**	**8.45**
Group's share in net assets - 10.41% (March 31, 2022: 10.41%)	0.81	0.88
Goodwill	5.75	5.75
Carrying amount	**6.56**	**6.63**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

The information disclosed reflects the amounts presented in the financial statements of the relevant associate and not Thermax Limited's share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method.

Summarised Statement of Profit and Loss	April 1, 2022 to March 31, 2023	January 25, 2022 to March 31, 2022
Total income	6.20	2.39
Cost of raw materials and components consumed	0.32	0.17
Depreciation and amortisation expense	0.35	0.12
Employee benefits expense	4.56	0.22
Other expenses	1.64	0.66
(Loss)/ Profit before tax	**(0.67)**	**1.22**
Tax Expense	0.04	-
(Loss) / Profit for the period	**(0.71)**	**1.22**
Other comprehensive income that may be reclassified to profit or loss in subsequent periods, net of tax	-	-
Other comprehensive income that will not be reclassified to profit or loss in the subsequent periods, net of tax	-	-
Total comprehensive income for the period	**(0.71)**	**1.22**
Group's share of (loss) / profit - 10.41% (March 31, 2022: 10.41%)	**(0.07)**	**0.13**

The Group has an agreement with its associate that the profits of the associate will not be distributed until it obtains the consent of the Holding Company. The Parent does not foresee giving such consent at the reporting date.

The associate had no contingent liabilities or capital commitments as at March 31, 2023 and March 31, 2022.

37 (b) Non-Controlling Interests

The Group has invested in 65% share of Thermax BioEnergy Solutions Private Limited (TBSPL), which is involved in setting up of BioCNG plants from various wastes on turnkey basis. The Group has controlling rights over the decision making process. As a result, the Holding Company holds control in TBSPL and the interest in TBSPL is accounted for using the acquisition method in consolidated financial statements.

The summarised financial information of the subsidiary, based on their audited financial statements, and reconciliation with the carrying amount of investment in consolidated financial statements are set out below:

Summarised balance sheet	As at March 31, 2023
Current assets	
Cash and cash equivalents	20.86
Other current assets	49.35
Total current assets (A)	**70.21**
Total Non-current assets (B)	**3.55**
Current liabilities	
Financial liabilities	23.69
Other current liabilities	43.97
Total current liabilities (C)	**67.66**
Net assets D= (A+B-C)	**6.10**
Accumulated non-controlling interests (35%)	**2.15**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

The information disclosed reflects the amounts presented in the financial statements of the relevant subsidiary and not Holding Company's share of those amounts.

Summarised Statement of Profit and Loss	August 12, 2022 to March 31, 2023
Total income	48.13
Less:	
Cost of raw materials and components consumed	(21.41)
Depreciation and amortisation expense	(0.13)
Finance costs	(0.02)
Employee benefits expense	(3.18)
Other expenses	(21.82)
Profit before tax	**1.57**
Tax Expense	(0.41)
Profit for the period	**1.16**
Other comprehensive income that may be reclassified to profit or loss in subsequent periods, net of tax	-
Other comprehensive income that will not be reclassified to profit or loss in the subsequent periods, net of tax	(0.03)
Total comprehensive income for the period	**1.13**
Attributable to non-controlling interests (35%)	**0.40**

For details on redemption liabilities for Special Purpose Vehicles (SPVs), refer note 18.

38 Fair Value Measurements

a) Category of financial instruments and valuation techniques

Details of financial assets carried at amortised cost

	As at March 31, 2023	As at March 31, 2022
Investments	629.35	305.91
Trade receivables	1,876.56	1,597.24
Loans	7.12	7.16
Finance lease receivables	140.47	101.62
Other assets	589.50	558.40
Cash and cash equivalents	452.82	310.78
Bank balances other than cash and cash equivalents (includes fixed deposits with banks)	678.76	642.72
Total	**4,374.58**	**3,523.83**
Current assets	4,072.07	3,023.58
Non-current assets	302.51	500.25
Total	**4,374.58**	**3,523.83**

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

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

Details of financial assets carried at fair value through profit and loss

	As at March 31, 2023	As at March 31, 2022
Investments	980.36	1,163.99
Total	**980.36**	**1,163.99**
Current assets	763.52	602.21
Non-current assets	216.84	561.78
Total	**980.36**	**1,163.99**

The fair values of the quoted shares are based on price quotations at the reporting date and unquoted mutual funds are based on net asset value as at reporting date.

Details of derivative assets

	As at March 31, 2023	As at March 31, 2022
Derivative instruments		
Cash flow hedges		
Foreign exchange forward contracts	1.57	2.25
Derivative not designated as hedges		
Foreign exchange forward contracts	2.28	3.86
Total	**3.85**	**6.11**
Current assets	3.85	6.11
Non-current assets	-	-
Total	**3.85**	**6.11**

Details of financial liabilities carried at amortised cost

	As at March 31, 2023	As at March 31, 2022
Borrowings	810.54	355.42
Trade payables	1,528.61	1,507.40
Employee related payables	103.26	84.28
Other liabilities	80.44	49.79
Total	**2,522.85**	**1,996.89**
Current liabilities	2,026.60	1,862.42
Non-current liabilities	496.25	134.47
Total	**2,522.85**	**1,996.89**

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Details of derivative liabilities

	As at March 31, 2023	As at March 31, 2022
Derivative instruments		
Cash flow hedges		
Foreign exchange forward contracts	5.66	0.84
Derivative not designated as hedges		
Foreign exchange forward contracts	3.92	2.94
Total	**9.58**	**3.78**
Current liabilities	9.58	3.78
Non-current liabilities	-	-
Total	**9.58**	**3.78**

The Group 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 Group has practice to settle all derivative contracts on or before its maturity using the sanctioned finance limits with banks, thereby eliminating both counterparty and the Group's own non-performance risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognised at fair value.

b) Fair value hierarchy

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

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at March 31, 2023

	Date of valuation	Level 1	Level 2	Level 3	Total
Financial assets					
Investments					
Equity instruments	March 31, 2023	-	-	-	-
Mutual funds	March 31, 2023	980.36	-	-	980.36
Corporate deposits	March 31, 2023	-	467.57	-	467.57
Derivative financial assets	March 31, 2023	-	3.85	-	3.85
Financial liabilities					
Derivative financial liabilities	March 31, 2023	-	9.58	-	9.58

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

	Date of valuation	Level 1	Level 2	Level 3	Total
Financial assets					
Investments					
Equity instruments	March 31, 2022	-	-	-	-
Mutual funds	March 31, 2022	1,163.99	-	-	1,163.99
Corporate deposits	March 31, 2022	-	305.91	-	305.91
Derivative financial assets	March 31, 2022	-	6.11	-	6.11
Financial liabilities					
Derivative financial liabilities	March 31, 2022	-	3.78	-	3.78

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

The fair value of forward contracts is determined using observable inputs, such as currency exchange rates applied to notional amounts stated in the applicable contracts.

39 (a) Financial Risk Management

The Group's principal financial liabilities, other than derivatives, comprise trade and other payables and loans and borrowings. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include loans, trade and other receivables and cash and cash equivalents that derive directly from its operations. The Group also holds FVTPL investments and amortised cost investments and enters into derivative transactions.

Risk is inherent in the Group'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 Group's continuing profitability and each individual within the Group is accountable for the risk exposures relating to his or her responsibilities. The Group is exposed to market risk, credit risk and liquidity risk.

The Group's Board of Directors is ultimately responsible for the overall risk management approach and for approving the risk strategies and principles. No significant changes were made in the risk management objectives and policies during the years ended March 31, 2023 and March 31, 2022. The management of the Holding Company reviews and agrees policies for managing each of these risks which are summarised below:

I Market risk

Market risk is the risk that the value of an asset will fluctuate as a result of changes in market variables such as interest rates, foreign exchange rates, and equity prices, whether those changes are caused by factors specific to the individual investment or its issuer or factors affecting all investments traded in the market.

Market risk is managed on the basis of pre-determined asset allocations across various asset categories, diversification of assets in terms of geographical distribution and industry concentration, a continuous appraisal of market conditions and trends and management's estimate of long and short term changes in fair value.

a Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is currently exposed to such risk as most of the the borrowings are on floating interest terms, the impact due to change in interest rate are as follows:

	Impact on profit before tax	
	March 31, 2023	March 31, 2022
Interest rate		
- Increase by 100 basis points	(8.11)	(3.55)
- Decrease by 100 basis points	8.11	3.55

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 Group's functional currency. Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Foreign exchange risk is managed on the basis of limits determined by management and a continuous assessment of current and expected exchange rate movements and entering into derivative contracts that hedge the maximum period of exposure of underlying transactions (i.e. highly probable forecast sales and purchases).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

When a derivative is entered into for the purpose of being a hedge, the Group negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD, SEK, EUR and JPY exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities including foreign currency derivatives not designated as cash flow hedge and foreign currency derivatives with underlying foreign currency monetary assets/liabilities designated as cash flow hedge. The impact on the Group's pre-tax equity is due to changes in the fair value of forward exchange contracts designated as cash flow hedges.

	Impact on profit before tax		Impact on other components of equity	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
USD Sensitivity				
INR/ USD - Increase by 1%	(0.97)	(0.76)	0.07	(0.45)
INR/ USD - Decrease by 1%	0.97	0.76	(0.07)	0.45
SEK Sensitivity				
INR/ SEK - Increase by 1%	(0.01)	(0.22)	-	-
INR/ SEK - Decrease by 1%	0.01	0.22	-	-
EUR Sensitivity				
INR/ EUR - Increase by 1%	1.20	1.34	(0.02)	0.35
INR/ EUR - Decrease by 1%	(1.20)	(1.34)	0.02	(0.35)
JPY Sensitivity				
INR/ JPY - Increase by 1%	0.11	0.17	-	-
INR/ JPY - Decrease by 1%	(0.11)	(0.17)	-	-

Favourable impact shown as positive and adverse impact as negative.

The exposure to other foreign currencies is not significant to the Group's financial statements.

c Price risk

The Group's investments are susceptible to market price risk arising from uncertainties about future values of the investment securities. These securities are unquoted. The Group manages the price risk through diversification and by placing limits on individual and total equity/mutual fund instruments. Further, the price risk is also mitigated by switching the investment portfolio between investment in equity/mutual fund instruments and investments in bank deposits/corporate deposits. Reports on the investment portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions. The Group is not currently exposed significantly to such 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 Group is exposed to credit risk from its operating activities (primarily trade receivables, lease assets and contract assets) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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Trade receivables / contract assets / lease receivable

Customer credit risk is managed by each business unit. 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 7, 9(b) and 32(i)(a) above. The charge of impairment to Statement of profit and loss is disclosed in note 28 above. The Group 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 Group's treasury department in accordance with the Group'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 Group's maximum exposure to credit risk for bank balances and deposits as at March 31, 2023 and March 31, 2022 is the carrying amounts as disclosed in Note 9(a) and 13, maximum exposure relating to financial derivative instruments disclosed in notes 9(b) and 18(b) to the consolidated financial statements.

III Liquidity risk

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

The management monitors rolling forecasts of the Group's liquidity position (comprising the undrawn borrowing facilities) and cash and cash equivalents on the basis of expected cash flows. This is generally carried out at operating segments level in the Group in accordance with practice and limits set by the Group. In addition, the Group'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 Group's financial liabilities into relevant maturity profile based on contractual undiscounted payments:

March 31, 2023	< 1 year	1 to 3 years	> 3 years	Total
Non-derivative				
Borrowings				
Loans	388.02	43.08	379.44	810.54
Trade Payables	1,497.86	30.75	-	1,528.61
Other financial liabilities				
Lease obligation	5.25	9.43	20.73	35.41
Unpaid dividend	0.69	-	-	0.69
Other payables	134.78	1.19	56.04	192.01
Derivatives (net settled)				
Foreign exchange forward contracts	9.58	-	-	9.58

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for the year ended March 31, 2023

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

March 31, 2022	< 1 year	1 to 3 years	> 3 years	Total
Non- derivative				
Borrowings				
Loans	294.00	34.12	27.30	355.42
Trade Payables	1,459.76	47.64	-	1,507.40
Other financial liabilities				
Lease obligation	4.16	4.27	5.95	14.38
Unpaid dividend	0.78	-	-	0.78
Other payables	103.72	7.60	24.21	135.53
Derivatives (net settled)				
Foreign exchange forward contracts	3.78	-	-	3.78

39 (b) Hedging Activities and Derivatives

Cash flow hedges

Foreign currency risk

Foreign exchange forward contracts measured at fair value through OCI are designated as hedging instruments in cash flow hedges of forecast sales in EUR, USD, SEK, and forecast purchases in USD, JPY and SEK. These forecast transactions are highly probable, and fully cover the Group's expected future sales and future purchases based on the orders received. While the Group also enters into other foreign exchange forward contracts with the intention to reduce the foreign exchange risk of expected sales and purchases, these other contracts are not designated in hedge relationships and are measured at fair value through profit or loss.

The foreign exchange forward contract balances vary with the level of expected foreign currency sales and purchases and changes in foreign exchange forward rates.

Particulars	March 31, 2023		March 31, 2022	
	Assets	Liabilities	Assets	Liabilities
Fair Value of Foreign exchange forward contracts designated as hedging instruments	3.85	(9.48)	6.11	(3.19)

The terms of the foreign currency forward contracts match the terms of the expected highly probable forecast transactions. As a result, no hedge ineffectiveness arise requiring recognition through profit or loss. Notional amounts of hedged instruments mentioned as assets for export transaction and as liabilities for import transactions, are as mentioned below.

Particulars	March 31, 2023		March 31, 2022	
	Assets	Liabilities	Assets	Liabilities
Cash flow hedge				
Foreign exchange forward contracts	394.11	17.94	308.77	18.52
Derivatives not designated as hedges				
Foreign exchange forward contracts	509.66	150.28	592.71	89.54

All the derivative contracts expire in next 12 months.

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The cash flow hedges of the expected future sales and purchases were assessed to be highly effective and following net unrealised gain / (loss) with a deferred tax asset/ (liability) relating to the hedging instruments, is included in OCI.

Particulars	March 31, 2023		March 31, 2022	
	Expected future sales	Expected future purchases	Expected future sales	Expected future purchases
Unrealised gain/ (loss)	(4.43)	-	1.16	(0.01)
Deferred tax asset/ (liability)	1.12	-	(0.29)	0.00
	(3.31)	**-**	**0.87**	**(0.01)**

The amounts retained in OCI at March 31, 2023 are expected to mature and affect the statement of profit and loss during the year ending March 31, 2024.

Reclassifications to profit or loss during the year gains or losses included in OCI are shown in Note 30.

Interest rate swap (cash flow hedge)

The Group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Under these swaps, the Group agrees with other parties to exchange, at specified intervals (mainly quarterly), the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts. Generally, the Group raises long-term borrowings at floating rates and swaps them into fixed rates that are lower than those available if the Group borrowed at fixed rates directly.

The carrying value of interest rate swap at the end of the reporting year are as follows:

Particulars	March 31, 2023		March 31, 2022	
	Assets	Liabilities	Assets	Liabilities
Interest rate swap	-	(0.10)	-	(0.59)

The nominal value of interest rate swap are:

Particulars	March 31, 2023		March 31, 2022	
	Assets	Liabilities	Assets	Liabilities
Interest rate swap	-	(7.71)	-	(6.81)

40 Struck off Companies^

There are no shares held by struck off companies. Below are details of investment, receivable, payable and any other transactions outstanding with struck off companies.

For the year ended March 31, 2023

Name of stuck off company	Entity name	Nature of transactions	Transaction during the year	Balance outstanding at the end of the year	Relationship with the struck off Company, if any, to be disclosed
Semicon Speciality Gases Limited	Thermax Limited	Sales	0.26	-	None
Compact Global Private Limited	Thermax Babcock & Wilcox Energy Solutions Ltd	Payable	-	0.65	None
Parim Infocomm Private Limited	Thermax Instrumentation Limited	Payable	**	**	None

*** Less than a lakh rupees*

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For the year ended March 31, 2022

Name of stuck off company	Entity name	Nature of outstanding balances	Transaction during the year	Balance outstanding at the end of the year	Relationship with the struck off Company, if any, to be disclosed
Draj Engineering System Private Limited	Thermax Limited	Payable	0.03	0.02	None
Ecomax Engineering Service Private Limited	Thermax Limited	Payable	-	0.01	None
Inlay Infra Private Limited	Thermax Limited	Payable	0.02	-	None
Optimus Ventures Private Limited	Thermax Limited	Payable	0.01	-	None
Parim Infocomm Private Limited	Thermax Instrumentation Limited	Payable	**	-	None
Reliance Communications Infrastructure Limited	Thermax Limited	Payable	**	-	None
Sapre Designs and Instruments Private Limited	Thermax Limited	Payable	**	-	None
Sharda IT Services Private Limited	Thermax Limited	Payable	0.03	-	None
Thermochill Engineering Service Private Limited	Thermax Limited	Payable	-	**	None
Urja Sealants Private Limited	Thermax Limited	Payable	**	-	None
Jahannagar Textile Mill Private Limited	Thermax Limited	Receivable	0.26	-	None
Madras Engineering Works	Thermax Limited	Receivable	**	-	None

*** Less than a lakh rupees*

^ Information in this regard is on basis of intimation received, on requests made by the Holding Company and its Indian subsidiaries, with regards to registration of vendors and customers under the Act.

41 Capital Management

The Group's objective for capital management is to maximise long term shareholder value, safeguard business continuity and support the growth of the Group. The Group determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through equity and operating cash flows generated. No changes were made in the objectives, policies or processes during the years ended March 31, 2023 and March 31, 2022. Capital represents equity attributable to equity holders of the Parent Company.

	March 31, 2023	March 31, 2022
Borrowings	810.54	355.42
Trade payables	1,528.61	1,507.40
Book overdraft	0.02	7.34
Less: Cash and cash equivalents (includes deposits with maturity of more than 3 months but less than 12 months)	(1,132.27)	(954.28)
Net debt	**1,206.90**	**915.88**
Equity attributable to equity holders of the parent	3,868.07	3,492.49
Capital and net debt	**5,074.97**	**4,408.37**
Gearing ratio	**1:4.20**	**1:4.81**

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42 Share Based Payments

Employees Stock Option Plan 2021 (ESOP 2021)

The Board of Directors and the shareholders of the Holding Company approved Employee Stock Option Plan at their meeting in January 2022. Pursuant to this approval, the Holding Company instituted ESOP 2021 Plan in January 2022. The nomination and remuneration committee of the Holding Company administers this Plan. Each option carries with it the right to purchase one equity share of the Holding Company. The Options have been granted to employees of the Holding Company and its subsidiaries at an exercise price that is not less than the face value of shares as on date of grant of such option. Option Granted under ESOP 2021 shall vest not earlier than minimum period of 1 (One) year and not later than maximum period of 3 (Three) years from the date of grant. The vesting of the options is 33%, 33% and 34% of total options granted after end of first, second and third year respectively from the date of grant. The maximum exercise period is 5 years from the date of vesting.

Number and weighted average exercise prices of options granted, exercised and cancelled/lapsed during the financial year

Particulars	March 31, 2023	
	No. of options	Weighted average exercise price
Options outstanding at the beginning of the year	-	-
Granted during the year	22,633	**15.25**
Forfeited during the year	1,024	**15.25**
Exercised during the year	-	-
Lapsed during the year	-	-
Options outstanding at the end of year	21,609	**15.25**
Options exercisable at the end of the year	-	**15.25**

There were no options exercised during the year.

The weighted average remaining contractual life is as follows:

Exercise Price	March 31, 2023	
	Weighted average contractual life (years)	No. of Options Outstanding
Rs. 15.25	Ranging between 1.89 – 1.90	21,609

The fair value of each option is estimated on the date of grant using Black and Scholes option pricing model with the following assumptions:

Particulars		March 31, 2023
1.	Exercise price (Rs.)	15.25
2.	Price of the underlying share in market at the time of the option grant (Rs.)	Ranging between 2,139.45 – 2,170.40
3.	Weighted average fair value of options granted (Rs)	Ranging between 2,105.39 – 2,136.06
4.	Expected life of the option (years)	3-5
5.	Risk free interest rate (%)	Ranging between 6.53% - 6.59%
6.	Expected volatility (%)	12.86%
7.	Dividend yield (%)	0.48%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023
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The Group recorded an employee compensation cost of Rs. 2.52 (March 31, 2022: Rs. Nil) in the Statement of Profit and Loss.

The expected price volatility is based on the historic volatility, adjusted for any expected changes to future volatility due to publicly available information.

Previous year's information is not provided as the ESOP has been awarded in the current year.

43 Other Statutory Information

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

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

(iii) The Group have not traded or invested in crypto currency or virtual currency during the financial year.

(iv) The Group have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

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

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

(v) The Group have 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 Group 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,

(vi) The Group have not any such transaction which is not recorded in the books of account 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.

44 Standards Issued but Not Yet Effective

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

(i) Ind AS 1 – Presentation of Financial Statements – The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Group does not expect this amendment to have any significant impact in its consolidated financial statements.

(ii) Ind AS 12 – Income Taxes – The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Group is in process of evaluating this amendment.

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(iii) Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors – The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Group has evaluated the amendment and there is no impact on its consolidated financial statements.

45 Assets and Liabilities Classified as Held for Sale

The Group has identified certain assets like Land, Building etc. which are available for sale in its present condition.
The Group is committed to plan the sale of asset and an active programme to complete the sale has been initiated.
The Group expects to dispose off this asset in the due course. Accordingly, non-current assets held for sale amounting to Rs. 7.90 (net book value) has been classified in the books of accounts.

46 Compliance with Section 143 (3) for Maintenance of Books of Account

With effect from August 5, 2022, the Ministry of Corporate Affairs (MCA) has amended the Companies (Accounts) Rules, 2014, relating to maintenance of electronic books of account and other relevant books and papers. Pursuant to this amendment, the Indian Companies including foreign branches is required to maintain the books of account which are accessible in India at all times and their backup is to be kept on servers located in India on a daily basis.

The Holding Company and its Indian subsidiaries including foreign branches have a process to take daily back-up of books of account maintained in electronic mode and alongwith the logs of the back-up of such books of account. However, the backup of certain books and records maintained in electronic mode has not been maintained on servers physically located in India on daily basis:

Entity Name	IT Application / Branches	Requirements u/s 143(3) of the Act	
		Books of Account maintained on cloud/ servers physically located in India	Backup maintained in India on daily basis
Thermax Limited Thermax Onsite Energy Solutions Private Limited Thermax Babcock & Wilcox Energy Solutions Limited Thermax BioEnergy Solutions Private Limited Thermax Instrumentation Limited	Employee reimbursement system	No	No
Thermax BioEnergy Solutions Private Limited	Tally (upto January 31, 2023)	Yes	Yes*
Thermax Instrumentation Limited	Foreign branches	No	No

**The Subsidiary has a defined process to take daily back-up of books of account maintained electronically and maintain the logs of the back-up of such books of account for cyclic period of 15 days only. Hence, this has not been considered as non-compliance with the provisions of The Companies (Accounts) Rules, 2014 (as amended), since, at any point of time, logs are available for a period upto 15 days. The Subsidiary has migrated to Oracle R12 application w.e.f. February 1, 2023.*

The Group will take appropriate measures to comply with regulations.

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47 Assets Pledged as Security

The carrying amounts for assets pledged as security for current and non-current borrowings are:

	March 31, 2023	March 31, 2022
Current		
Financial assets		
Cash and cash equivalents	98.82	-
Trade receivables	1.06	-
Finance lease receivables	7.26	2.32
Other current assets	1.53	-
Non-financial assets		
Inventories (work-in-progress)	81.58	70.30
Other current assets	0.27	-
Total current assets pledged as security	**190.52**	**72.62**
Non-current		
Financial assets		
Finance lease receivables	60.47	20.51
Other assets	0.82	-
Non-financial assets		
Property, plant and equipment	105.61	15.82
Capital work-in-progress - Plant and machinery	381.27	-
Right of use asset - Leasehold land	12.92	-
Other assets	0.02	-
Total non-currents assets pledged as security	**561.11**	**36.33**
Total assets pledged as security	**751.63**	**108.95**

48 Additional Information Required by Schedule III

Disclosure of additional information pertaining to the parent company and its subsidiaries: For the year ended March 31, 2023

Name of the Entity	Net Assets (Total assets-total liabilities)		Share in Profit and loss (PAT)		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated Other Comprehensive Income	Amount	As a % of consolidated Total Comprehensive Income	Amount
Parent Company								
Thermax Limited	83.14%	3,217.88	73.06%	329.26	(4094.74%)	(7.78)	71.30%	321.48
Indian subsidiaries								
Thermax Babcock & Wilcox Energy Solutions Limited	16.52%	639.31	23.98%	108.10	(4326.32%)	(8.22)	22.15%	99.88
Thermax Onsite Energy Solutions Limited	3.98%	154.19	3.55%	15.99	36.84%	0.07	3.56%	16.06
Thermax Instrumentation Limited	1.34%	51.97	1.87%	8.41	57.89%	0.11	1.89%	8.52
Thermax Engineering Construction Company Limited	0.37%	14.34	2.04%	9.19	(42.11%)	(0.08)	2.02%	9.11
Thermax Cooling Solutions Limited	0.23%	8.77	0.49%	2.21	15.79%	0.03	0.50%	2.24
Thermax Sustainable Energy Solutions Limited	(0.10%)	(3.83)	0.00%	-	-	-	0.00%	-
First Energy Private Limited (Consol.)	2.93%	113.45	(6.04%)	(27.20)	26.32%	0.05	(6.02%)	(27.15)
Enernxt Private Limited	0.61%	23.61	0.01%	0.05	-	-	0.01%	0.05
Thermax BioEnergy Solutions Private Limited	0.16%	6.10	0.26%	1.15	(15.79%)	(0.03)	0.25%	1.12
Foreign subsidiaries								-
Thermax Engineering Singapore Pte. Ltd.	2.49%	96.34	(1.20%)	(5.40)	-	-	(1.20%)	(5.40)
PT Thermax International Indonesia	1.58%	61.07	(2.26%)	(10.18)	-	-	(2.26%)	(10.18)
Thermax Inc.	2.33%	90.36	2.46%	11.07	-	-	2.46%	11.07
Thermax Europe Limited	1.73%	66.79	0.53%	2.37	-	-	0.53%	2.37
Thermax Netherlands B.V.	0.59%	23.02	(0.17%)	(0.77)	-	-	(0.17%)	(0.77)
Thermax Denmark ApS (Consol.)	0.95%	36.87	0.61%	2.76	1257.89%	2.39	1.14%	5.15
Thermax International Limited	0.14%	5.30	(0.04%)	(0.19)	-	-	(0.04%)	(0.19)
Thermax Energy and Environment Lanka (Pvt) Limited	0.11%	4.35	0.00%	0.01	-	-	0.00%	0.01
Rifox-Hans Richter GmbH Spezialarmaturen	0.32%	12.34	0.63%	2.84	-	-	0.63%	2.84
Thermax Energy & Environment Philippines Corporation	0.14%	5.39	0.06%	0.25	-	-	0.06%	0.25
Thermax Engineering Construction FZE	0.14%	5.42	0.11%	0.48	-	-	0.11%	0.48
Thermax Sdn. Bhd	0.06%	2.43	0.15%	0.66	-	-	0.15%	0.66
Thermax Nigeria Limited	0.21%	8.25	1.64%	7.37	-	-	1.63%	7.37
Thermax do Brasil-Energia e Equipamentos Ltda.	0.02%	0.63	0.00%	0.01	-	-	0.00%	0.01
Thermax International Tanzania Limited	0.43%	16.51	1.12%	5.03	-	-	1.12%	5.03
Thermax (Thailand) Limited	0.12%	4.50	0.20%	0.89	-	-	0.20%	0.89
Associates								
Covacsis Technologies Private Limited	0.00%	-	(0.04%)	(0.16)	(16.03%)	(0.03)	(0.04%)	(0.19)
Exactspace Technologies Private Limited	0.00%	-	(0.02%)	(0.07)	-	-	(0.02%)	(0.07)
Controlled Trusts		-						
ESOP Trust and Employee Welfare Trusts	3.55%	137.34	1.98%	8.92	-	-	1.98%	8.92
Consolidation Adjustments	(24.09%)	(932.48)	(4.96%)	(22.35)	7200.24%	13.68	(1.92%)	(8.67)
Total	**100.00%**	**3,870.22**	**100.00%**	**450.70**	**100.00%**	**0.19**	**100.00%**	**450.89**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

Disclosure of additional information pertaining to the parent company and its subsidiaries: For the year ended March 31, 2022

Name of the Entity	Net Assets (Total assets-total liabilities)		Share in Profit and loss (PAT)		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated Other Comprehensive Income	Amount	As a % of consolidated Total Comprehensive Income	Amount
Parent Company								
Thermax Limited	85.93%	3,001.00	64.29%	200.79	55.64%	4.24	64.09%	205.03
Indian subsidiaries								
Thermax Babcock & Wilcox Energy Solutions Limited	15.43%	538.98	26.39%	82.43	13.65%	1.04	26.09%	83.47
Thermax Onsite Energy Solutions Limited	3.97%	138.59	4.33%	13.51	(0.39%)	(0.03)	4.21%	13.48
Thermax Instrumentation Limited	1.24%	43.45	2.87%	8.95	2.89%	0.22	2.87%	9.17
Thermax Engineering Construction Company Limited	0.35%	12.32	2.53%	7.89	(3.02%)	(0.23)	2.39%	7.66
Thermax Cooling Solutions Limited	0.19%	6.53	0.48%	1.50	1.97%	0.15	0.52%	1.65
Thermax Sustainable Energy Solutions Limited	(0.11%)	(3.83)	0.00%	-	-	-	0.00%	-
First Energy Private Limited	0.94%	32.72	0.31%	0.97	-	-	0.30%	0.97
Enernxt Private Limited	0.67%	23.56	0.04%	0.12	-	-	0.04%	0.12
Foreign subsidiaries								
Thermax Engineering Singapore Pte. Ltd.	2.88%	100.73	(6.45%)	(20.14)	-	-	(6.30%)	(20.14)
PT Thermax International Indonesia	1.97%	68.74	(3.61%)	(11.28)	-	-	(3.53%)	(11.28)
Thermax Inc.	2.09%	72.92	1.18%	3.67	-	-	1.15%	3.67
Thermax Europe Limited	1.81%	63.17	0.07%	0.23	-	-	0.07%	0.23
Thermax Netherlands B.V.	0.68%	23.78	(0.18%)	(0.55)	-	-	(0.17%)	(0.55)
Thermax Denmark ApS (Consol.)	0.91%	31.72	1.91%	5.97	6.04%	0.46	2.01%	6.43
Thermax International Limited	0.16%	5.54	(0.05%)	(0.15)	-	-	(0.05%)	(0.15)
Thermax Energy and Environment Lanka (Pvt) Limited	0.13%	4.48	0.04%	0.13	-	-	0.04%	0.13
Rifox-Hans Richter GmbH Spezialarmaturen	0.25%	8.77	0.74%	2.32	-	-	0.73%	2.32
Thermax Energy & Environment Philippines Corporation	0.14%	4.96	0.08%	0.24	-	-	0.08%	0.24
Thermax Engineering Construction FZE	0.33%	11.64	1.14%	3.56	-	-	1.11%	3.56
Thermax Sdn. Bhd	0.05%	1.69	0.07%	0.23	-	-	0.07%	0.23
Thermax Nigeria Limited	0.03%	1.18	0.04%	0.12	-	-	0.04%	0.12
Thermax do Brasil-Energia e Equipamentos Ltda.	0.02%	0.60	0.02%	0.06	-	-	0.02%	0.06
Thermax International Tanzania Limited	0.30%	10.59	2.72%	8.50	-	-	2.66%	8.50
Thermax (Thailand) Limited	0.10%	3.37	0.05%	0.16	-	-	0.05%	0.16

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

Name of the Entity	Net Assets (Total assets-total liabilities)		Share in Profit and loss (PAT)		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated Other Comprehensive Income	Amount	As a % of consolidated Total Comprehensive Income	Amount
Controlled Trusts								
ESOP Trust and Employee Welfare Trusts	3.68%	128.41	2.57%	8.04	-	-	2.51%	8.04
Consolidation Adjustments	(24.14%)	(843.12)	(1.59%)	(4.96)	23.23%	1.77	(1.00%)	(3.19)
Total	**100.00%**	**3,492.49**	**100.00%**	**312.31**	**100.00%**	**7.62**	**100.00%**	**319.93**

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

per Vaibhav Kumar Gupta
Partner
Membership No. 213935

Place: Pune
Date: May 17, 2023

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

Meher Pudumjee
Chairperson
DIN: 00019581

Ashish Bhandari
Managing Director and CEO
DIN: 05291138

Rajendran Arunachalam
Executive Vice President and
Group Chief Financial Officer

Janhavi Khele
Company Secretary

Place: Pune
Date: May 17, 2023

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

FORM AOC- I

Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014.

Part "A" : Subsidiaries

(Rs. in Crore)

Particulars	Reporting Period	Date of acquisition	Capital	Reserves	Total Assets	Total Liabilities	Investments	Turnover	Profit Before Tax	Provision for tax	Profit After Tax	Proposed Dividend	% of Share Holding	Reporting Currency	Exchange Rate as on 31st March 2023
Thermax Sustainable Energy Solutions Ltd.	2022-23		4.75	(8.58)	0.24	4.07	-	-	-	-	-	-	100.00	INR	
Thermax Engineering Construction Co. Ltd.	2022-23		4.50	9.84	15.15	0.82	0.01	0.20	8.72	(0.47)	9.19	7.09	100.00	INR	
Thermax Instrumentation Ltd.	2022-23		9.00	42.97	131.30	79.33	10.82	138.26	13.57	5.16	8.41	-	100.00	INR	
Thermax Onsite Energy Solutions Ltd.	2022-23		72.28	81.91	331.27	177.08	23.63	328.90	20.98	4.99	15.99	-	100.00	INR	
First Energy Private Limited	2022-23	31-Aug-16	153.41	(50.89)	310.15	207.63	103.17	15.44	(15.52)	0.36	(15.89)	-	100.00	INR	
First Energy TN 1 Private Limited	2022-23		22.00	(1.22)	77.94	57.16	-	1.86	(0.93)	0.06	(0.99)	-	74.00	INR	
First Energy 2 Private Limited	2022-23		11.54	(0.54)	39.36	28.36	-	-	(0.42)	-	(0.42)	-	74.00	INR	
Jalansar Wind Energy Private Limited	2022-23		2.22	(0.18)	8.52	6.49	-	0.26	(0.01)	(0.00)	(0.01)	-	74.00	INR	
Kanakal Wind Energy Private Limited	2022-23		3.32	(0.22)	12.78	9.67	-	0.39	(0.01)	0.01	(0.02)	-	74.00	INR	
First Energy 3 Private Limited	2022-23		99.81	(3.13)	455.32	358.64	-	-	(2.17)	-	(2.17)	-	74.00	INR	
First Energy 4 Private Limited	2022-23		0.01	(0.44)	125.76	126.19	-	-	(0.44)	-	(0.44)	-	100.00	INR	
First Energy 5 Private Limited	2022-23		0.01	(1.22)	26.78	28.00	-	-	(0.31)	-	(0.31)	-	100.00	INR	
First Energy 6 Private Limited	2022-23		0.01	-	11.03	11.02	-	-	-	-	-	-	100.00	INR	
Thermax International Ltd. (Mauritius)	2022-23		28.28	(21.66)	10.33	3.70	7.40	-	(0.19)	-	(0.19)	-	100.00	USD	82.17
Thermax Europe Ltd. (U.K.)	2022-23		2.03	64.76	86.36	19.57	-	59.25	2.93	0.56	2.37	-	100.00	GBP	101.33
Thermax Inc. (U.S.A.)	2022-23		4.11	86.25	151.34	60.98	-	245.40	14.35	3.28	11.07	-	100.00	USD	82.17
Thermax do Brasil Energia e Equipamentos Ltda. (Brazil)	2022-23		1.76	(1.14)	0.66	0.03	-	0.15	0.01	-	0.01	-	100.00	Brazilian Real	16.23
Thermax Denmark ApS.	2022-23		155.47	(118.87)	86.58	49.99	-	-	2.47	(0.11)	2.59	-	100.00	DKK	11.96
Thermax Netherlands BV.	2022-23		288.64	(259.61)	29.71	0.68	28.91	-	(0.77)	-	(0.77)	-	100.00	EUR	89.06
Danstoker A/S	2022-23	1-Oct-10	11.96	36.83	180.82	131.91	-	218.26	2.25	(0.11)	2.36	-	100.00	DKK	11.96
Ejendomsanp-artsselskabet Industrivej Nord 13	2022-23	1-Oct-10	0.24	36.12	49.39	13.04	-	2.92	1.46	0.34	1.12	-	100.00	DKK	11.96
Boilerworks A/S	2022-23		0.60	(5.98)	6.70	12.08	-	-	(0.22)	-	(0.22)	-	100.00	DKK	11.96
Rifox-Hans Richter GmbH Spezialarmaturen	2022-23	1-Apr-12	6.38	5.96	19.63	7.29	-	31.26	2.97	0.13	2.84	-	100.00	EUR	89.06
Thermax SDN. BHD	2022-23		0.93	1.50	6.29	3.86	-	16.19	0.96	0.30	0.66	-	100.00	Malaysian Ringet	18.63
Thermax Engineering Singapore Pte. Ltd	2022-23		197.07	(70.29)	127.70	0.93	123.72	7.08	(5.40)	-	(5.40)	-	100.00	USD	82.17
PT Thermax International Indonesia	2022-23		150.00	(90.00)	160.00	90.00	-	114.34	(10.18)	-	(10.18)	-	100.00	Indonesian Rupiah	0.0055
Thermax Energy and Environment Philippines Corporation	2022-23		7.42	(2.03)	5.82	0.42	2.88	2.48	0.31	0.06	0.25	-	100.00	PHP	1.51
Thermax Nigeria Limited	2022-23		0.89	7.36	22.06	13.81	-	26.00	10.95	3.58	7.37	-	100.00	NGN	0.18
Thermax Energy and Environment Lanka (pvt) Limited	2022-23	8-Aug-17	3.89	0.46	4.36	0.01	-	0.67	0.03	0.02	0.01	-	100.00	LKR	0.25
Thermax Babcock & Wilcox Energy Solutions Ltd	2022-23		628.22	65.68	1,997.94	1,304.04	197.87	2,116.80	116.56	24.36	92.20	-	100.00	INR	
Thermax Cooling Solutions Limited	2022-23		20.00	(11.23)	19.26	10.49	-	25.14	2.32	0.11	2.21	-	100.00	INR	
Thermax Engineering Construction FZE	2022-23		0.01	5.41	8.90	3.47	-	8.21	0.48	-	0.48	7.52	100.00	USD	82.17
Danstoker Poland Spółka Z Ograniczona Odpowiedzialnoscia	2022-23	4-May-17	33.35	(22.87)	70.13	59.84	-	71.86	2.49	-	2.49	-	100.00	PLN	19.06
Thermax (Thailand) Limited	2022-23		3.61	0.89	6.16	1.66	-	13.85	1.13	0.24	0.89	-	100.00	THB	2.41
Ener Next Pvt. Ltd	2022-23		23.63	(0.02)	23.82	0.21	-	-	0.07	0.02	0.05	-	100.00	INR	
Thermax International Tanzania Limited	2022-23		2.11	14.40	19.51	3.00	-	21.07	7.59	2.56	5.03	-	100.00	USD	82.17
Thermax BioEnergy Solutions Private Limited	2022-23	12-Aug-22	5.00	1.10	73.75	67.65	-	48.04	1.56	0.41	1.15	-	65.00	INR	

Notes:

i) The annual accounts of the above Subsidiary Companies are open for inspection by any investor at the Company's Corporate Office and the Registered Office of the respective subsidiary companies.

ii) Thermax Hong Kong Ltd. has been closed on September 11, 2020. Hence, not included in the above statement.

iii) Balance sheet figures of foreign subsidiaries are converted at an exchange rate prevailing on closing day of the financial year of the subsidiary for the purpose of this statement

iv) Statement of Profit and Loss figures of foreign subsidiaries are converted at an average exchange rate of the subsidiary for the purpose of this statement

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

Part "B" : Associates and Joint Ventures

Statement pursuant to section 129(3) of the companies Act 2013 related to Associate companies and joint ventures

(Rs. in Crore)

	Particulars	Covacsis Technologies Private Limited
1	Latest Audited Balance Sheet Date	31-Mar-23
2	Date of acquisition*	22-Jul-22
3	Shares of Associates held by the Company on the year end	
	i) Number	43,192
	ii) Amount of Investment in Joint Venture	10.00
	iii) Extent of Holding %	16.67%
4	Description of how there is significant influence	Basis rights as per shareholders agreement i.e. representation on the board of directors, participation in key policy decisions.
5	Reason why the joint venture is not consolidated	The Company does not control over entity.
6	Net Worth attributable to shareholding as per latest Balance Sheet	1.20
7	Profit/Loss for the year#	
	i) Considered in Consolidation	(0.19)
	ii) Not considered in Consolidation	(0.94)

INDEPENDENT AUDITOR'S REPORT

To the Members of Thermax Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Thermax Limited ("the Company"), which comprise the Balance sheet as at March 31 2023, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the financial year ended March 31, 2023. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone financial statements.

Key audit matter	How our audit addressed the key audit matter
A) Accounting for Revenue from Contracts with Customer (as described in Note 21 of the standalone financial statements)	
The Company's revenue comprises of revenue generated from sale of industrial products as well as from Engineering, Procurement and Construction (EPC) contracts. The total revenues for the year amounted to Rs. 5,120.14 crores. Revenues are recognised under Ind AS 115, Revenue from Contracts with Customers basis the nature and type of the contracts. We consider accounting of revenue contracts to be an area posing a significant risk of material misstatement and accordingly a key audit matter as due to the varied nature of the contracts, identification of contractual obligations, point of time for transfer of control, significant judgements involved in determining the contract costs (including costs incurred to date and estimated total cost), rights to receive payments including those for performance completed till date and recognition for loss making contracts/ onerous obligations. Revenue and profits for the year may deviate significantly on account of changes in the above significantly on account of change in judgements and estimates.	Our audit procedures included the following: • We understood the Company's policies and processes, control mechanisms and methods in relation to the revenue recognition for revenue contracts and evaluated the design and operative effectiveness of the financial controls from the above through our test of control procedures. • We obtained and read the terms of sample revenue contracts to evaluate the management's process to assess nature of contractual performance obligations, the point of time for transfer of control to customer and other relevant terms necessary for revenue recognition. • We tested revenue, on sample basis, recorded during the period closer to year-end by testing the supporting documentation. • We performed analytical procedures and conducted inquiries with senior management about any unusual trends of revenue recognition. • For EPC contracts, on sample basis, we performed the following procedures among others: • Provision for liquidated damages and claims: Discussed with management and project teams to understand the status of the project and likelihood of customers imposing any contractual penalties through inspection of the relevant documents and correspondences. • Contingency provisions: Understood the management's estimate and rationale for the contingency provision movement during the year. We analyzed the movement throughout the life of the contract and discussed progress to date with project teams to determine whether the remaining contingency provision is sufficient coverage for the residual risks identified for those projects • Assessment of costs-to-complete: Performed procedures on balance cost estimation, tested the historical accuracy of previous forecasts and discussed variances with project teams, tested that the costs incurred were accrued at year-end and tested the significant assumptions for balance costs-to-complete. • Performed analytical procedures and checked exceptions for contracts with low or negative margins, loss making contracts/ onerous contracts, contracts with significant changes in cost estimates and significant overdue net receivable positions for contracts with marginal or no movement to determine the level of provisioning required. • We read and tested the presentation and disclosure in the standalone financial statements are in accordance with applicable accounting standards.

Key audit matter	How our audit addressed the key audit matter
B) Impairment of Investments in Subsidiaries (as described in Note 5(a) and 42 of the standalone financial statements)	
During the year, impairment indicators were identified by the management for investments in certain subsidiaries. Management's assessment for impairment of investments in subsidiaries requires estimation and judgement around assumptions used, including the recoverable value of underlying tangible assets. Furthermore, the value in use is highly sensitive to changes in some of the inputs used for forecasting the future cash flows. Changes to assumptions could lead to material changes in the estimated recoverable amount, impacting both potential impairment charges and also potential reversals of impairment taken in prior years. Accordingly, this is considered as a key audit matter.	Our audit procedures included the following: • We understood the management's process of evaluating the triggers for impairment, forecasting the future cash flows, evaluation of assumptions and comparison of estimates to externally available industry, economic and financial data, wherever available and necessary. • We assessed that the methodology used by management to estimate the recoverable value of each investment is consistent with accounting standards. • We assessed the assumptions used by the management to determine the recoverable amount of the investment in subsidiaries. • We compared the carrying values of the Company's investment in these subsidiaries to their respective financial statements which were available with their respective net asset values and discussed with management about their performance and future outlook. • We considered the potential impact of reasonably possible downside changes in these key assumptions as part of sensitivity analysis. • We read and assessed the presentation and disclosure of such impairment in the standalone financial statements.
C) Impairment of trade receivables and contract assets (as described in Note 7 and 9(b) of the standalone financial statements)	
Impairment of financial assets and contract assets is covered through Expected Credit Losses (ECL) method under Ind AS 109 and is expected is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments. Impairment of financial assets is a key audit matter as the Company has devised a model to recognise impairment through ECL using individual receivables or for homogeneous group of receivables with similar credit risk characteristics. The calculation of the impairment allowance under expected credit losses is highly judgmental as it requires management to make significant assumptions on customer payment behavior and other relevant / risk characteristics when assessing the Company's statistics of historical information and estimating the level and timing of expected future cash flows. As at the March 31, 2023, the Company recorded an impairment provision of Rs. 263.85 crores for its receivables and unbilled revenue.	Our audit procedures included the following: • We evaluated the management's key data sources and assumptions used in the ECL model to determine impairment allowance. • We understood the management's basis to consider the associated risks for identifying homogeneous group of receivables. • We evaluated the process followed by the Company for determination of credit risk and the resultant basis for classification of receivables into various stages. • For a sample of receivables, we tested the ageing of the receivables considered for impairment calculations. • We assessed the completeness of financial assets included in the ECL calculations as of the reporting date. • We considered the consistency of various inputs and assumptions used by the Company's management to determine impairment provisions. • We read and tested the disclosures in the notes to standalone financial statements are as per the relevant accounting standards.

We have determined that there are no other key audit matters to communicate in our report.

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

The Company's Board of Directors is responsible for the other information. The other information comprises the Business Responsibility Report, Sustainability Report and Director's Report including annexure to the Director's Report of the Annual Report, but does not include the standalone financial statements and our auditor's report thereon.

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

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

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

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

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are also responsible for overseeing the Company's financial reporting process.

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

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

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements for the financial year ended March 31, 2023 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

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

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books, except that back-up of books and records (i.e. employee reimbursement system) maintained in electronic mode has not been maintained on servers physically located in India on a daily basis as mentioned in Note 45 of standalone financial statements;

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

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

   (e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act;

   (f) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in paragraph (b) above.

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

   (h) In our opinion, the managerial remuneration for the year ended March 31, 2023 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

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

      i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 31(A) to the standalone financial statements;

      ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 9(b) and 17(b) to the standalone financial statements;

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company;

      iv. a) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the note 32(B) to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

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

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

      v. a) The final dividend paid by the Company during the year in respect of the same declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.

      b) As stated in note 15(b) to the standalone financial statements, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend; and

      vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only w.e.f. April 1, 2023, reporting under this clause is not applicable.

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

per Vaibhav Kumar Gupta
Partner
Membership No.: 213935
UDIN: 23213935BGYWXW7010

Place: Pune
Date: May 17, 2023

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

Re: Thermax Limited ("the Company")

In terms of the information and explanations sought by us and given by the company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

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

(B) The Company has maintained proper records showing full particulars of intangibles assets.

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

(c) The title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.

(d) The Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended March 31, 2023.

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

(ii) (a) The inventory has been physically verified by the management during the year except for inventories lying with third parties. In our opinion, the frequency of verification by the management is reasonable and the coverage and procedure for such verification is appropriate. Inventories lying with third parties have been confirmed by them as on March 31, 2023 and no discrepancies were noticed. Discrepancies of 10% or more in aggregate for each class of inventory were not noticed in respect of such physical verification and confirmations.

(b) As disclosed in note 20 to the standalone financial statements, the Company has been sanctioned working capital limits in excess of Rs. 5 crores in aggregate from banks and/ or financial institutions during the year on the basis of security of current assets of the Company. Based on the records examined by us in the normal course of audit of the standalone financial statements, the quarterly returns/ statements filed by the Company with such banks and financial institutions are in agreement with the unaudited books of accounts of the Company.

(iii) (a) During the year the Company has provided loans, advances in the nature of loans, stood guarantee and provided security to companies, firms, Limited Liability Partnership or any other parties as follows:

	Guarantees	Security	Loans	Advances in nature of loans
Aggregate amount granted/ provided during the year				
Subsidiaries	6.46	215.53	341.00	Nil
Joint Ventures	Nil	Nil	Nil	Nil
Associates	Nil	Nil	Nil	Nil
Others	Nil	Nil	1.26	Nil
Balance outstanding as at balance sheet date in respect of above cases*				
Subsidiaries	6.46	106.89	169.00	Nil
Joint Ventures	Nil	Nil	Nil	Nil
Associates	Nil	Nil	Nil	Nil
Others	Nil	Nil	0.97	Nil

** excluding interest accrued but not due*

Also refer note 32(A) for details of non-funding facilities issued to subsidiaries

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

(c) The Company has granted loans and/ or advance in the nature of loans during the year to companies, firms, Limited Liability Partnerships or any other parties where the schedule of repayment of principal and payment of interest has been stipulated and the repayment or receipts are regular.

(d) There are no amounts of loans and advances in the nature of loans granted to companies, firms, limited liability partnerships or any other parties which are overdue for more than ninety days.

(e) There were no loans or advance in the nature of loan granted to companies, firms, Limited Liability Partnerships or any other parties which was fallen due during the year, that have been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same parties.

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

(iv) Loans, investments, guarantees and security in respect of which provisions of sections 185 and 186 of the Companies Act, 2013 ("the Act") are applicable have been complied with by the Company.

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

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Act, related to the manufacture or service of 'inorganic chemical, organic or inorganic compounds of precious metals, rare-earth metals of radioactive elements or isotopes, and organic chemicals', 'plastic and polymers', 'other machinery' and 'electricals or electronic machinery', and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

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

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

(b) The dues of goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess, and other statutory dues have not been deposited on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Disputed dues, not deposited*^ (Rs. In Crores)	Period to which the amount relates	Forum where the dispute is pending
Central Excise Act, 1944	Excise Duty	- [net of deposit Rs. 1.59]	FY 1997-98	High Court
		2.93 [net of deposit Rs. 0.15]	FY 2015-16, 2017-18, 2020-21	Appellate Tribunal
Income Tax Act, 1961	Income Tax	3.36 [net of advance Rs. 13.54]	AY 2002-03, AY 2005-06 to 2009-10	High Court
		18.23 [net of advance Rs. 31.94]	AY 2017-18 and AY 2018-19 to AY 2021-22	Commissioner of Income Tax (Appeals)

Name of the statute	Nature of the dues	Disputed dues, not deposited*^ (Rs. In Crores)	Period to which the amount relates	Forum where the dispute is pending
Central Sales Tax and Local Sales Tax	Sales Tax and Value Added Tax	0.19 [net of deposit Rs. Nil]	FY 2000-01, 2001-02	High Court
		9.57 [net of deposit Rs. Nil]	FY 2003- 04, 2006-07, 2007-08, 2009- 10, 2010-11, 2016- 17	Appellate Tribunal
		6.77 [net of deposit Rs. 0.44]	FY 2004-05, 2006-07, 2010- 11 to 2017- 18	Appellate Authority upto Commissioner Level
Finance Act, 1994	Service Tax	2.01 [net of deposit Rs. 0.03]	FY 2017- 18	Appellate Tribunal
Customs Act, 1962	Custom Duty	- [net of deposit Rs. 0.56]	FY 2005-06	Supreme Court
		0.74 [net of deposit Rs. 0.02]	FY 2005-06	Appellate Authority upto Commissioner Level

**net of advances/ deposits paid under protest*

^excluding the interest and penalty thereon

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

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

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

(c) The Company did not have any term loans outstanding during the year hence, the requirement to report on clause 3(ix)(c) of the Order is not applicable to the Company.

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

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

(f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries or associate companies. Hence, the requirement to report on clause 3(ix)(f) of the Order is not applicable to the Company.

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

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

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

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

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

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

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

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

(b) The Company follows a July to June internal audit cycle and accordingly the internal audit reports of the Company for the period under audit and issued till the date of our audit report, have been considered by us. As informed to us, the internal audit for remaining areas / scope is expected to be completed post issue of our audit report on these standalone financial statements.

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

(xvi) (a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause 3(xvi)(a) of the Order is not applicable to the Company.

(b) The Company is not engaged in any Non-Banking Financial or Housing Finance activities. Accordingly, the requirement to report on clause 3(xvi)(b) of the Order is not applicable to the Company.

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

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

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

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

(xix) On the basis of the financial ratios disclosed in note 38 to the standalone financial statements, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) (a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Act, in compliance with second proviso to sub section 5 of section 135 of the Act. This matter has been disclosed in note 28(c) to the standalone financial statements.

(b) There are no unspent amounts in respect of ongoing projects, that are required to be transferred to a special account in compliance of provision of sub section (6) of section 135 of Companies Act. This matter has been disclosed in note 28(c) to the standalone financial statements.

(xxi) The requirement of Clause 3(xxi) of the Order is not applicable to the standalone financial statements. As regards, remarks by the respective auditors in the Companies (Auditors Report) Order (CARO) reports of the companies included in the consolidated financial statements, refer the Independent Auditor's Report on consolidated financial statements.

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

per Vaibhav Kumar Gupta
Partner
Membership No.: 213935
UDIN: 23213935BGYWXW7010

Place: Pune
Date: May 17, 2023

Annexure 2 as referred to in paragraph 2(g) under heading "Report on Other Legal and Regulatory Requirements" to the Independent Auditor's Report of even date on the Standalone Financial Statements of Thermax Limited

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

We have audited the internal financial controls with reference to standalone financial statements of Thermax Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls with reference to these Standalone Financial Statements

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

Inherent Limitations of Internal Financial Controls with reference to Standalone Financial Statements

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

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

per Vaibhav Kumar Gupta
Partner
Membership No.: 213935
UDIN: 23213935BGYWXW7010

Place: Pune
Date: May 17, 2023

STANDALONE BALANCE SHEET

as at March 31, 2023

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

Particulars	Note No.	As at March 31, 2023	As at March 31, 2022
Assets			
I. Non-current assets			
Property, plant and equipment	4 (a)	625.83	649.90
Capital work-in-progress	4 (a)	44.91	14.97
Right-of-use assets	4 (b)	67.04	68.67
Intangible assets	4 (c)	20.93	27.53
Investments in subsidiaries	5 (a)	780.21	682.85
Investments in associates	5 (b)	16.50	6.50
Financial assets:			
(a) Investments	6 (a)	289.30	771.60
(b) Trade receivables	7 (a)	112.94	173.51
(c) Loans	8 (a)	2.68	2.74
(d) Other assets	9 (a)	10.16	34.17
Deferred tax assets (net)	10	47.86	48.64
Income tax assets (net)		172.18	153.45
Other assets	11 (a)	50.53	73.55
Total non-current assets		**2,241.07**	**2,708.08**
II. Current assets			
Inventories	12	390.78	370.35
Financial assets:			
(a) Investments	6 (b)	1,183.88	534.30
(b) Trade receivables	7 (b)	1,210.22	953.37
(c) Cash and cash equivalents	13 (a)	120.82	128.60
(d) Bank balances other than (c) above	13 (b)	287.66	312.97
(e) Loans	8 (b)	171.87	1.49
(f) Other assets	9 (b)	216.48	172.45
Other assets	11 (b)	322.00	243.86
Total current assets		**3,903.71**	**2,717.39**
III. Assets classified as held for sale	43	6.53	-
Total assets		**6,151.31**	**5,425.47**
Equity and liabilities			
IV. Equity			
Equity share capital	14	23.83	23.83
Other equity	15	3,193.93	2,977.17
Total equity		**3,217.76**	**3,001.00**
V. Non-current liabilities			
Financial liabilities:			
(a) Lease liabilities	31 (c)	2.51	3.89
(b) Trade payables	16 (a)	34.45	59.78
(c) Other liabilities	17 (a)	-	1.08
Provisions	18 (a)	24.08	18.06
Other liabilities	19 (a)	-	21.42
Total non-current liabilities		**61.04**	**104.23**
VI. Current liabilities			
Financial liabilities:			
(a) Borrowings	20	220.00	180.00
(b) Lease liabilities	31 (c)	1.66	1.40
(c) Trade payables	16 (b)		
Total outstanding dues of micro and small enterprises		347.28	271.75
Total outstanding dues of creditors other than micro and small enterprises		690.80	703.59
(d) Other liabilities	17 (b)	88.65	73.84
Provisions	18 (b)	111.58	127.59
Other liabilities	19 (b)	1,394.05	940.74
Income tax liabilities (net)		18.49	21.33
Total current liabilities		**2,872.51**	**2,320.24**
Total equity and liabilities		**6,151.31**	**5,425.47**
Summary of significant accounting policies	2		
Summary of significant accounting judgements, estimates and assumptions	3		
The accompanying notes are an integral part of these financial statements.			

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

per Vaibhav Kumar Gupta
Partner
Membership No. 213935

Place: Pune
Date: May 17, 2023

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

Meher Pudumjee
Chairperson
DIN: 00019581

Ashish Bhandari
Managing Director and CEO
DIN: 05291138

Rajendran Arunachalam
Executive Vice President and
Group Chief Financial Officer

Janhavi Khele
Company Secretary

Place: Pune
Date: May 17, 2023

STANDALONE STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2023

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

Particulars	Note No.	Year ended March 31, 2023	Year ended March 31, 2022
Income			
Revenue from operations	21	5,141.16	4,015.39
Other income	22	136.34	124.56
Total Income (I)		**5,277.50**	**4,139.95**
Expenses			
Cost of raw materials and components consumed	23	2,848.01	2,342.29
Purchase of traded goods		143.29	108.84
(Increase)/Decrease in inventories of finished goods, work-in-progress and traded goods	24	(12.29)	(46.81)
Employee benefits expense	25	563.65	477.81
Finance cost	26	19.58	13.33
Depreciation and amortisation expense	27	73.15	67.19
Other expenses	28 (a)	1,217.82	907.24
Total expenses (II)		**4,853.21**	**3,869.89**
Profit before exceptional items and tax (III) = (I-II)		**424.29**	**270.06**
Exceptional items [Gain/(Loss)] (IV)	42	7.20	(14.00)
Profit before tax (V) = (III - IV)		**431.49**	**256.06**
Tax expense	10		
Current tax		98.91	52.05
Deferred tax (net)		3.32	3.22
Total tax expense (VI)		**102.23**	**55.27**
Profit for the year (VII) = (V - VI)		**329.26**	**200.79**
Other comprehensive income (OCI)			
A. Items that will be reclassified subsequently to profit or loss	30		
Net gain on cash flow hedge		0.28	0.24
Less: Income tax effect		(0.07)	(0.06)
		0.21	**0.18**
B. Items that will not be reclassified subsequently to profit or loss	30		
Re-measurement gain/(loss) of defined benefit plan		(10.68)	5.43
Less: Income tax effect		2.69	(1.37)
		(7.99)	**4.06**
Net other comprehensive income for the year (net of tax)		**(7.78)**	**4.24**
Total comprehensive income for the year		**321.48**	**205.03**
Earning per equity share [Nominal value per share Rs. 2/- each (March 31, 2022: Rs. 2/-)]	29		
Basic		27.63	16.85
Diluted		27.63	16.85
Summary of significant accounting policies	2		
Summary of significant accounting judgements, estimates and assumptions	3		
The accompanying notes are an integral part of these financial statements.			

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Company Secretary

Place: Pune
Date: May 17, 2023

STANDALONE STATEMENT OF CHANGES IN EQUITY

as at March 31, 2023

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

A Equity Share Capital ^

Particulars	Note No.	March 31, 2023	March 31, 2022
Balance at the beginning of the year	14	23.83	23.83
Changes in equity shares capital during the year	14	-	-
Balance at the end of the year	14	**23.83**	**23.83**

B Other Equity ^

Particulars	Reserves and Surplus							Other reserves	Total other equity
	General reserve	Share based payment reserve	Capital reserve	Capital redemption reserve	Retained earnings	Securities premium	Total	Effective portion of cash flow hedge reserve	
As at April 1, 2021	**429.14**	**-**	**1.92**	**50.34**	**2,313.03**	**61.13**	**2,855.56**	**(0.01)**	**2,855.55**
Profit for the year	-	-	-	-	200.79	-	**200.79**	-	**200.79**
Other Comprehensive Income (net)	-	-	-	-	4.06	-	**4.06**	0.18	**4.24**
Total comprehensive income	**-**	**-**	**-**	**-**	**204.85**	**-**	**204.85**	**0.18**	**205.03**
Dividends paid	-	-	-	-	(83.41)	-	**(83.41)**	-	**(83.41)**
As at March 31, 2022	**429.14**	**-**	**1.92**	**50.34**	**2,434.47**	**61.13**	**2,977.00**	**0.17**	**2,977.17**
Profit for the year	-	-	-	-	329.26	-	**329.26**	-	**329.26**
Other Comprehensive Income (net)	-	-	-	-	(7.99)	-	**(7.99)**	0.21	**(7.78)**
Total comprehensive income	**-**	**-**	**-**	**-**	**321.27**	**-**	**321.27**	**0.21**	**321.48**
Dividends paid	-	-	-	-	(107.24)	-	**(107.24)**	-	**(107.24)**
Share based payments	-	2.52	-	-	-	-	**2.52**	-	**2.52**
As at March 31, 2023	**429.14**	**2.52**	**1.92**	**50.34**	**2,648.50**	**61.13**	**3,193.55**	**0.38**	**3,193.93**

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

For S R B C & CO LLP
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Group Chief Financial Officer

Janhavi Khele
Company Secretary

Place: Pune
Date: May 17, 2023

STANDALONE CASH FLOW STATEMENT

for the year ended March 31, 2023

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

Particulars	Note No.	Year ended March 31, 2023	Year ended March 31, 2022
A) Cash flows from operating activities			
Profit before tax (after exceptional item)		431.49	256.06
Adjustments to reconcile profit before tax to net cash flows			
Depreciation / Amortisation on Property, plant and equipment, right-of-use assets and intangible assets	27	73.15	67.19
Provision for impairment allowance of financial assets (net)	28 (a)	29.91	(3.53)
Provision for advances (net)	28 (a)	2.92	2.84
(Reversal)/ provision on account of impairment of investments in subsidiaries	42	(7.20)	14.00
Interest expense	26	13.04	6.86
Unwinding of discount on provisions	26	6.54	6.47
Unrealised foreign exchange (gain)/ loss		(1.88)	3.19
Interest income	22	(52.48)	(38.65)
Dividend income	22	(7.09)	(19.30)
Liabilities no longer required written back	22	(9.89)	(12.18)
Fair value gain on financial instrument at fair value through profit and loss (net)	22	(40.04)	(37.89)
Loss/ (profit) on sale/ discard of assets (net)	28 (a)	3.53	(7.74)
Share based payment expenses	25	2.05	-
Working capital adjustments			
(Increase)/ decrease in trade receivables		(223.52)	(201.53)
(Increase)/ decrease in inventories		(20.43)	(124.41)
(Increase)/ decrease in other financial assets		(43.75)	(25.40)
(Increase)/ decrease in other assets		(80.23)	51.84
(Decrease)/ increase in trade payables		46.93	161.11
(Decrease)/ increase in other liabilities		417.68	55.24
(Decrease)/ increase in provisions		(16.53)	21.55
(Decrease)/ increase in other financial liabilities		14.88	(0.15)
Cash generated from operations		**539.08**	**175.57**
Direct taxes paid (net of refunds received)		(120.40)	(81.70)
Net cash flows from operating activities		**418.68**	**93.87**
B) Cash flows from/ (used in) investing activities			
Purchase of property, plant and equipment, right-of-use assets and intangible assets (net of disposal)		(49.22)	(31.85)
Investment in subsidiaries		(89.68)	(103.91)
Investment in associates		(10.00)	(6.50)
Redemption of Preference share in subsidiary		-	12.00
Loans given to subsidiaries (Net of repayments)		(168.49)	76.00
Investment in fixed deposits and other investments (net)		(56.59)	(137.01)
Interest and dividend received		36.35	91.10
Net cash flows from/ (used in) investing activities		**(337.63)**	**(100.17)**

STANDALONE CASH FLOW STATEMENT

for the year ended March 31, 2023

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

Particulars	Note No.	Year ended March 31, 2023	Year ended March 31, 2022
C) Cash flows from/(used in) financing activities			
(Repayment)/ proceeds from borrowings (net)		40.00	39.25
Interest paid		(13.04)	(6.86)
Dividend paid		(107.33)	(83.41)
Payment of lease liability		(1.12)	(1.62)
Net cash flows from/ (used in) financing activities		**(81.49)**	**(52.64)**
Net increase / (decrease) in cash and cash equivalents		**(0.44)**	**(58.94)**
Cash and cash equivalents at the beginning of the year		121.26	180.20
Cash and cash equivalents at the end of the year		**120.82**	**121.26**

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

Particulars	Note No.	March 31, 2023	March 31, 2022
Cash and cash equivalents	13 (a)	120.82	128.60
Book overdraft	17 (b)	-	(7.34)
Balances as per Cash flow statement		**120.82**	**121.26**

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Place: Pune
Date: May 17, 2023

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

1. Corporate Information

Thermax Limited ('the Company') is a leading energy and environment solutions provider. The Company's portfolio includes boilers and heaters, absorption chillers/ heat pumps, power plants, solar equipment, air pollution control equipment/system, water and waste recycle plant, ion exchange resins and performance chemicals and related services.

The Company is a public limited company incorporated and domiciled in India. It is listed on the BSE Limited (BSE) and National Stock Exchange Limited (NSE) in India. The address of its registered office is D-13, MIDC Industrial Area, R.D. Aga Road, Chinchwad, Pune- 411019, India. The Board of Directors have authorised to issue these standalone financial statements on May 17, 2023. The CIN of the Company is L29299PN1980PLC022787.

2. Significant Accounting Policies

2.1. Basis of preparation and measurement

(a) Basis of preparation

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

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

The employee welfare trusts (including an ESOP trust) being separate legal entities, are not considered for the purpose of consolidation in the standalone financial statements. However, these trusts have been consolidated in the consolidated financial statements under Ind AS 110.

The accounting policies adopted for preparation and presentation of these standalone financial statements have been consistently applied except for changes resulting from amendments to Ind AS issued by the Ministry of Corporate Affairs, effective for financial years beginning on or after April 1, 2022 as disclosed in note 2.2.

(b) Basis of measurement

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

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

2.2. Changes in accounting policies and disclosures

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after April 01, 2022.

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standard) Amendment Rules 2022 dated March 23, 2022, to amend the following Ind AS which are effective from April 01, 2022.

(i) Onerous Contracts – Costs of Fulfilling a Contract – Amendments to Ind AS 37

An onerous contract is a contract under which the unavoidable of meeting the obligations under the contract costs (i.e., the costs that the Company cannot avoid because it has the contract) exceed the economic benefits expected to be received under it.

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services including both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

(e.g., depreciation of equipment used to fulfil the contract and costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. There is no material impact on financial statements of the Company.

2.2.1. Others

Several amendments and interpretations apply for the first time in the year ended March 31, 2023, 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 terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification. The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

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 standalone financial statements are prepared in INR, which is also the functional currency of the Company.

Transactions and balances

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

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

c. Fair value measurement

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

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

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

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

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

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

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

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

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

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

- Disclosures for significant judgements, estimates and assumptions (note 3)
- Quantitative disclosures of fair value measurement hierarchy (note 36)
- Financial instruments (including those carried at amortised cost) (note 36)

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

d. Investments in subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in the Statement of profit and loss.

e. Investment in associates

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The considerations made in determining whether significant influence exists are similar to those necessary to determine control over the subsidiaries. The Company's investments in its associates are accounted at cost.

f. Property, Plant and Equipment

Property, plant and equipment (PPE) and capital work in progress are stated at cost of acquisition or construction net of accumulated depreciation and impairment loss, if any. All significant costs

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

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)
Factory buildings	28 to 30	30
Other buildings	58	60
Plant and equipment	5 to 25	15 to 20
Roads	5 to 30	5 to 10
Office equipment	15	15
Furniture and fixtures	15	10
Computers and data processing units	4 to 6	3 to 6
Vehicles	7 to 10	8

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

g. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in the Statement of profit and loss in the period in which the expenditure is incurred.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation 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 amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised 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 recognised in the Statement of profit and loss when the asset is derecognised.

Research and development costs

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognised as an intangible

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

asset when the Company can demonstrate all the following:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Its intention to complete the asset
- Its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of adequate resources to complete the development and to use or sell the asset
- The ability to measure reliably the expenditure attributable to the intangible asset during development.

Following the initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses, if any. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised on a straight line basis over the period of expected future benefit from the related project, i.e., the estimated useful life subject to a maximum of ten years. Amortisation is recognised in the Statement of profit and loss unless such expenditure forms part of carrying value of another asset. During the period of development, the asset is tested for impairment annually.

A summary of amortisation rates applied to the Company's intangible assets are as below:

Asset category	Life (years)
Technical know how	3 to 6
Computer software	3 to 5

h. Non-current assets held for sale

The Company classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale/ distribution should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale and the sale expected within one year from the date of classification.

For these purposes, sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance. The criteria for held for sale classification is regarded met only when the assets or disposal group is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets (or disposal groups), its sale is highly probable; and it will genuinely be sold, not abandoned. The Company treats sale of the asset or disposal group to be highly probable when:

- The appropriate level of management is committed to a plan to sell the asset (or disposal group),
- An active programme to locate a buyer and complete the plan has been initiated (if applicable),
- The asset (or disposal group) is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, and
- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

NOTES TO STANDALONE FINANCIAL STATEMENTS
for the year ended March 31, 2023
(All amounts are in Rupees Crore, except per share data and unless stated otherwise)

Property, plant and equipment and intangible are not depreciated, or amortised assets once classified as held for sale. Assets and liabilities classified as held for sale are presented separately from other items in the balance sheet.

i. Inventories

Raw materials, components, stores and spares are valued at lower of cost and estimated net realisable 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 realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost is determined on a weighted average basis.

Traded goods are valued at lower of cost and net realisable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a weighted average basis.

Net realisable 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.

j. 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 recognised when it has approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks. The Company collects goods and services tax on behalf of the government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is excluded from revenue.

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

The Company has following streams of revenue:

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

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

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

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

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

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

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

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

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

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revenue, the Company recognises the expected losses from onerous contract as an expense immediately.

Penalties for any delay or improper execution of a contract are recognised as a deduction from revenue. In the balance sheet, such provisions are presented on net basis of the contract receivables.

- ***Revenue from Sale of goods***
  If the criteria for revenue under over-a-period of time as mentioned above are not met, the Company recognises 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 provides for warranty provision for general repairs up to 18 – 24 months on its products sold, in line with the industry practice. A liability is recognised at the time the product is sold. The Company does not provide any extended warranties.

- ***Revenue from Sale of services***
  Revenue in respect of operation and maintenance contract, awarded on a standalone basis or included in long term contracts and identified as a separate performance obligation, is recognised on a time proportion basis under the contracts.

Contract balances

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

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

For all debt instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. Interest income is included in finance income in the statement of profit and loss.

iii. Dividend

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

iv. Rental income

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

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k. Financial instruments

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

Financial assets

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

i. Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised 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 amortised cost using the effective interest rate (EIR) method. Amortised 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 amortisation is included in finance costs/income in the Statement of profit and loss. The losses arising from impairment are recognised in the Statement of profit and loss.

ii. Debt instrument at FVTPL

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

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

iii. Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the 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 recognised in the OCI. There is no recycling of the amounts from OCI to the Statement of profit and loss, even on the sale of the investment. However, the Company may transfer the cumulative gain or loss within equity.

Derecognition

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

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

Impairment of financial assets

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for

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measurement and recognition of impairment loss and credit risk exposure on the financial assets that are debt instruments measured at amortised costs e.g. loans, deposits, trade receivables, contractual receivables and bank balances. The Company follows 'simplified approach' for recognition of impairment allowance. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment allowance based on 12-month. The Company considers current and anticipated future economic conditions relating to industries of the customer and the countries where it operates.

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

Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

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

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

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires when an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised 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 recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

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I. Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Company uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to the Statement of profit and loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment.
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

(i) Fair value hedges

The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the Statement of profit and loss as finance costs. The Company has not undertaken Fair value hedges.

(ii) Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the Statement of profit and loss. The Company uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. The ineffective portion relating to foreign currency contracts is recognised in the Statement of profit and loss.

Amounts recognised in OCI are transferred to the Statement of profit and loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised in OCI are transferred to the

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initial carrying amount of the non-financial asset or liability. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

m. 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.

n. Government Grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in proportion to the depreciation charged over the expected useful life of the related asset. The Company accounts for export incentives for export of goods if the entitlements can be estimated with reasonable accuracy and conditions precedent to claim are fulfilled.

o. Share capital

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

p. Income tax

Current tax

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

Current income tax relating to items recognised outside profit or loss is recognised either in OCI or in equity. Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

The management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year

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when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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

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

The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Company applies significant judgement in identifying uncertainties over income tax treatments.

q. Borrowing costs

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

r. Leases

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Company as a lessee

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

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

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

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

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events

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or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at present value of the future lease payments. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

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

As a practical expedient, Ind AS 116 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Company as a lessor

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

s. Impairment of non-financial assets

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

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

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

The Company assesses where climate risks could have a significant impact, such as the introduction of emission-reduction legislation that may increase manufacturing costs. These risks in relation to climate-related matters are included as key assumptions where they materially impact the measure of recoverable amount. These assumptions have been included in the cash-flow forecasts in assessing value-in-use amounts.

t. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised 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 recognised as a finance cost.

Warranty provisions

Provisions for warranty-related costs are recognised 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

If the Company has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Company recognises any impairment loss that has occurred on assets dedicated to that contract.

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Company cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e., both incremental costs and an allocation of costs directly related to contract activities).

Decommissioning liability

The Company records a provision for decommissioning costs of its manufacturing facilities. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the particular asset. The unwinding of the discount is expensed as incurred and recognised in the Statement of profit and loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

The impact of climate-related matters on remediation of environmental damage is considered while determining the decommissioning liability on the manufacturing facility which has been disclosed in Note 19.

u. 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 recognises 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 recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the

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balance sheet date, then excess is recognised 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 recognised 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 recognised 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 recognises related restructuring costs.

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

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

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

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

Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits at the earlier of the following dates:

(a) when the Company can no longer withdraw the offer of these benefits; and

(b) when the entity recognises cost for a restructuring that is within the scope of Ind AS 37 and involves payment of termination benefits.

In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

v. Segment Reporting

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

The Board of Directors of the Company has identified the Managing Director and Chief Executive Officer as the chief operating decision maker of the Company.

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w. Contingent liabilities

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

x. Earnings Per Share (EPS)

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

y. Dividends

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

z. Employee stock option and share based payments

In respect of stock options granted pursuant to the Company's Employee Stock Option Scheme, the Company recognises employee compensation expense, using the grant date fair value in accordance with Ind-AS 102 - Share Based Payment, on straight line basis over the period over which the employees would become unconditionally entitled to apply for the shares.

Employees (senior executives) of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. Further details are given in Note 40.

That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit and loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

NOTES TO STANDALONE FINANCIAL STATEMENTS

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No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

3. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Company's standalone financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the accompanying disclosures and including 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.

Other disclosures relating to the Copmany's exposure to risks and uncertainties includes:

- Capital management Note 41
- Financial risk management objectives and policies Note 37
- Sensitivity analysis disclosures Note 37

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 recognised in the standalone financial statements:

i. Revenue from contracts with customers

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

ii. Legal contingencies

The Company has received various orders and notices from tax authorities in respect of direct taxes and indirect taxes. The outcome of these matters may have a material effect on the financial position, results of operations or cash flows. Management regularly analyzes current information about these matters and provides provisions for probable losses including the estimate of legal expense to resolve such matters. In making the decision regarding the need for loss provisions, management considers the degree of probability of an unfavorable outcome and the ability to make a sufficiently reliable estimate of the amount of loss. The filing of a suit or formal assertion of a claim against the company or the disclosure of any such suit or assertions, does not automatically indicate that a provision of a loss may be appropriate.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023

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iii. Segment reporting

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

Operating segments used to present segment information are identified based on the internal reports used and reviewed by the Managing Director and Chief Executive Officer to assess performance and allocate resources. During the year, management has realigned 'Operating Segments' in line with allocation of resources and assessment of business performance by the Managing Director and CEO,i.e., Chief Operating Decision Maker. The management has determined that some of the segments exhibit similar economic characteristics and meet other aggregation criteria and accordingly aggregated into three reportable segments i.e. industrial products, industrial infra and chemical.

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 withinthe next financial year, are described below. The Company based its assumptions and estimates on parameters available when the standalone financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Estimation of uncertainties relating to the global health pandemic from the Coronavirus disease (COVID-19):

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of its assets such as investments, loans, receivables, unbilled revenues and inventories. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information including credit reports and related information, economic forecasts and consensus estimates from market sources on the expected future performance of the Company. The Company has performed sensitivity analysis on the assumptions used and based on current estimates expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these standalone financial statements.

i. EPC 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 recognised 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 recognised.
- 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

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customer communications and other forms of documentary evidence.

- Provision for onerous contracts: The Company provides for future losses on EPC 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. Refer note 18(b) for details for provision for onerous contracts.

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. Further details about gratuity obligations are given in note 33.

iv. Fair value measurement of unquoted financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of assumption is required in establishing fair values. Assumptions include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer note 36 for further disclosures.

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

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discounted using a pre-tax discount rate which reflects current market assessments of time value of money and risks specific to the liability. Refer note 36 for further details.

vi. Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default, expected loss rates and timing of cash flows. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions including those related to the COVID-19 pandemic as well as forward looking estimates at the end of each reporting period.

As a practical expedient, the 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 categorises the receivables due from Public Sector Undertakings (PSUs) and Non-PSUs and follows a wider aged bucket provisioning norms as the performance guarantee tests require certain time period after the supplies are completed. Refer note 7 and 9(b) for details of impairment allowance recognised at the reporting date.

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

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

viii. Deferred taxes

At each balance sheet date, the Company assesses whether the realisation of future tax benefits is sufficiently probable to recognise deferred tax assets. This assessment requires the use of significant estimates with respect to assessment of future taxable income. The recorded amount of total deferred tax assets could change if estimates of projected future taxable income or if changes in current tax regulations are enacted. Refer note 10 for further information on potential tax benefits for which no deferred tax asset is recognised.

ix. Employee stock option

The Company initially measures the cost of equity-settled transactions with employees using a Black Scholes Options Pricing model to determine the fair value of the liability incurred. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model and the performance of the Company, which is dependent on the terms and conditions of the grant.

This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 40.

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NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

4 (a) Property, Plant and Equipment

Particulars	Freehold Land	Buildings	Plant and equipment	Office equipment	Computer	Furniture and fixtures	Vehicles	Total	Capital work in progress
Gross carrying amount as at April 1, 2021*	**7.57**	**483.37**	**485.91**	**22.71**	**53.16**	**31.41**	**14.05**	**1,098.18**	**20.26**
Additions	-	2.84	20.17	0.51	6.87	0.06	2.48	32.93	27.64
Disposals/ Transfers/ Adjustments	-	(4.33)	(0.42)	(1.10)	(3.86)	(1.05)	(2.71)	(13.47)	(32.93)
Gross carrying amount as at March 31, 2022	**7.57**	**481.88**	**505.66**	**22.12**	**56.17**	**30.42**	**13.82**	**1,117.63**	**14.97**
Additions	-	2.96	23.31	1.32	13.14	0.95	4.08	45.76	75.70
Disposals/ Transfers/ Adjustments	-	(0.48)	(25.17)	(0.76)	(4.84)	(0.96)	(2.80)	(35.01)	(45.76)
Transfer to held for sale	(0.36)	(12.35)	(0.49)	-	-	-	-	(13.20)	-
Gross carrying amount as at March 31, 2023	**7.21**	**472.01**	**503.31**	**22.68**	**64.47**	**30.41**	**15.10**	**1,115.19**	**44.91**
Accumulated depreciation as at April 1, 2021*	**-**	**122.12**	**232.73**	**11.14**	**34.03**	**16.35**	**5.88**	**422.25**	**-**
Charge for the year	-	15.30	27.40	1.35	5.85	1.86	2.22	53.98	-
Disposals/ Transfers/ Adjustments	-	(1.24)	(0.53)	(0.83)	(3.60)	(0.59)	(1.71)	(8.50)	-
Accumulated depreciation as at March 31, 2022	**-**	**136.18**	**259.60**	**11.66**	**36.28**	**17.62**	**6.39**	**467.73**	**-**
Charge for the year	-	15.27	30.38	1.48	7.20	1.90	2.46	58.69	-
Disposals/ Transfers/ Adjustments	-	(0.29)	(23.93)	(0.63)	(2.95)	(0.67)	(1.92)	(30.39)	-
Transfer to held for sale	-	(6.56)	(0.11)	-	-	-	-	(6.67)	-
Accumulated depreciation as at March 31, 2023	**-**	**144.60**	**265.94**	**12.51**	**40.53**	**18.85**	**6.93**	**489.36**	**-**
Net Block as at March 31, 2023	**7.21**	**327.41**	**237.37**	**10.17**	**23.94**	**11.56**	**8.17**	**625.83**	**44.91**
Net Block as at March 31, 2022	**7.57**	**345.70**	**246.06**	**10.46**	**19.89**	**12.80**	**7.43**	**649.90**	**14.97**

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

The Company has given certain part of its office building on lease to group companies, the value of the same cannot be determined and the amounts are not significant (Refer note 31 C).

Capital work in progress majorly includes expenditure towards extension of manufacturing facilities.

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Ageing of Capital work in progress (CWIP):

CWIP		Amount in CWIP for a period of			Total
		Less than 1 year	1-2 years	2-3 years	
Project in progress	March 31, 2023	**42.80**	**2.11**	**-**	**44.91**
	March 31, 2022	14.65	0.32	-	14.97
Projects temporarily suspended	March 31, 2023	**-**	**-**	**-**	**-**
	March 31, 2022	-	-	-	-
Total Capital work-in-progress	March 31, 2023	**42.80**	**2.11**	**-**	**44.91**
	March 31, 2022	**14.65**	**0.32**	**-**	**14.97**

For CWIP, there are no projects whose completion date is overdue or exceeded its cost as compared to its original plan for the year ended and as at March 31, 2023 and March 31, 2022.

4 (b) Right-of-Use Assets

Particulars	Leasehold Land*	Buildings	Vehicles	Total
Gross carrying amount as at April 1, 2021	**77.36**	**7.74**	**0.91**	**86.01**
Additions	-	-	-	-
Disposals/ Transfers/ Adjustments	(6.50)	(0.35)	-	(6.85)
Gross carrying amount as at March 31, 2022	**70.86**	**7.39**	**0.91**	**79.16**
Additions	-	-	-	-
Disposals/ Transfers/ Adjustments	-	-	-	-
Gross carrying amount as at March 31, 2023	**70.86**	**7.39**	**0.91**	**79.16**
Accumulated depreciation as at April 1, 2021	**6.15**	**1.75**	**0.15**	**8.05**
Charge for the year	0.96	0.77	0.76	2.49
Disposals/ Transfers/ Adjustments	(0.05)	-	-	(0.05)
Accumulated depreciation as at March 31, 2022	**7.06**	**2.52**	**0.91**	**10.49**
Charge for the year	0.59	1.04	-	1.63
Disposals/ Transfers/ Adjustments	-	-	-	-
Accumulated depreciation as at March 31, 2023	**7.65**	**3.56**	**0.91**	**12.12**
Net Block as at March 31, 2023	**63.21**	**3.83**	**-**	**67.04**
Net Block as at March 31, 2022	**63.80**	**4.87**	**-**	**68.67**

** The Company has taken certain assets on lease which has been accounted in accordance with Ind AS 116-Leases under right of use assets. Refer note 31C for further disclosure on leases.*

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4 (c) Intangible Assets

Particulars	Computer Software	Technical Know-how#	Total	Intangible assets under development
Gross carrying amount as at April 1, 2021*	**61.37**	**72.92**	**134.29**	**3.10**
Additions	11.26	10.33	21.59	-
Disposals/ Transfers/ Adjustments	-	(13.83)	(13.83)	(3.10)
Gross carrying amount as at March 31, 2022	**72.63**	**69.42**	**142.05**	**-**
Additions	6.99	-	6.99	-
Disposals/ Transfers/ Adjustments	(3.70)	-	(3.70)	-
Gross carrying amount as at March 31, 2023	**75.92**	**69.42**	**145.34**	**-**
Accumulated amortisation as at April 1, 2021*	**46.53**	**70.96**	**117.49**	**-**
Charge for the year	7.89	2.83	10.72	-
Disposals/ Transfers/ Adjustments	-	(13.69)	(13.69)	-
Accumulated amortisation as at March 31, 2022	**54.42**	**60.10**	**114.52**	**-**
Charge for the year	8.79	4.04	12.83	-
Disposals/ Transfers/ Adjustments	(2.94)	-	(2.94)	-
Accumulated amortisation as at March 31, 2023	**60.27**	**64.14**	**124.41**	**-**
Net Block as at March 31, 2023	**15.65**	**5.28**	**20.93**	**-**
Net Block as at March 31, 2022	**18.21**	**9.32**	**27.53**	**-**

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

 # Includes internally developed assets of net block Rs. 5.45 (March 31, 2022 Rs. 8.87).

4 (d) Capitalisation of Expenses

During the year, the Company has capitalised the following expenses of revenue nature to the cost of Property, plant and equipment / intangible asset. Consequently, expenses disclosed under the respective notes are net of amounts capitalised by the Company.

Particulars	March 31, 2023	March 31, 2022
Others	-	0.12
Total	**-**	**0.12**

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for the year ended March 31, 2023

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5 (a) Investments in Subsidiaries

	Face value per share	Number of shares		Amount	
		March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Investments in equity instruments:					
Investments valued at cost (fully paid)					
Equity shares in Subsidiaries (Unquoted)					
Thermax Engineering Construction Company Limited	Rs. 10	45,00,000	45,00,000	4.50	4.50
Thermax Instrumentation Limited	Rs. 10	90,00,000	90,00,000	6.06	6.06
Thermax Onsite Energy Solutions Limited	Rs. 10	7,22,80,000	7,22,80,000	72.28	72.28
Thermax Europe Limited	GBP 1	2,00,000	2,00,000	1.17	1.17
Thermax International Limited	USD 1	16,95,000	16,95,000	8.22	8.22
Thermax Netherlands B.V.	Eur 1	3,24,10,000	3,24,10,000	231.15	231.15
Rifox-Hans Richter GmbH Spezialarmaturen	Eur 1	7,16,469	7,16,469	12.04	12.04
Thermax Engineering Singapore Pte. Ltd.	USD 1	2,49,84,356	2,39,84,356	161.30	153.71
First Energy Private Limited*	Rs. 10	18,09,06,365	6,69,66,365	160.88	46.94
Thermax Sustainable Energy Solutions Limited#	Rs. 10	47,50,000	47,50,000	-	-
Thermax do Brasil - Energia e Equipamentos Ltda.#	Real 1	10,87,130	10,87,130	-	-
Thermax Hong Kong Limited#	HKD 1	59,83,833	59,83,833	-	-
Thermax Babcock & Wilcox Energy Solutions Limited (formerly known as Thermax Babcock & Wilcox Energy Solutions Private Limited)	Rs. 10	62,82,22,500	62,82,22,500	374.78	374.31
Thermax Cooling Solutions Limited	Rs. 10	2,00,00,000	2,00,00,000	10.20	10.20
Thermax Bio Energy Solutions Private Limited	Rs. 10	32,50,000	-	3.25	-
Share Application money:					
Thermax Engineering Singapore Pte. Ltd.	USD 1	-	10,00,000	-	7.59
First Energy Private Limited	Rs. 10	-	2,75,00,000	-	27.50
Investments in preference shares:					
Investments valued at cost (fully paid)					
Preference shares in Subsidiaries (Unquoted)					
Thermax International Ltd., Mauritius (6% Redeemable with conversion option)	USD 1	17,47,300	17,47,300	7.87	7.87
Total value of investments (A)				**1,053.70**	**963.54**
Less: Impairment in value of investments					
Thermax Netherlands B.V.				201.06	201.06
First Energy Private Limited				32.94	32.94
Thermax Cooling Solutions Limited (Refer note 42)				-	10.20
Thermax Engineering Singapore Pte. Ltd. (Refer note 42)				39.49	36.49
Total Impairment in value of investments (B)				**273.49**	**280.69**
Investments in subsidiaries (net) (A-B)				**780.21**	**682.85**

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5 (b) Investments in Associates

	Face value per share	Number of shares		Amount	
		March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Investments in associates (At Cost)					
Cumulative Convertible Preference shares in associates (Unquoted):					
ExactSpace Technologies Private Limited (10.41%)	Rs. 10	1,249	1,249	6.50	6.50
Covacsis Technologies Private Limited (16.67%)	Rs. 10	43,192	-	10.00	-
Total Investment in associates				**16.50**	**6.50**
Total Investment in subsdiaries and associates				**796.71**	**689.35**
Aggregate amount of quoted investments				-	-
Aggregate amount of unquoted investments				1,070.20	970.04
Aggregate amount of impairment in the value of investments				273.49	280.69

 # Deemed cost is considered to be Rs. Nil as on April 1, 2015.

** During the year ended March 31, 2022, the preference shares in First Energy Private Limited were redeemed by infusion of additional equity of Rs. 12. Accordingly, the provision for Rs. 12 for investment in preference shares was considered as investment in equity shares for First Energy Private Limited.*

6 (a) Non-Current Investments

	Face value per share	Number of shares		Amount	
		March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Investments in Equity Shares:					
Investments at Fair value through Profit and Loss:					
Unquoted equity shares (fully paid up)					
Sicom Limited#	Rs. 10	10,000	10,000	-	-
Total Investment in Equity Shares				**-**	**-**
Investment in preference shares					
Investments at Fair value through Profit and Loss					
Unquoted preference shares in subsidiaries (fully paid up, redeemable)					
Thermax Sustainable Energy Solutions Limited (6%, Cumulative)#	Rs. 10	40,00,000	40,00,000	-	-
Thermax Babcock & Wilcox Energy Solutions Limited (8%, Cumulative, Redeemable) (Net)	Rs. 10	5,27,00,000	5,27,00,000	72.46	68.24
Total investment in preference shares				**72.46**	**68.24**

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	Face value per share	Number of shares		Amount	
		March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Investments at Fair value through Profit and Loss:					
Corporate Bonds				-	274.88
Fund Of Funds (FOF)				75.08	73.19
Exchange Traded Funds (ETF) & Index Funds				82.53	80.18
Floater Fund				59.23	133.53
Total value of investments (Quoted)				**216.84**	**561.78**
Investments at Amortised Cost					
Corporate Fixed Deposits (Unquoted)				-	141.58
Total Non-Current Investments				**289.30**	**771.60**
Aggregate amount of quoted investments				216.84	561.78
Aggregate amount of unquoted investments				72.46	209.82
Aggregate amount of impairment in the value of investments				-	-

 # Deemed cost is considered to be Nil as on April 1, 2015.

Investments at fair value through profit or loss reflect investment in quoted and unquoted equity and debt securities. Refer note 36 for determination of their fair values.

6 (b) Current Investments

	Amount	
	March 31, 2023	March 31, 2022
Investments in Mutual Funds:		
Investments at Fair value through Profit and Loss:		
Units of Mutual Funds (Quoted)	662.64	452.17
Investments in Bonds:		
Investments at Amortised Cost		
Investments in Corporate Bonds (Unquoted)	161.78	-
Investments at Amortised Cost		
Corporate Fixed Deposits (Unquoted)	359.46	82.13
Total value of Investments	**1,183.88**	**534.30**
Aggregate amount of quoted investments and market value thereof	662.64	452.17
Aggregate amount of unquoted investments	521.24	82.13
Aggregate amount of impairment in the value of investments	-	-

Investments at fair value through profit or loss reflect investment in quoted and unquoted equity and debt securities. Refer note 36 for determination of their fair values.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

7 Trade Receivables

(a) Non-current trade receivables

	As at March 31, 2023	As at March 31, 2022
Trade receivables from:		
i) Related parties	-	-
ii) Others	112.94	173.51
Total	**112.94**	**173.51**
Sub-classification of trade receivables		
Secured, considered good	-	-
Unsecured, considered good	131.65	193.15
Trade receivables which have a significant increase in credit risk	-	-
Trade receivables- credit impaired	-	-
	131.65	**193.15**
Less: impairment allowance	(18.71)	(19.64)
Total	**112.94**	**173.51**

The ageing of non-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	
(i) Undisputed Trade Receivables- Considered Good	March 31, 2023	**108.63**	-	23.02	-	-	-	**131.65**
	March 31, 2022	193.15	-	-	-	-	-	**193.15**
Less: Impairment allowance	March 31, 2023							**(18.71)**
	March 31, 2022							**(19.64)**
Total	March 31, 2023	**108.63**	-	23.02	-	-	-	**112.94**
	March 31, 2022	**193.15**	-	-	-	-	-	**173.51**

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

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

(b) Current trade receivables

Particulars	As at March 31, 2023	As at March 31, 2022
Trade receivables from:		
i) Related parties (note 34)	140.07	117.30
ii) Others	1,070.15	836.07
Total	**1,210.22**	**953.37**
Sub-classification of trade receivables		
Secured, considered good	119.72	104.71
Unsecured, considered good	1,282.66	1,033.68
Trade receivables which have a significant increase in credit risk	13.26	24.38
Trade receivables- credit impaired	26.68	27.31
	1,442.32	**1,190.08**
Less: impairment allowance	(232.10)	(236.71)
Total	**1,210.22**	**953.37**

No trade or other receivables are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade receivables due from firms or private companies respectively in which any director is a partner, a director or a member.

For terms and conditions relating to related party receivables, refer note 34.

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

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

Particulars		Not due	Outstanding for the following period from due date of payments					Total
			Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade Receivables- Considered Good	March 31, 2023	**753.03**	**334.52**	**131.83**	**48.81**	**27.44**	**97.46**	**1,393.09**
	March 31, 2022	593.80	324.25	57.78	49.48	26.47	77.15	**1,128.93**
(ii) Undisputed Trade Receivables- which have significant increase in credit risk	March 31, 2023	**-**	**-**	**0.03**	**-**	**0.19**	**13.04**	**13.26**
	March 31, 2022	-	-	-	-	-	24.38	**24.38**
(iii) Undisputed Trade Receivables- credit impaired	March 31, 2023	**2.05**	**2.78**	**1.65**	**7.22**	**3.53**	**9.45**	**26.68**
	March 31, 2022	0.15	3.35	4.10	5.03	5.79	8.89	**27.31**
(iv) Disputed Trade Receivables- Considered Good	March 31, 2023	**-**	**-**	**-**	**-**	**-**	**9.29**	**9.29**
	March 31, 2022	-	-	-	-	0.92	8.54	**9.46**
(v) Disputed Trade Receivables- which have significant increase in credit risk	March 31, 2023	-	-	-	-	-	-	**-**
	March 31, 2022	-	-	-	-	-	-	**-**

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

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	
(vi) Disputed Trade Receivables- credit impaired	March 31, 2023	-	-	-	-	-	-	-
	March 31, 2022	-	-	-	-	-	-	-
Sub-total	March 31, 2023	**755.08**	**337.30**	**133.51**	**56.03**	**31.16**	**129.24**	**1,442.32**
	March 31, 2022	593.95	327.60	61.88	54.51	33.18	118.96	**1,190.08**
Less: Impairment allowance	March 31, 2023							**(232.10)**
	March 31, 2022							**(236.71)**
Total	March 31, 2023	**755.08**	**337.30**	**133.51**	**56.03**	**31.16**	**129.24**	**1,210.22**
	March 31, 2022	**593.95**	**327.60**	**61.88**	**54.51**	**33.18**	**118.96**	**953.37**

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

(c) The following table summarises the change in impairment allowance measured using the life time expected credit loss model (Pursuant to Ind AS 109):

	Provision on Trade Receivables		Provision on Unbilled Revenue (Refer note 9(b))	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
At the beginning of the year	256.35	279.13	10.07	8.04
Less: Bad debts/ write off	(32.48)	(14.39)	-	-
	223.87	**264.74**	**10.07**	**8.04**
Provision made during the year	69.93	58.41	2.97	2.94
Utilised/ reversed during the year	(42.99)	(66.80)	-	(0.91)
At the end of the year	**250.81**	**256.35**	**13.04**	**10.07**

Also refer note 34 for impairment provision on related party balances.

8 Loans

(a) Non-current loans

	As at March 31, 2023	As at March 31, 2022
Unsecured, considered good		
At amortised cost		
Loan to related parties (note 34)#	-	-
Loan to employees	2.68	2.74
Total	**2.68**	**2.74**
Classification of above is as follows:		
Loans receivables- Considered good- Secured	-	-
Loans receivables- Considered good- Unsecured	2.68	2.74
Loans receivables which have significant increase in credit risk	-	-
Loans receivables- Credit impaired	-	-
Total	**2.68**	**2.74**

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

Details of non-current loans to Promoters, Directors, Key Management Personnel and related parties

Type of Borrower	As at March 31, 2023		As at March 31, 2022	
	Amount of loan or advance in the nature of loan outstanding Rs.	Percentage to the loan or advance in the nature of loan %	Amount of loan or advance in the nature of loan outstanding Rs.	Percentage to the loan or advance in the nature of loan %
Promoters	-	-	-	
Directors	-	-	-	
Key Management Personnel	-	-	-	
Related Parties	-	-	-	
Gross	4.12	100%	4.12	100%
Net	-	-	-	

#Loans to related party is disclosed net of impairment allowance of Rs. 4.12 (March 31, 2022: Rs. 4.12).

(b) Current loans

	As at March 31, 2023	As at March 31, 2022
Unsecured, considered good		
At amortised cost		
Loan to related parties (note 34)	170.89	-
Loan to employees	0.98	1.49
Total	**171.87**	**1.49**
Classification of above is as follows:		
Loans receivables- Considered good- Secured	-	-
Loans receivables- Considered good- Unsecured	171.87	1.49
Loans receivables which have significant increase in credit risk	-	-
Loans receivables- Credit impaired	-	-
Total	**171.87**	**1.49**

Details of current loans to Promoters, Directors, Key Management Personnel and related parties

Type of Borrower	As at March 31, 2023		As at March 31, 2022	
	Amount of loan or advance in the nature of loan outstanding Rs.	Percentage to the loan or advance in the nature of loan %	Amount of loan or advance in the nature of loan outstanding Rs.	Percentage to the loan or advance in the nature of loan %
Promoters	-	-	-	-
Directors	-	-	-	-
Key Management Personnel	-	-	-	-
Related Parties	-	-	-	-
Gross	170.89	100%	-	-
Net	170.89	100%	-	-

Loans are various kinds of non-derivative financial assets which generate fixed interest income for the Company. The tenure of such loans has different time range based on employee's eligibility.

No loans are due from directors or Key Managerial Personnel of the Company either severally or jointly with any other person or from private companies or firms in which any director is a partner, a director or a member respectively.

For terms and conditions relating to loans given to related parties, refer note 32 (A).

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023
(All amounts are in Rupees Crore, except per share data and unless stated otherwise)

9 Financial Assets

(a) Other non-current assets

	As at March 31, 2023	As at March 31, 2022
Bank deposits with maturity of more than 12 months#	2.25	25.95
Security Deposits*	7.91	8.22
Total	**10.16**	**34.17**

#Out of above bank deposits, Rs. 0.15 (March 31, 2022: Rs. 0.15) are pledged as margin money.

(b) Other current assets

	As at March 31, 2023	As at March 31, 2022
Derivative instruments at fair value through OCI		
Cash flow hedges		
Foreign exchange forward contracts	1.11	0.80
Derivative instruments at fair value through profit or loss		
Derivative not designated as hedges		
Foreign exchange forward contracts	1.84	3.67
At amortised cost		
Export incentive receivable	6.18	5.70
Unbilled revenue (Contract assets)^	180.96	130.80
Security Deposits*	1.98	1.68
Others	24.41	29.80
Total	**216.48**	**172.45**

**Includes lease deposits given to directors of Rs. 0.18 (March 31, 2022: Rs. 0.18). The maximum amount due from directors during the year amounted to Rs. 0.18 (March 31, 2022: Rs. 0.18). This also includes deposits given to various other parties for rent, utilities etc. Refer note 34.*

Financial assets at fair value through other comprehensive income reflect the change in fair value of foreign exchange forward contracts, designated as cash flow hedges to hedge highly probable forecast sales and purchases in various foreign currencies.

^Unbilled revenue is disclosed net of impairment allowance of Rs. 13.04 (March 31, 2022: Rs. 10.07) for contract assets.

10 Income Taxes

The major components of income tax expense for the year ended March 31, 2023 and March 31, 2022 are:

Statement of profit and loss

Particulars	March 31, 2023	March 31, 2022
Current tax	98.91	52.05
Deferred tax	3.32	3.22
Income tax expense reported in the Statement of profit and loss	**102.23**	**55.27**

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023
(All amounts are in Rupees Crore, except per share data and unless stated otherwise)

Other comprehensive income

Particulars	March 31, 2023	March 31, 2022
Deferred tax related to items recognised in other comprehensive income during the year		
Net (gain) or loss on revaluation of cash flow hedge	0.07	0.06
Net (gain) or loss on remeasurements of defined benefit plans	(2.69)	1.37
Deferred tax credited in other comprehensive income	**(2.62)**	**1.43**

Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate for March 31, 2023 and March 31, 2022

Particulars	March 31, 2023	March 31, 2022
Accounting profit before tax (before exceptional items)	424.29	270.06
At India's statutory income tax rate (as per Income Tax Act, 1961) of 25.17%	106.79	67.97
- Dividend income	(1.78)	(4.86)
- Fair value gain on FVTPL investments	(0.50)	(5.00)
- Deferred tax on account of utilisation of losses of previous year(s)	(5.27)	(2.22)
- Other permanent differences	2.99	(0.62)
Effective tax	**102.23**	**55.27**
Total income tax expense reported in the Statement of profit and loss	**102.23**	**55.27**

Deferred tax

Statement of profit and loss

Particulars	March 31, 2023	March 31, 2022
Deferred tax relates to the following:		
Accelerated depreciation for tax purposes	0.83	3.08
Employee benefit obligations	1.40	1.86
Provision for doubtful debts and liquidated damages	4.59	0.79
Fair value gains on investment classified as fair value through profit and loss	-	-
Temporary differences in accounting treatment as required by Income tax standards	1.35	(1.46)
Items allowed on payment basis / temporary disallowances	2.62	(0.53)
Others	(7.47)	(0.52)
Deferred tax expense/(income) in the Statement of profit and loss	**3.32**	**3.22**

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

Balance sheet

Particulars	As at March 31, 2023	As at March 31, 2022
Deferred tax relates to the following:		
Accelerated depreciation for tax purposes	(53.78)	(52.95)
Revaluation of cash flow hedges	(0.15)	(0.06)
Employee benefit obligations	10.43	11.96
Provision for doubtful debts and liquidated damages	71.13	75.72
Items allowed on payment basis / temporary disallowances	4.91	7.95
Temporary differences in accounting treatment as required by Income tax standards	1.36	2.71
Others (includes impact on account of deferred tax asset on brought forward losses)	13.96	3.31
Net deferred tax assets	**47.86**	**48.64**

Reconciliation of deferred tax assets (net)

Particulars	As at March 31, 2023	As at March 31, 2022
Opening balance as at April 1	**48.64**	**53.28**
Tax (expense)/income during the period recognised in profit or loss	(3.32)	(3.22)
Tax expense during the period recognised in other comprehensive income	2.54	(1.43)
Closing balance as at March 31	**47.86**	**48.64**

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

The Company has not recognised deferred tax asset of Rs. 0.76 (March 31, 2022: Rs. 4.03) on provision of impairment in subsidiaries of Rs. 3 (March 31, 2022: Rs. 16).

The Company has tax losses (of capital in nature) of Rs. 80.84 (March 31, 2022: Rs. 131.88) that are available for offsetting for future taxable capital profits. These losses will expire by March 2029. Deferred tax assets have not been recognised in respect of these losses as they may not be used to offset taxable capital profits elsewhere in the Company and there are no other tax planning opportunities or other evidence of recoverability in the near future. If the Company were able to recognise all unrecognised deferred tax assets, the profit for the year would increase by Rs. 18.50 (March 31, 2022: Rs. 30.17)

11 Other Assets

(a) Other non-current assets

	As at March 31, 2023	As at March 31, 2022
Unsecured, considered good		
Advance to suppliers	0.07	0.07
Capital advance (includes advance to related party Rs.0.65 (March 31, 2022: Rs. 0.90)) (note 34)	3.51	15.08
Balances with government authorities	29.39	58.24
Prepayments	17.56	0.16
Total	**50.53**	**73.55**

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

(b) Other current assets

	As at March 31, 2023	As at March 31, 2022
Unsecured, considered good		
Advance to suppliers	133.05	76.15
Advance to employees	7.59	6.42
Advance to related parties (note 34)	57.49	54.98
Prepayments	17.96	17.33
Balances with government authorities	99.35	71.71
Prepaid employee benefits (note 33)	4.75	11.95
Others*	1.81	5.32
Total	**322.00**	**243.86**

Others includes recovery of other expenses.

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

For terms and conditions relating to loans given to related parties, refer note 34.

12 Inventories (Valued at Lower of Cost and Net Realisable Value)

	As at March 31, 2023	As at March 31, 2022
Raw materials, components and bought-outs*	209.89	201.67
Work-in-progress	136.57	134.62
Finished goods	32.66	24.47
Stores and spares	3.86	3.94
Traded goods	7.80	5.65
Total	**390.78**	**370.35**

**includes goods in transit Rs. 12.88 (March 31, 2022: Rs. 7.29)*

For the year ended March 31, 2023 Rs. (6.44) (March 31, 2022: Rs. (3.94)) was recognised (net of reversals) as an expense for inventories carried at net realisable value. These were recognised as expense during the year and included in cost of raw materials and components consumed in the Statement of profit and loss.

13 (a) Cash and Cash Equivalents

	As at March 31, 2023	As at March 31, 2022
Balances with banks		
- in current accounts (including balances with EEFC accounts)	98.53	59.46
- in deposits with original maturity of less than three months*	22.01	68.01
Cheques, drafts on hand	0.07	0.81
Cash on hand	0.21	0.32
Total	**120.82**	**128.60**

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

Out of cash and cash equivalents balance as at March 31, 2023, Rs. 11.44 (March 31, 2022: Rs. 13.17) held as security against import commitments.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023
(All amounts are in Rupees Crore, except per share data and unless stated otherwise)

13 (b) Other Bank Balances

	As at March 31, 2023	As at March 31, 2022
Bank deposits with original maturity more than three months and remaining maturity less than twelve months	286.97	312.19
Unpaid dividend account (restricted)	0.69	0.78
Total	**287.66**	**312.97**

13 (c) Changes in Liabilities from Financing Activities

Particulars	Borrowings	Unpaid dividend	Lease liabilities
As on April 1, 2021	140.75	0.89	6.91
Cash flow	39.25	(0.11)	(1.62)
As at March 31, 2022	**180.00**	**0.78**	**5.29**
Cash flow	40.00	(0.09)	(1.12)
As at March 31, 2023	**220.00**	**0.69**	**4.17**

14 Share Capital

	As at March 31, 2023	As at March 31, 2022
Authorised shares (Nos)		
37,50,00,000 (March 31, 2022: 37,50,00,000) equity shares of Rs. 2/- each	75.00	75.00
	75.00	**75.00**
Issued, subscribed and fully paid share capital (Nos)		
11,91,56,300 (March 31, 2022: 11,91,56,300) equity shares of Rs. 2/- each	23.83	23.83
Total issued, subscribed and fully paid-up share capital	**23.83**	**23.83**

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

	No. of shares	Rs.
Equity share of Rs. 2 each issued, subscribed and fully paid		
As at April 1, 2021	11,91,56,300	23.83
Changes during the year	-	-
As at March 31, 2022	11,91,56,300	23.83
Changes during the year	-	-
As at March 31, 2023	**11,91,56,300**	**23.83**

(b) Terms/ rights attached to equity shares

The Company has one class of equity shares having a par value of Rs. 2 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023
(All amounts are in Rupees Crore, except per share data and unless stated otherwise)

(c) Equity share capital held by holding company

	As at March 31, 2023	As at March 31, 2022
Holding company		
RDA Holdings Private Limited 6,43,28,500 (March 31, 2022: 6,43,28,500) equity shares of Rs. 2/- each fully paid	12.87	12.87

(d) Details of equity shares held by shareholders holding more than 5% of the aggregate shares in the Company (refer note (f) below)

	As at March 31, 2023	As at March 31, 2022
RDA Holdings Private Limited, India		
%	53.99	53.99
No. of shares	6,43,28,500	6,43,28,500
ARA Trusteeship Company Private Limited, India		
%	7.99	7.99
No. of shares	95,20,805	95,20,805
Kotak Mahindra Mutual Fund		
%	6.98	7.02
No. of shares	83,22,863	83,62,109
Nalanda India Equity Fund Ltd.		
%	6.86	6.86
No. of shares	81,76,668	81,76,668

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

(e) Details of equity shares held by promoters in the Holding Company (refer note (f) below)

	As at March 31, 2023	As at March 31, 2022
RDA Holding Private Limited, India		
%	53.99	53.99
No. of shares	6,43,28,500	6,43,28,500
% of change during the year	-	-
ARA Trusteeship Company Private Limited, India		
%	7.99	7.99
No. of shares	95,20,805	95,20,805
% of change during the year	-	-
Mr. Pheroz Pudumjee		
%	**	**
No. of shares	6,000	6,000
% of change during the year	-	-

*** Represents less than 0.01%*

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

(f) The Company has several trusts (73 nos) set up for welfare of employees and ESOP named Thermax Employee ESOP and Welfare Trust. Such trusts together hold 65,41,440 (March 31, 2022: 65,41,440) equity shares representing 5.49% (March 31, 2022: 5.49%) of equity share in the Company.

(g) There were no buy back of shares/issue of shares for consideration other than cash during the period of five years immediately preceding the reporting date.

15 (a) Other Equity

	As at March 31, 2023	As at March 31, 2022
Reserves and surplus		
Capital redemption reserve	50.34	50.34
Securities premium	61.13	61.13
Capital reserve	1.92	1.92
General reserve	429.14	429.14
Share based payment reserve		
Opening balance	-	-
Add: Compensation for options granted during the year (Includes Rs. 0.47 (March 31, 2022: Rs, Nil) related to subsidiary)	2.52	-
Closing balance	**2.52**	**-**
Retained earnings		
Opening balance	2,434.47	2,313.03
Add: Profit for the year	329.26	200.79
Less: Final Dividend paid	107.24	83.41
Movement during the year	**222.02**	**117.38**
Items of other comprehensive income recognised directly in retained earnings:		
Re-measurement (loss)/gain on defined benefit plans, net of tax Rs. 2.69 (March 31, 2022: Rs. 1.37)	(7.99)	4.06
Net surplus in the Statement of profit and loss	**2,648.50**	**2,434.47**
Total Reserves and Surplus	**3,193.55**	**2,977.00**
Other Reserves		
Cash flow hedge reserve		
Opening balance	0.17	(0.01)
Add: Movement during the year (net)	0.28	0.24
Less: Tax on movement during the year	(0.07)	(0.06)
Closing balance	**0.38**	**0.17**
Total	**3,193.93**	**2,977.17**

Capital redemption reserve

Pertains to reserve created towards redemption of debentures and can be utilised in accordance with the provisions of the Companies Act, 2013 (“the Act”).

Securities premium

Securities premium is used to record the premium on issue of shares. The reserve can be utilised in accordance with the provisions of the Act.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

Capital reserve

Pertains to reserves arising on amalgamations in the past which is required to be maintained as per statute and cannot be distributed to the shareholders.

General reserve

Represents amounts transferred from retained earning in earlier years as per the requirements of the erstwhile Companies Act, 1956.

Cash flow hedge reserve

This reserve comprises the effective portion of the cumulative net change in the fair value of the cash flow hedge instruments related to hedged transactions that have not yet occurred.

Share based payment reserve

The Company has established equity-settled share based payment plan for certain categories of employees of the Company. Refer note 40 for further details.

15 (b) Distribution Made and Proposed

	March 31, 2023	March 31, 2022
Cash dividend on Equity shares declared and paid:		
Final dividend for the year 2021-22: Rs. 9 per share (2020-21: Rs. 7/- per share)	107.24	83.41
	107.24	**83.41**
Proposed dividend on Equity shares:		
Proposed dividend for the year 2022-23: Rs. 10 per share (2021-22: Rs. 9/- per share)	119.16	107.24

Proposed dividend on equity shares are subject to approval at the annual general meeting and are not recognised as a liability as at the reporting date.

16 Trade Payables

(a) Non-current trade payables

	As at March 31, 2023	As at March 31, 2022
Total outstanding dues of micro and small enterprises (note 16 (c))	-	-
Total outstanding dues of creditors other than micro and small enterprises:		
(i) Related parties (note 34)	5.59	14.64
(ii) Others	28.86	45.14
Total	**34.45**	**59.78**

There are no non-current outstanding dues of micro and small enterprises.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

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

Particulars		Not due	Outstanding for the following period from due date of payments				Total
			Less than a year	1-2 years	2-3 years	More than 3 years	
(i) Micro and small enterprises	March 31, 2023	**-**	**-**	**-**	**-**	**-**	**-**
	March 31, 2022	-	-	-	-	-	-
(ii) Others	March 31, 2023	**34.45**	**-**	**-**	**-**	**-**	**34.45**
	March 31, 2022	59.78	-	-	-	-	59.78
(iii) Disputed dues- Micro and small enterprises	March 31, 2023	**-**	**-**	**-**	**-**	**-**	**-**
	March 31, 2022	-	-	-	-	-	-
(iv) Disputed dues- Others	March 31, 2023	**-**	**-**	**-**	**-**	**-**	**-**
	March 31, 2022	-	-	-	-	-	-
Total	March 31, 2023	**34.45**	**-**	**-**	**-**	**-**	**34.45**
	March 31, 2022	59.78	-	-	-	-	59.78

(b) Current trade payables

	As at March 31, 2023	As at March 31, 2022
Total outstanding dues of micro and small enterprises (note 16 (c))	347.28	271.75
Total outstanding dues of creditors other than micro and small enterprises:		
(i) Related parties (note 34)	98.07	76.29
(ii) Others	592.73	627.30
Total	**1,038.08**	**975.34**

For terms and conditions with related parties, refer note 34.

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

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	
(i) Micro and small enterprises	March 31, 2023	**289.25**	**50.44**	**3.25**	**0.78**	**3.56**	**347.28**
	March 31, 2022	241.88	25.75	1.28	1.08	1.76	**271.75**
(ii) Others	March 31, 2023	**299.36**	**135.75**	**13.15**	**6.09**	**20.10**	**474.45**
	March 31, 2022	279.63	188.01	13.57	7.90	18.96	**508.07**
(iii) Disputed dues- Micro and small enterprises	March 31, 2023	**-**	**-**	**-**	**-**	**-**	**-**
	March 31, 2022	-	-	-	-	-	**-**
(iv) Disputed dues- Others	March 31, 2023	**-**	**-**	**0.27**	**-**	**0.24**	**0.51**
	March 31, 2022	-	0.27	-	-	0.24	**0.51**
Subtotal	March 31, 2023	**588.61**	**186.19**	**16.67**	**6.87**	**23.90**	**822.24**
	March 31, 2022	521.51	214.03	14.85	8.98	20.96	**780.33**
Unbilled trade payables (Includes year end accruals)							**215.84**
							195.01
Total							**1,038.08**
							975.34

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

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

		As at March 31, 2023	As at March 31, 2022
i)	The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
	- Principal amount outstanding (whether due or not) to micro and small enterprises*	346.77	271.46
	- Interest due thereon	0.51	0.29
ii)	The amount of interest paid by the Company in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	0.35
iii)	The amount of payment made to the supplier beyond the appointed day during the year	166.64	150.07
iv)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006	1.72	0.97
v)	The amount of interest accrued and remaining unpaid at the end of each accounting year	2.23	1.27
vi)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	2.23	1.73

** Information in this regard is on basis of intimation received, on requests made by the Company, with regards to registration of vendors under the said Act.*

17 Financial Liabilities

(a) Other non-current liabilities

	As at March 31, 2023	As at March 31, 2022
At amortised cost		
Trade deposits	-	0.11
Liability towards employee separation scheme	-	0.97
Total	**-**	**1.08**

(b) Other current liabilities

	As at March 31, 2023	As at March 31, 2022
Derivative instruments at fair value through OCI		
Cash flow hedges		
Foreign exchange forward contracts	0.57	0.64
Derivative instruments at fair value through profit or loss		
Derivative not designated as hedges		
Foreign exchange forward contracts	3.68	2.06
At amortised cost		
Employee related payables	71.31	56.40
Payables for property, plant & equipments and intangible assets	6.82	0.99
Book overdraft	-	7.34
Unpaid dividend	0.69	0.78
Liability towards employee separation scheme	1.02	1.32
Other payables*	4.56	4.31
Total	**88.65**	**73.84**

* includes dealer deposits, security deposits, etc.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

18 Provisions

(a) Non-current provisions

	As at March 31, 2023	As at March 31, 2022
Provision for warranties	13.96	8.98
Provision for decommissioning liability	10.12	9.08
Total	**24.08**	**18.06**

(b) Current provisions

	As at March 31, 2023	As at March 31, 2022
Provision for employee benefits		
Provision for leave encashment	38.26	38.04
	38.26	**38.04**
Other provisions		
Provision for onerous contracts	6.55	12.92
Provision for warranties	66.77	76.63
	73.32	**89.55**
Total	**111.58**	**127.59**

Provision for decommissioning liability

A provision has been recognised for decommissioning costs associated with the properties taken on lease by the Company. The Company is committed to restore the sites as a result of the conclusion of manufacturing activities. The timing of cash outflows in respect of such provision cannot be reasonably determined.

Provision for warranties

Warranty costs are provided based on a technical estimate of the costs required to be incurred for repairs, replacements, material costs, servicing cost and past experience in respect of such costs. It is expected that this expenditure will be incurred over the contracted warranty period ranging up to 2 years. If warranty claim costs vary by 10% from management's estimate, the warranty provisions would be an estimated Rs. 8.07 higher or lower (March 31, 2022: Rs. 8.56).

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.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

Movement in provisions

For the year ended March 31, 2023

	Provision for onerous contracts	Provision for warranties	Provision for decommissioning liability
As at April 1, 2022			
Balance at the beginning	12.92	85.61	9.08
Additional provision recognised	1.06	18.78	-
Unused amounts reversed	(4.36)	(24.76)	-
Unwinding of discount	-	5.50	1.04
Utilised during the year	(3.07)	(4.40)	-
As at March 31, 2023	**6.55**	**80.73**	**10.12**
Details of provisions:			
Current	6.55	66.77	-
Non-Current	-	13.96	10.12
Total	**6.55**	**80.73**	**10.12**

19 Other Liabilities

(a) Other non-current liabilities

	As at March 31, 2023	As at March 31, 2022
Customer advances (Contract liabilities)	-	21.42
Total	**-**	**21.42**

(b) Other current liabilities

	As at March 31, 2023	As at March 31, 2022
Unearned revenue (Contract liabilities)	466.83	292.01
Customer advances (Contract liabilities)		
(i) Related Parties (note 34)	38.14	15.43
(ii) Others	837.39	612.87
Other advances#	14.20	-
Statutory dues and other liabilities*	37.49	20.43
Total	**1,394.05**	**940.74**

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

 # consists of advance received against sale of property, plant and equipment etc.

For terms and conditions with related parties, refer note 34.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

20 Borrowings

Current borrowings

	As at March 31, 2023	As at March 31, 2022
Secured loans from banks	10.00	-
Unsecured loans from banks	210.00	180.00
Total	**220.00**	**180.00**

Secured loans pertains to packing credit amounting to Rs. 10 (March 31, 2022: Rs. Nil) that are payable by the Company within 90 days from the invoice date.

These loans were secured by hypothecation of present and future stock of all inventories, stores and spares not related to plant and equipment, book debts and other moveable assets in March 31, 2022.

Unsecured loans pertains to packing credit of Rs. 210 (March 31, 2022: Rs. 180) carries an interest rate of 5.25% to 5.85% (March 31, 2022: 2% to 2.85%) due for repayment within 90-360 days (March 31, 2022: 180-360 days) from date of disbursement or expected shipment date whichever is earlier.

21 Revenue from Operations

(a) Revenue from contracts with customers:

	March 31, 2023	March 31, 2022
Revenue from projects and products	4,469.41	3,550.04
Revenue from services	650.73	433.72
Total revenue from contracts with customers (a)	**5,120.14**	**3,983.76**

(b) Other operating income

	March 31, 2023	March 31, 2022
Export incentives	21.50	12.43
Sale of Scrap	15.18	12.43
Commission income	3.20	2.48
Exchange fluctuation gain/(loss) (net)*	(21.67)	1.87
Royalty income	2.81	2.42
Total other operating income (b)	**21.02**	**31.63**
Total revenue from operations (a+b)	**5,141.16**	**4,015.39**

** Includes mark to market loss on forward contracts not subjected to hedge accounting Rs. 1.84 (March 31, 2022: gain Rs. 1.30)*

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

i) Revenue by category of contracts:

	March 31, 2023	March 31, 2022
Over a period of time basis	2,803.61	2,122.42
At a point-in-time basis	2,316.53	1,861.34
Total revenue from contracts with customers	**5,120.14**	**3,983.76**

ii) Revenue by geographical market:

	March 31, 2023	March 31, 2022
Within India	4,067.07	3,031.89
Outside India	1,053.07	951.87
Total revenue from contracts with customers	**5,120.14**	**3,983.76**

iii) Revenue by segment:

	March 31, 2023			
	Industrial Products	Industrial Infra	Chemical	Total
Revenue from contracts with customers				
External Revenue	2,812.00	1,781.82	599.11	5,192.93
Less: Inter segment	(61.46)	(4.95)	(6.38)	(72.79)
Total revenue from contracts with customers	**2,750.54**	**1,776.87**	**592.73**	**5,120.14**
Other operating income	17.12	(4.78)	8.68	21.02
Total revenue from operations	**2,767.66**	**1,772.09**	**601.41**	**5,141.16**

	March 31, 2022			
	Industrial Products	Industrial Infra	Chemical	Total
Revenue from contracts with customers				
External Revenue	2,179.31	1,372.58	505.85	4,057.74
Less: Inter segment	(65.71)	-	(8.27)	(73.98)
Total revenue from contracts with customers	**2,113.60**	**1,372.58**	**497.58**	**3,983.76**
Other operating income	25.18	1.40	5.04	31.63
Total revenue from operations	**2,138.78**	**1,373.98**	**502.62**	**4,015.39**

iv) Contract balances:

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

	March 31, 2023	March 31, 2022
Trade receivables (note 7)	1,323.16	1,126.88
Unbilled revenue (Contract asset) (note 9(b))	180.96	130.80
Unearned revenue (Contract liability) (note 19(b))	466.83	292.01
Customer advances (Contract liability) (note 19)	875.53	649.72

Contract assets primarily relate to the Company's rights to consideration for work completed but not billed at the reporting date from projects and customised contracts. The Contract assets are transferred to Trade receivables on completion of milestones and its related invoicing.

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

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

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

	March 31, 2023	March 31, 2022
Unearned revenue	207.38	185.76
Customer advance	461.46	395.16

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

The explanation of the significant changes in the unbilled and unearned balances during the reporting period is presented in the table below:

	March 31, 2023	March 31, 2023	March 31, 2022	March 31, 2022
Opening unbilled revenue (refer note 9(b))	**130.80**		**103.58**	
Opening unearned revenue (refer note 19(b))	**292.01**	**(161.21)**	**254.71**	**(151.13)**
- Transfer of contract assets to receivable from opening unbilled revenue	(125.48)		(95.12)	
- Increase in revenue as a result of changes in the measure of progress from the opening unearned revenue	207.38		185.76	
- Transfer of contract assets to receivables	(2,793.76)		(2,041.39)	
- Increase in revenue as a result of changes in the measure of progress	2,596.23		1,936.67	
- Others*	(9.03)	**(124.66)**	4.00	**(10.08)**
Closing unbilled revenue (refer note 9(b))	**180.96**		**130.80**	
Closing unearned revenue (refer note 19(b))	**466.83**	**(285.87)**	**292.01**	**(161.21)**

** includes adjustments on account of onerous contracts, impairment allowance on contract assets, etc.*

vii) Performance obligations:

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

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

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

Remaining performance obligations:

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

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.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

	March 31, 2023	March 31, 2022
Amount of revenue yet to be recognised for contracts in progress	3,754.64	4,300.41

The Company expects that a significant portion of the remaining performance obligation will be completed in next 1 to 2 years. However, the contracts with customers for supply of utilities are for a longer period.

viii) 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.

22 Other Income

	March 31, 2023	March 31, 2022
Interest income from financial assets carried at amortised cost		
Loan to subsidiary	6.43	3.15
Bank deposits	41.48	31.29
Interest income from financial assets at fair value through profit and loss		
Loan to subsidiary (preference shares)	4.21	4.21
Other interest income	0.36	4.95
Dividend income from equity investments carried at cost	7.09	19.30
Fair value gain on financial instrument at fair value through profit and loss (net)	40.04	37.89
Liabilities no longer required written back	9.89	12.18
Miscellaneous income^^	26.84	11.59
Total	**136.34**	**124.56**

^^Includes rent income of Rs. 5.09 (March 31, 2022: Rs. 4.19); refer note 31 C (i)

23 Cost of Raw Material and Components Consumed

	March 31, 2023	March 31, 2022
Inventories at the beginning of the year	201.67	125.35
Add: Purchases	2,856.23	2,418.61
	3,057.90	**2,543.96**
Inventories at the end of the year	(209.89)	(201.67)
Total	**2,848.01**	**2,342.29**

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

24 (Increase)/Decrease in Inventories of Finished Goods, Work-in-Progress and Traded Goods

	March 31, 2023	March 31, 2022
Inventories at the beginning of the year		
Work-in-progress	134.62	83.70
Finished goods	24.47	28.32
Traded goods	5.65	5.91
	164.74	**117.93**
Less: inventories at the end of the year		
Work-in-progress	136.57	134.62
Finished goods	32.66	24.47
Traded goods	7.80	5.65
	177.03	**164.74**
Total	**(12.29)**	**(46.81)**

25 Employee Benefits Expense

	March 31, 2023	March 31, 2022
Salaries and wages	489.97	418.73
Employee share-based payment expense (refer note 40)	2.05	-
Contribution to provident and other funds	32.54	28.30
Gratuity expense (note 33)	7.23	6.84
Staff welfare expenses	31.86	23.94
Total	**563.65**	**477.81**

26 Finance Costs

	March 31, 2023	March 31, 2022
Interest expense	13.04	6.86
Unwinding of discount	6.54	6.47
Total	**19.58**	**13.33**

27 Depreciation and Amortisation Expense

	March 31, 2023	March 31, 2022
Depreciation of property, plant and equipment (note 4 (a))	58.69	53.98
Depreciation of right-of-use assets (note 4 (b))	1.63	2.49
Amortisation of intangible assets (note 4 (c))	12.83	10.72
Total	**73.15**	**67.19**

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

28 (a) Other Expenses

	March 31, 2023	March 31, 2022
Consumption of stores and spare parts	61.71	51.67
Power and fuel	46.24	39.03
Freight and forwarding charges (net of recovery)	104.09	100.17
Site expenses and contract labour charges	607.59	437.16
Drawing, design and technical service charges	49.09	8.35
Sales commission	22.04	14.69
Advertisement and sales promotion	17.37	7.31
Rent (note 31 C (ii))	8.91	7.69
Rates and taxes	10.26	11.23
Insurance	9.86	5.29
Repairs and maintenance:		
Plant and machinery	12.97	16.54
Buildings	4.06	3.27
Others	55.18	33.60
Travelling and conveyance	56.04	39.25
Legal and professional fees (includes payment to auditor; refer note 28 (b))	73.88	68.72
Director sitting fees	0.75	0.69
Provision for doubtful advance	2.92	2.84
Provision for impairment allowance of financial assets (net)	29.91	(6.37)
Warranty expenses (net)	6.98	36.28
Loss on sale/ discard of assets (net)	3.53	(7.74)
CSR expenditure (note 28 (c))	5.37	6.66
Miscellaneous expenses (includes printing, communication, postage, security expense, etc.)	29.07	38.58
	1,217.82	**914.91**
Less: capitalised during the year (refer note 4 (d))	-	(0.12)
Less: expenses recovered from group companies	-	(7.55)
Total	**1,217.82**	**907.24**

28 (b) Payment to Auditors

	March 31, 2023	March 31, 2022
As auditor		
Audit and limited review fee	2.23	1.75
In other capacity		
Other services	0.06	0.10
Reimbursement of expenses	0.05	0.02
Total	**2.34**	**1.87**

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

28 (c) Corporate Social Responsibility (CSR)

		March 31, 2023	March 31, 2022
(a)	Gross amount required to be spent by the Company during the year	5.37	6.66
(b)	Amount spent during the year^	5.37	6.66
(c)	Shortfall at the end of the year	-	-
(d)	Total of previous years shortfall	-	-
(e)	Reason for shortfall	NA	NA
(f)	Nature of CSR activities	Education, Skill Development, Rural Development	Disaster Relief, Education, Skill Development, Rural Development
(g)	Details of related party transactions in relation to CSR expenditure as per relevant Accounting Standard:	5.37	6.66

^The amount is contributed to Thermax Foundation, India (refer note 34) which is engaged in education of economically underprivileged children by addressing social discrimination through affirmative actions, skill development and employability initiatives.

There is no provision for CSR expednditure as at March 31.2023 and March 31, 2022.

29 Earnings Per Share

	March 31, 2023	March 31, 2022
Net profit after tax attributable to the Equity shareholders	329.26	200.79
Weighted average number of Equity shares of Rs. 2/- each	11,91,56,300	11,91,56,300
Basic earnings per share	27.63	16.85
Diluted earnings per share	27.63	16.85

30 Components of Other Comprehensive Income (OCI)

The disaggregation of changes to OCI by each type of reserve in equity is shown below:

For the year ended March 31, 2023

	Cash flow hedge reserve	Retained Earnings	Total
Foreign exchange forward contracts	-	-	-
Reclassified to Statement of profit or loss (Net)	0.21	-	0.21
Re-measurement gains on defined benefit plans	-	(7.99)	(7.99)
Total	**0.21**	**(7.99)**	**(7.78)**

For the year ended March 31, 2022

	Cash flow hedge reserve	Retained Earnings	Total
Foreign exchange forward contracts	-	-	-
Reclassified to Statement of profit or loss (Net)	0.18	-	0.18
Re-measurement gains on defined benefit plans	-	4.06	4.06
Total	**0.18**	**4.06**	**4.24**

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

31 Contingent Liabilities and Commitments

A Contingent liabilities

a) Taxes*^

	March 31, 2023	March 31, 2022
Excise, Customs Duty and Service tax	8.05	159.12
Sales tax	16.76	19.72
Income tax demands disputed in appellate proceedings#	85.01	68.43
References/appeals preferred by the Income tax department in respect of which, should the ultimate decision be unfavourable to the Company	16.36	16.91
Others	0.12	0.10

** Excluding of interest and penalty thereon.*

 # The above excludes the effects of similar disallowances, if any, for any subsequent period that are pending for open assessments.

^ Against income tax disputed demand, the Company has received favourable ITAT orders in earlier years (similar issues) for Rs. 93.62 (March 31, 2022: Rs. 59.45)

b) Guarantees on behalf of subsidiaries

	March 31, 2023	March 31, 2022
Counter corporate guarantees issued to banks (Also refer note 32)	147.51	92.64
Indemnity bonds, letter of support/comfort and corporate guarantees (Also refer note 32)	2,527.98	2,001.17

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

c) Others^

	March 31, 2023	March 31, 2022
Liability for export obligations	0.61	0.58
Claims against the Company not acknowledged as debt*	206.43	209.13

The timing and amount of the cash flow which will arise from these matters, will be determined by the relevant authorities on settlement of the cases or on receipt of claims from customers.

^ Excluding of interest and penalty thereon.

**Claims against the Company not acknowledged as debt on account of ongoing arbitration/ legal dispute with the various customers / vendors of the Company. Based on the legal opinion on few matters and management assessments of the facts of the case, no provision against the above claim is considered. Pending resolution of the matters, it is not practicable to estimate the timing of cash outflows, if any.*

B Capital and other commitments

a) Liability in respect of partly paid shares Rs. Nil (March 31, 2022: Rs. 0.09).

b) Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for is Rs. 19.39 (March 31, 2022: Rs. 12.29).

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023
(All amounts are in Rupees Crore, except per share data and unless stated otherwise)

C Lease commitments

i) Operating lease: Company as lessor

The Company has leased certain parts of its surplus office and buildings. The tenure of such lease agreements ranges from 1 to 5 years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions. For nature of assets refer note 4(a).

	March 31, 2023	March 31, 2022
Lease rental received for the year	5.09	4.19

ii) Where the Company is lessee

The Company has taken land, office buildings, factory sheds, guest house, warehouse, vehicles, printers and other office equipments on lease for a tenure of 1 to 99 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets. However, Company has sub-leased some portion of its land and building to its subsidiary. There are no variable lease payments and residual value guarantees for these leases. The leases are renewable on mutually agreeable terms. At the expiry of the lease term, either party has an option to terminate the agreement or extend the term by giving notice in writing. The Company also has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Carrying amounts of lease liabilities and the movements during the year:

	March 31, 2023	March 31, 2022
At the beginning of the year	5.29	6.91
Additions	-	-
Others	-	-
Accretion of interest	-	-
Payments made	(1.12)	(1.62)
Total*	**4.17**	**5.29**
Current portion	1.66	1.40
Non-current portion	2.51	3.89
Total*	**4.17**	**5.29**

** Pertains to offices and vehicles taken on lease*

Details of amounts recognised in statement of profit and loss

	March 31, 2023	March 31, 2022
Depreciation expense of right-of-use assets	1.63	2.49
Interest expense on lease liabilities	-	-
Expense relating to short-term leases#	7.47	6.87
Expense relating to leases of low-value assets (included in other expenses)	1.44	0.82
Total amount recognised in statement of profit or loss#	**10.54**	**10.18**

 # Included in rent, travel and conveyance and staff welfare.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023
(All amounts are in Rupees Crore, except per share data and unless stated otherwise)

32 (A) Disclosure Required under Section 186(4) of Companies Act, 2013

a) Loans to related parties include loans given to subsidiaries. The particulars of which are disclosed below as required by Sec 186(4) of the Act.

Name of the party	Rate of interest (p.a.)	Due date and amount payable	Purpose	March 31, 2023 Amount	March 31, 2022 Amount
First Energy Private Limited*	SBI Base rate plus 1%, currently 7% to 8.55% (March 31, 2022: 8.55%)	The loan shall be repaid as per terms of agreement ranging within time period of 90 to 180 days.	The loan has been granted to the subsidiary for working capital requirements	173.12	4.12

**Before impairment allowance of Rs. 4.12 (March 31, 2022: Rs. 4.12).*

b) Bank guarantees and letters of credit issued favouring end customers on behalf of the subsidiaries. Details are as below:

Name of the party	March 31, 2023 Amount		March 31, 2022 Amount	
	Foreign Currency (million)	Amount	Foreign Currency (million)	Amount
Thermax Instrumentation Limited	-	-	-	0.74
First Energy 3 Private Limited ^	-	106.74	-	-
Thermax Onsite Energy Solutions Limited	-	0.75	-	1.42
Thermax Babcock & Wilcox Energy Solutions Limited	USD 2.72	22.35	USD 4.85	36.75
Thermax Babcock & Wilcox Energy Solutions Limited	-	17.67	-	53.73
Total		**147.51**		**92.64**

Purpose: Bank guarantees issued favouring end customers on behalf of the subsidiaries.

^ The Company has issued an overall limit of non funding facilities to First Energy Private Limited and its Subsidiaries of Rs. 250 (March 31, 2022: Rs. Nil)

c) The Company has issued letter of support/comfort and corporate guarantees on behalf of subsidiaries. Details are given below:

Name of the party	March 31, 2023		March 31, 2022	
	Foreign Currency (million)	Amount	Foreign Currency (million)	Amount
Thermax Instrumentation Limited	-	80.00	-	80.00
Thermax Engineering Construction Company Limited	-	7.00	-	10.00
Thermax Babcock & Wilcox Energy Solutions Limited	-	2,115.00	-	1,615.00
Thermax Cooling Solutions Limited	-	12.00	-	35.00
Thermax Engineering Singapore Pte. Ltd.	USD 10	82.34	USD 10	75.92
Danstoker A/S	USD 11.9	97.98	USD 8.9	67.57
First Energy Private Lmited	-	0.15	-	-
Thermax Onsite Energy Solutions Limited	-	10.00	-	-
PT Thermax International Indonesia	USD 11.4	93.87	USD 11.4	86.55
Rifox-Hans Richter GmbH Spezialarmaturen	-	-	EUR 0.45	3.80
Thermax SDN BHD, Malaysia	USD 1.1	9.06	USD 1.1	8.35
Thermax (Thailand) Ltd., Thailand	USD 2.5	20.58	USD 2.5	18.98
Total		**2,527.98**		**2,001.17**

The above guarantees have been issued for the purpose of various banking facilities for the subsidiaries.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

32 (B) Disclosure of Ultimate Beneficiaries

For March 31, 2023:

Name of the subsidiary	Date of investment into subsidiary	Nature of transactions	Amount invested in subsidiary	Name of the beneficiary	Date of further investment by subsidiary into beneficiary	Nature of transactions	Amount invested by subsidiary into beneficiary
First Energy Private Limited	June 30, 2022	Equity	12.50	Jalansar Wind Energy Private Limited	August 1, 2022	Equity	1.60
				Kanakal Wind Energy Private Limited	August 1, 2022	Equity	2.40
				First Energy 2 Private Limited	July 5, 2022	Equity	2.00
				First Energy 2 Private Limited	July 7, 2022	Equity	0.25
				First Energy 2 Private Limited	July 29, 2022	Equity	1.25
				First Energy 2 Private Limited	August 1, 2022	Equity	5.00
First Energy Private Limited	August 4, 2022	Loan	43.00	First Energy 3 Private Limited	August 4, 2022	Loan	38.91
				First Energy 3 Private Limited	August 18, 2022	Loan	0.75
				First Energy 3 Private Limited	August 23, 2022	Loan	0.10
				First Energy 3 Private Limited	September 14, 2022	Loan	0.20
				First Energy 3 Private Limited	December 31, 2022	Loan	3.04
First Energy Private Limited	September 5, 2022	Equity	10.00	First Energy 3 Private Limited	September 7, 2022	Equity	5.00
				First Energy 3 Private Limited	September 8, 2022	Equity	5.00
First Energy Private Limited	September 8, 2022	Equity	30.00	First Energy 3 Private Limited	September 12, 2022	Equity	30.00
First Energy Private Limited	November 28, 2022	BG/LC	7.76	First Energy 3 Private Limited	November 28, 2022	Security	7.76
First Energy Private Limited	January 20, 2023	BG/LC	6.03	First Energy 3 Private Limited	January 20, 2023	Security	6.03
First Energy Private Limited	December 26, 2022	Loan	22.00	First Energy 3 Private Limited	December 26, 2022	Loan	22.00
First Energy Private Limited	December 28, 2022	Loan	55.00	First Energy 3 Private Limited	December 28, 2022	Loan	55.00
First Energy Private Limited	January 19, 2023	Loan	102.00	First Energy 4 Private Limited	January 19, 2023	Loan	102.00
First Energy Private Limited	January 31, 2023	Equity	23.84	First Energy 3 Private Limited	February 2, 2023	Equity	33.84
First Energy Private Limited	February 1, 2023	Equity	10.00				
First Energy Private Limited	February 15, 2023	Loan	25.97	First Energy 4 Private Limited	February 15, 2023	Loan	8.50
				First Energy 5 Private Limited	February 15, 2023	Loan	12.00
				First Energy 6 Private Limited	March 23, 2023	Loan	5.47
First Energy Private Limited	March 1, 2023	Loan	22.00	First Energy 3 Private Limited	March 1, 2023	Equity	22.00

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

Name of the subsidiary	Date of investment into subsidiary	Nature of transactions	Amount invested in subsidiary	Name of the beneficiary	Date of further investment by subsidiary into beneficiary	Nature of transactions	Amount invested by subsidiary into beneficiary
First Energy Private Limited	March 14, 2023	Loan	24.05	First Energy 4 Private Limited	March 14, 2023	Loan	7.52
				First Energy 4 Private Limited	March 20, 2023	Loan	0.18
				First Energy 5 Private Limited	March 14, 2023	Loan	10.81
				First Energy 5 Private Limited	March 20, 2023	Loan	0.29
				First Energy 6 Private Limited	March 23, 2023	Loan	5.25
First Energy Private Limited	March 29, 2023	Loan	9.28	First Energy 4 Private Limited	March 29, 2023	Loan	5.38
				First Energy TN1 Private Limited		Loan	0.90
				First Energy 5 Private Limited		Loan	3.00

For March 31, 2022:

Name of the subsidiary	Date of investment into subsidiary	Nature of transactions	Amount invested in subsidiary	Name of the beneficiary	Date of further investment by subsidiary into beneficiary	Nature of transactions	Amount invested by subsidiary into beneficiary
Thermax Netherlands B.V., Netherlands	April 8, 2021	Equity	EUR 1.06 Million (Rs. 9.37 crs)	Thermax Denmark ApS, Denmark	April 9, 2021	Equity	EUR 1.01 Million (Rs. 8.93 crs)
First Energy Private Limited, India	August 24, 2021	Equity	Rs. 22 crs	First Energy TN 1 Private Limited, India	March 16, 2022	Equity	Rs. 22 crs
Thermax Netherlands B.V., Netherlands	September 9, 2021	Equity	EUR 0.6 Million (Rs. 5.23 crs)	Thermax Denmark ApS, Denmark	September 16, 2021	Equity	EUR 0.5 Million (Rs. 4.36 crs)
Thermax Engineering Singapore Pte Ltd, Singapore	December 24, 2021	Equity	USD 1 Million (Rs. 7.59 crs)	Thermax (Thailand) Limited, Thailand	March 4, 2022	Equity	USD 0.34 Million (Rs. 2.58 crs)

Other than as disclosed above, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries. The Company has complied with the relevant provisions of the Foreign Exchange Management Act, 1999 (42 of 1999) and the Companies Act for the above transactions and the transactions are not violative of the Prevention of Money-Laundering Act, 2002 (15 of 2003).

The Company have 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 Group 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.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

33 Gratuity

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

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

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

Particulars	Present value of obligation	Fair value of plan assets	Net amount
April 1, 2021	67.43	(71.89)	(4.47)
Current service cost	7.61	-	7.61
Interest expense/(income)	4.14	(4.91)	(0.77)
Total amount recognised in Profit or Loss	**11.75**	**(4.91)**	**6.84**
Experience adjustments	(3.20)	-	(3.20)
Actuarial loss from change in financial assumptions	(1.46)	-	(1.46)
Demographic adjustments	(0.34)	-	(0.34)
Return on plan assets (income)	-	(0.43)	(0.43)
Total amount recognised in Other Comprehensive (Income)/Loss	**(5.00)**	**(0.43)**	**(5.43)**
Employer contributions	-	(8.90)	(8.90)
Benefits paid	(6.97)	6.97	-
Transfer Out	0.67	(0.67)	-
March 31, 2022	**67.88**	**(79.83)**	**(11.95)**
Current service cost	8.41	-	8.41
Interest expense/(income)	4.35	(5.53)	(1.18)
Total amount recognised in Profit or Loss (note 25)	**12.76**	**(5.53)**	**7.23**
Experience adjustments	13.38	-	13.38
Actuarial gain from change in financial assumptions	(2.65)	-	(2.65)
Demographic adjustments	-	-	-
Return on plan assets (income)	-	(0.05)	(0.05)
Total amount recognised in Other Comprehensive Income	**10.73**	**(0.05)**	**10.68**
Employer contributions	-	(9.97)	(9.97)
Benefits paid	(8.10)	8.10	-
Transfer Out	(0.74)	-	(0.74)
March 31, 2023	**82.53**	**(87.28)**	**(4.75)**

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

Particulars	March 31, 2023	March 31, 2022
Present value of funded obligation	82.53	67.88
Fair value of plan assets	(87.28)	(79.83)
Surplus of funded plan	**(4.75)**	**(11.95)**

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

III Significant assumptions

The principal actuarial assumptions were as follows:

Particulars	March 31, 2023	March 31, 2022
Discount rate	7.40%	6.84%
Salary growth rate	7.00%	7.00%
Normal retirement age	60 years	60 years
Mortality table	Indian Assured Lives Mortality (2012-14) Ultimate	Indian Assured Lives Mortality (2012-14) Ultimate
Employee turnover	5% to 12%	5% to 12%

IV Sensitivity analysis

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

Assumption	Impact on defined benefit obligation	
	March 31, 2023	March 31, 2022
Discount rate		
1.00% increase	Decrease by 4.93	Decrease by 3.88
1.00% decrease	Increase by 4.45	Increase by 4.35
Future salary increase		
1.00% increase	Increase by 3.64	Increase by 3.97
1.00% decrease	Decrease by 4.28	Decrease by 3.61
Attrition rate		
1.00% increase	Increase by 0.10	Increase by 0.17
1.00% decrease	Decrease by 0.10	Decrease by 0.19

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

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

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

Particulars	March 31, 2023	March 31, 2022
Within next 12 months	13.83	8.07
Between 2-5 years	49.66	27.40
Next 5 years	61.37	20.48

The average duration of the defined benefit plan obligation at the end of the reporting period is 8 years (March 31, 2022: 8 years)

The Company expects to contribute Rs. 2 to gratuity fund in the next year (March 31, 2022: Rs. 2)

V The major categories of plan assets are as follows:

Particulars	March 31, 2023	March 31, 2022
Investments with Insurer (LIC of India)	100.00%	100.00%

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

34 Related Party Disclosures

A Subsidiaries

Unless otherwise stated, the subsidiaries have share capital consisting solely of equity shares that are held directly or indirectly by the Company, and the proportion of ownership interests held equals the voting rights held by the Company. The country of incorporation or registration is also their principal place of business.

Sr. No.	Name of the entity	Place of business/ Country of incorporation	Ownership interest	
			March 31, 2023	March 31, 2022
1	Thermax Onsite Energy Solutions Limited	India	100%	100%
2	Thermax Instrumentation Limited	India	100%	100%
3	Thermax Engineering Construction Company Limited	India	100%	100%
4	Thermax Sustainable Energy Solutions Limited	India	100%	100%
5	Thermax International Limited	Mauritius	100%	100%
6	Thermax Europe Ltd.	United Kingdom	100%	100%
7	Thermax Inc.*	U.S.A.	100%	100%
8	Thermax do Brasil Energia-e Equipamentos Ltda.	Brazil	100%	100%
9	Thermax Netherlands B.V.	Netherlands	100%	100%
10	Thermax Denmark ApS*	Denmark	100%	100%
11	Danstoker A/S*	Denmark	100%	100%
12	Ejendomsanp artsselskabet Industrivej Nord 13*	Denmark	100%	100%
13	Boilerworks A/S*	Denmark	100%	100%
14	Boilerworks Properties ApS Industrivej*^	Denmark	NA	100%
15	Danstoker Poland S.p.Z.o.o.*	Poland	100%	100%
16	Rifox-Hans Richter GmbH Spezialarmaturen	Germany	100%	100%
17	Thermax SDN. BHD*	Malaysia	100%	100%
18	Thermax Engineering Singapore Pte. Ltd.	Singapore	100%	100%
19	PT Thermax International Indonesia*	Indonesia	100%	100%
20	Thermax Senegal S.A.R.L.*^	Senegal	NA	100%
21	First Energy Private Limited	India	100%	100%
22	First Energy TN 1 Private Limited*	India	74%	NA
23	First Energy 2 Private Limited*	India	74%	NA
24	First Energy 3 Private Limited*	India	74%	NA
25	First Energy 4 Private Limited*	India	100%	NA
26	First Energy 5 Private Limited*	India	100%	NA
27	First Energy 6 Private Limited*	India	100%	NA
28	First Energy 7 Private Limited*	India	100%	NA
29	Jalansar Wind Energy Private Limited*	India	74%	NA
30	Kanakal Wind Energy Private Limited*	India	74%	NA
31	Thermax Bio Energy Solutions Private Limited	India	65%	NA
32	Thermax Energy and Environment Philippines Corporation*	Philippines	100%	100%
33	Thermax Energy & Environment Lanka (Private) Limited*	Sri Lanka	100%	100%
34	Thermax Nigeria Limited*	Nigeria	100%	100%
35	Thermax Babcock & Wilcox Energy Solutions Limited (formerly known as Thermax Babcock & Wilcox Energy Solutions Private Limited) (TBWES)	India	100%	100%

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

Sr. No.	Name of the entity	Place of business/ Country of incorporation	Ownership interest	
			March 31, 2023	March 31, 2022
36	Thermax Cooling Solutions Limited	India	100%	100%
37	Thermax Engineering Construction FZE*	Nigeria	100%	100%
38	Thermax International Tanzania Limited*	Tanzania	100%	100%
39	Thermax (Thailand) Limited*	Thailand	100%	100%
40	Enernxt Private Limited*	India	100%	100%
41	Thermax Employee ESOP and Welfare Trust**	India	-	-

** Held indirectly*

^ Liquidated during the year FY 22-23

*** The Company has all ESOP trust and Employee Welfare Trusts set up for the welfare of the employees. Pursuant to the arrangement between the Trusts and the Company, the Company has determined that it has power to direct the relevant activities of the trust while being exposed to variable returns from its involvement with these entities.*

B Holding Company

Sr. No.	Name of the entity	Place of business/ Country of incorporation	Ownership interest	
			March 31, 2023	March 31, 2022
1	RDA Holdings Private Limited	India	53.99%	53.99%

C Associates

Sr. No.	Name of the entity	Place of business/ Country of incorporation	Ownership interest	
			March 31, 2023	March 31, 2022
1	Exactspace Technologies Private Limited (since January 25, 2022)	India	10.41%	10.41%
2	Covascis Technologies Private Limited (since July 22, 2022)	India	16.67%	NA

D Individuals having significant influence over the Company by reason of voting power and their relatives:

1 Mrs. Meher Pudumjee - Chairperson
2 Mrs. Anu Aga - Relative of Director / Chairperson
3 Mr. Pheroz Pudumjee - Director
4 Mr. Zahaan Pudumjee - Relative of Director / Chairperson
5 Ms. Lea Pudumjee - Relative of Director / Chairperson

E Key Management Personnel:

1 Mr. Ashish Bhandari - Managing Director and Chief Executive Officer
2 Dr Valentin A. H. von Massow - Independent Director (ceased to be director w.e.f. July 21, 2022)
3 Dr Jairam Varadaraj - Independent Director
4 Mr. Nawshir Mirza - Independent Director
5 Mr. Harsh Mariwala - Independent Director
6 Mr. Sashishekhar Balakrishna (Ravi) Pandit - Independent Director
7 Mrs. Rajani Kesari - Independent Director
8 Mr. Rajendran Arunachalam - Chief Financial Officer

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

9 Ms. Janhavi Khele- Company Secretary

10 Mr. Ravi Shankar Gopinath

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

1 Thermax Foundation, India

2 ARA Trusteeship Company Private Limited, India

3 Marico Limited, India

4 Elgi Ultra Industries Limited, India

5 Elgi Equipments Limited, India

6 The Akanksha Foundation, India

7 Festo India Private Limited, India

8 Kirtane & Pandit LLP, India

G Transactions with related parties for the year ended March 31, 2023:

	Subsidiaries	Associates	Enterprises over which control is exercised by Individuals having Significant influence over the company and Key Management Personnel	Key Management Personnel and Individuals having Significant influence over the company mentioned in E	Total
a. Transactions during the year					
Revenue from contracts with customers	346.58	-	2.71	-	**349.29**
Commission income	0.01	-	-	-	**0.01**
Miscellaneous income	4.99	-	-	-	**4.99**
Interest income	6.42	-	-	-	**6.42**
Dividend income	7.09	-	-	-	**7.09**
Recovery of expenses	85.94	-	-	-	**85.94**
Purchase of raw material and components	189.70	-	5.49	-	**195.19**
Site expenses and contract labour charges	58.54	-	-	-	**58.54**
Reimbursement of expenses	25.04	-	-	-	**25.04**
Other expenses	2.23	3.47	-	-	**5.70**
Remuneration to Key Management Personnel*	-	-	-	8.13	**8.13**
CSR Expenditure	-	-	5.37	-	**5.37**
Investment in equity shares#	90.17	-	-	-	**90.17**
Loans given	341.00	-	-	-	**341.00**
Loan Recovered	172.00	-	-	-	**172.00**
Director's sitting fees	-	-	-	0.76	**0.76**
Commission paid	-	-	-	5.35	**5.35**
Rent paid	0.99	-	-	0.63	**1.62**

** Does not include gratuity and leave encashment since the same is calculated for all employees of the company as a whole.*

The above table excludes dividend paid to RDA Holdings Private Limited, India Rs. 57.90 and to Employee Welfare and ESOP Trust Rs. 5.89.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

Transactions carried out in the capacity of agent with TBWES:

Description	March 31, 2023
Revenue from contracts with customers	8.71
Purchase of raw material and components	52.07

Receivables and Payables arising in the capacity of agent with TBWES have been presented on a net basis in the financial statements.

During the year, the Company got reimbursement of employee cost from TBWES amounting to Rs. 0.55.

	Subsidiaries	Associates	Enterprises over which control is exercised by Individuals having Significant influence over the company and Key Management Personnel	Key Management Personnel and Individuals having Significant influence over the company mentioned in E	Total
b. Balances as at reporting date					
Trade receivables^	140.07	-	-	-	**140.07**
Advances given#	61.95	-	-	-	**61.95**
Loans given*	170.89	-	-	-	**170.89**
Trade payables	102.96	0.62	0.08	-	**103.66**
Advances received	38.11	-	0.03	-	**38.14**
Guarantee /letter of comfort given on behalf of subsidiaries	2,675.49	-	-	-	**2,641.52**

^ Before impairment provision Rs. 4.21 (March 31, 2022: Rs. 0.30)

** Before impairment provision Rs. 4.12 (March 31, 2022: Rs. 4.12)*

 # Includes capital advances of Rs. 0.65 (March 31, 2022: Rs. 0.90)

H Transactions with related parties for the year ended March 31, 2022:

	Subsidiaries	Enterprises over which control is exercised by Individuals having Significant influence over the company and Key Management Personnel	Key Management Personnel and Individuals having Significant influence over the company mentioned in E	Total
a. Transactions during the year				
Revenue from contracts with customers	306.89	0.08	-	**306.97**
Commission income	0.07	-	-	**0.07**
Miscellaneous income	4.46	-	-	**4.46**
Interest income	3.15	-	-	**3.15**
Dividend income	19.30	-	-	**19.30**
Recovery of expenses	56.53	-	-	**56.53**
Purchase of raw material and components	156.89	0.34	-	**157.23**
Site expenses and contract labour charges	55.46	-	-	**55.46**
Reimbursement of expenses	15.83	-	0.03	**15.86**
Other expenses	1.10	-	0.04	**1.14**
Remuneration to Key Management Personnel*	-	-	7.36	**7.36**
CSR expenditure	-	6.66	-	**6.66**

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

	Subsidiaries	Enterprises over which control is exercised by Individuals having Significant influence over the company and Key Management Personnel	Key Management Personnel and Individuals having Significant influence over the company mentioned in E	Total
Investment in equity shares	105.68	-	-	**105.68**
Loans given	-	-	-	**-**
Loan Recovered	76.00	-	-	**76.00**
Director's sitting fees	-	-	0.69	**0.69**
Commission paid	-	-	4.82	**4.82**
Rent paid	0.63	-	0.60	**1.23**

* Does not include gratuity and leave encashment since the same is calculated for all employees of the company as a whole.

Transactions carried out in the capacity of agent with TBWES:

Description	March 31, 2022
Revenue from contracts with customers	19.78
Purchase of raw material and components	11.99

Receivables and Payables arising in the capacity of agent with TBWES have been presented on a net basis in the financial statements.

During the year, the Company got reimbursement of employee cost from TBWES amounting to Rs. 0.43.

	Subsidiaries	Enterprises over which control is exercised by Individuals having Significant influence over the company and Key Management Personnel	Key Management Personnel and Individuals having Significant influence over the company mentioned in E	Total
b. Balances as at reporting date				
Trade receivables^	117.30	-	-	**117.30**
Advances given#	57.49	-	-	**57.49**
Loans given (including security deposit)*	4.12	-	-	**4.12**
Security Deposits	-	-	0.53	**0.53**
Trade payables	90.77	0.16	-	**90.93**
Advances received	15.42	0.01	-	**15.43**
Guarantee /letter of comfort given on behalf of subsidiaries	2,093.81	-	-	**2,093.81**

^ Before impairment provision Rs. 0.30 (March 31, 2021 : Rs. 0.30)

** Before impairment provision Rs. 4.12 (March 31, 2021 : Rs. 4.12)*

 # Includes capital advances of Rs. 0.90 (March 31, 2021 : Rs. 0.90)

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

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

Particulars	March 31, 2023	March 31, 2022
Transactions during the year		
Revenue from contracts with customers		
Thermax Inc., U.S.A.	156. 17	131.81
Thermax Europe Limited., U.K	45.31	41.54
Thermax Onsite Energy Solutions Limited	51.79	81. 18
Thermax Babcock & Wilcox Energy Solutions Limited	64.78	31.32
PT Thermax International, Indonesia	7.29	11.33
Commission income		
Thermax Engineering Construction Company Limited	0.01	0.05
Thermax Instrumentation Limited	0.00	0.02
Miscellaneous income		
Thermax Instrumentation Limited	0.74	0.63
Thermax Babcock & Wilcox Energy Solutions Limited	4.25	3.83
Interest income		
Thermax Babcock & Wilcox Energy Solutions Limited	-	3. 15
First Energy Private Limited, India	6.42	-
Dividend income		
Thermax Engineering Construction Company Limited	7.09	13.90
Thermax Instrumentation Limited	-	5.40
Recovery of expenses		
Thermax Instrumentation Limited	3.43	3.78
Thermax Babcock & Wilcox Energy Solutions Limited	43.91	33.45
Thermax Inc., U.S.A.	24.45	8.23
Thermax International Tanzania Limited, Tanzania	0.02	7.66
Thermax Onsite Energy Solutions Limited	2.70	1.80
Purchase of raw material and components		
Rifox-Hans Richter GmbH Spezialarmaturen	0. 16	2.94
Thermax Babcock & Wilcox Energy Solutions Limited	177. 12	144.94
Thermax Cooling Solutions Limited	11. 12	8.45
Thermax Instrumentation Limited	0.34	0.27
Site expenses and contract labour charges		
Thermax Babcock & Wilcox Energy Solutions Limited, India	0.81	0.06
Thermax Instrumentation Limited	57.73	55.40
Reimbursement of expenses		
Thermax Europe Limited., U.K	0.74	0.83
Thermax SDN. BHD, Malaysia	2.66	3.02

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

Particulars	March 31, 2023	March 31, 2022
Thermax Inc., U.S.A.	0.18	0.74
Thermax Babcock & Wilcox Energy Solutions Limited	1.16	1.01
Thermax Nigeria Limited	2.63	1.75
Thermax Energy and Environment Philippines Corporation	1.65	1.11
Thermax (Thailand) Limited	10.48	3.80
Thermax Instrumentation Limited	1.34	1.07
Other expenses		
PT Thermax International, Indonesia	0.08	0.26
Thermax Denmark ApS	-	0.08
Thermax Instrumentation Limited	-	0.72
Thermax Inc., U.S.A.	0.48	-
Exactspace Technologies Private Limited	3.37	-
Remuneration to Key Management Personnel, excluding commission		
Mr. Ashish Bhandari	5.91	5.25
Mr. Rajendran Arunachalam	1.78	1.49
Ms. Janhavi Khele	0.44	0.37
CSR Expenditure		
Thermax Foundation	5.37	6.66
Investment in equity shares		
Thermax Onsite Energy Solutions Limited	-	30.00
Thermax Netherlands B.V.	-	14.59
First Energy Private Limited	86.44	53.50
Thermax Engineering Singapore Pte. Ltd.	-	7.59
Transactions during the year		
Loans given		
First Energy Private Limited	341.00	-
Loans recovered		
First Energy Private Limited	172.00	-
Thermax Babcock & Wilcox Energy Solutions Limited	-	76.00
Directors sitting fees		
Mrs. Meher Pudumjee	0.09	0.09
Mr. Pheroz Pudumjee	0.11	0.12
Dr. Valentin A. H. von Massow	0.03	0.09
Mr. Ravi Shankar Gopinath	0.09	-
Dr. Jairam Varadaraj	0.11	0.11
Mr. Nawshir Mirza	0.11	0.09
Mr. Ravi Pandit	0.09	0.08
Mr. Harsh Mariwala	0.07	0.05
Mrs. Rajani Kesari	0.08	0.07

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

Particulars	March 31, 2023	March 31, 2022
Commission paid		
Mrs. Meher Pudumjee	0.46	0.41
Mr. Pheroz Pudumjee	0.23	0.18
Dr. Valentin A. H. von Massow	0.32	0.29
Mr. Ravi Shankar Gopinath	0.08	-
Dr. Jairam Varadaraj	0.18	0.14
Mr. Nawshir Mirza	0.38	0.32
Mr. Harsh Mariwala	0.23	0.18
Mr. Ravi Pandit	0.18	0.14
Mrs. Rajani Kesari	0.18	0.14
Mr. Ashish Bhandari	3.12	3.04
Rent paid		
Mrs. Meher Pudumjee	-	0.16
Mrs. Anu Aga	0.63	0.28
Mr. Pheroz Pudumjee	-	0.16
Thermax Instrumentation Limited	0.63	0.63
Thermax Babcock & Wilcox Energy Solutions Limited	0.36	-

Particulars	March 31, 2023	March 31, 2022
Balances as at year end		
Trade receivables		
Thermax Inc., U.S.A.	41.50	44.41
Thermax Europe Limited., U.K	12.13	4.71
Thermax Babcock & Wilcox Energy Solutions Limited	47.69	27.80
PT Thermax International, Indonesia	9.63	8.22
Thermax Onsite Energy Solutions Limited	9.70	15.69
Advances given		
Thermax Instrumentation Limited	14.69	20.23
Thermax Babcock & Wilcox Energy Solutions Limited	41.05	33.64
Loans given		
First Energy Private Limited	175.01	4.12
Trade payables		
Thermax Instrumentation Limited	28.58	34.77
Thermax (Thailand) Limited	5.61	3.79
Thermax Babcock & Wilcox Energy Solutions Limited	54.71	44.64
Advances received		
Thermax Onsite Energy Solutions Limited	17.86	5.31
Thermax Engineering Singapore Pte. Ltd.	-	1.48
Thermax Inc., U.S.A.	6.02	0.01
Thermax Babcock & Wilcox Energy Solutions Limited	14.16	6.28
Enernxt Private Limited	-	1.98

For details of guarantee/ letter of comfort given as at the closing date on behalf on subsidiaries, refer note 32.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023
(All amounts are in Rupees Crore, except per share data and unless stated otherwise)

J Loans and advances in the nature of loans given to subsidiaries

	March 31, 2023	March 31, 2022
Thermax Babcock & Wilcox Energy Solutions Limited		
Balance outstanding	-	-
Maximum amount outstanding during the year	-	76.00
First Energy Private Limited		
Balance outstanding	173.12	4.12
Maximum amount outstanding during the year	297.12	4.12

K Terms and conditions of related party transactions

The revenues 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 except loans given and settlement occurs in cash. Refer note 32(A)(a) for terms and conditions for loans to related parties.
There have been no guarantees provided or received for any related party receivables or payables except as disclosed in Note 32.

As on year ended March 31, 2023, the Company has recorded an impairment of receivables amounting to Rs. 4.21 (March 31, 2022: Rs. 0.30) and impairment of loan amounting to Rs. 4.12 relating to amounts owed by related parties (March 31, 2022: Rs. 4.12). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

35 Segment Information

In accordance with para 4 of Ind AS 108 "Operating Segments", the Company has disclosed segment information in the consolidated financial statements.

36 Fair Value Measurements

a) Category of financial instruments and valuation techniques

(i) Financial assets

Details of financial assets carried at amortised cost:

	As at March 31, 2023	As at March 31, 2022
Trade receivables	1,323.16	1,126.88
Loans	174.55	4.23
Investments	521.24	223.71
Other financial assets	223.69	202.15
Cash and cash equivalents	120.82	128.60
Bank balances other than cash and cash equivalents (includes fixed deposits with banks)	287.66	312.97
Total	**2,651.12**	**1,998.54**
Current assets	2,525.34	1,646.54
Non-current assets	125.78	352.00
Total	**2,651.12**	**1,998.54**

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

Details of financial assets carried at fair value through profit and loss:

	As at March 31, 2023	As at March 31, 2022
Investments	951.94	1,082.19
Total	**951.94**	**1,082.19**
Current assets	662.64	452.17
Non-current assets	289.30	630.02
Total	**951.94**	**1,082.19**

The fair values of the quoted shares are based on price quotations at the reporting date and unquoted mutual funds are based on Net Asset Value as at the reporting date.

Details of derivative assets

	As at March 31, 2023	As at March 31, 2022
Derivative instruments		
Cash flow hedges		
Foreign exchange forward contracts	1.11	0.80
Derivative not designated as hedges		
Foreign exchange forward contracts	1.84	3.67
Total	**2.95**	**4.47**
Current assets	2.95	4.47
Non-current assets	-	-
Total	**2.95**	**4.47**

(ii) Financial liabilities

Details of financial liabilities carried at amortised cost

	As at March 31, 2023	As at March 31, 2022
Borrowings	220.00	180.00
Trade payable	1,072.53	1,035.12
Employee related payables	72.33	58.69
Other liabilities	16.24	18.82
Total	**1,381.10**	**1,292.63**
Current liabilities	1,344.14	1,227.88
Non current liabilities	36.96	64.75
Total	**1,381.10**	**1,292.63**

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

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

Details of derivative liabilities

	As at March 31, 2023	As at March 31, 2022
Derivative instruments		
Cash flow hedges		
Foreign exchange forward contracts	0.57	0.64
Derivative not designated as hedges		
Foreign exchange forward contracts	3.68	2.06
Total	**4.25**	**2.70**
Current liabilities	4.25	2.70
Non-current liabilities	-	-
Total	**4.25**	**2.70**

The Company enters into derivative financial instruments in the nature of forward exchange contracts with banks. Foreign exchange forward contracts are valued using valuation techniques, which employs the use of market observable inputs which captures credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies and currency basis spreads between the respective currencies. All derivative contracts are fully cash collateralised, thereby eliminating both counterparty and the Company's own non-performance risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognised at fair value.

b) Fair value hierarchy

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

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2023:

	Date of valuation	Level 1	Level 2	Level 3*
Financial assets				
Investments				
Equity instruments	March 31, 2023	-	-	-
Preference shares	March 31, 2023	-	-	72.46
Mutual funds	March 31, 2023	879.48	-	-
Corporate Deposits	March 31, 2023	-	359.46	-
Derivative financial assets	March 31, 2023	-	2.95	-
Financial liabilities				
Derivative financial liabilities	March 31, 2023	-	4.25	-

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

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

	Date of valuation	Level 1	Level 2	Level 3*
Financial assets				
Investments				
Equity instruments	March 31, 2022	-	-	-
Preference shares	March 31, 2022	-	-	68.24
Mutual funds	March 31, 2022	1,013.94	-	-
Corporate Deposits	March 31, 2022	-	223.71	-
Derivative financial assets	March 31, 2022	-	4.47	-
Financial liabilities				
Derivative financial liabilities	March 31, 2022	-	2.70	-

There has been no transfer between Level 1 and Level 2 during the year and during the previous year.

Valuation of financial assets in Level 3 has been done based on discounting of future cash flows. There are no transfers into or out of Level 3 of the fair value hierarchy during the year.

** The movement in Level 3 is on account of interest accretion which is recognised under interest income in the statement of profit and loss.*

37 (a) Financial Risk Management

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

Risk is inherent in the Company's activities but it is managed through a process of on going identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing profitability and each individual within the Company is accountable for the risk exposures relating to his or her responsibilities. The Company is exposed to market risk, credit risk and liquidity risk.

The Company's Board of Directors is ultimately responsible for the overall risk management approach and for approving the risk strategies and principles. No significant changes were made in the risk management objectives and policies during the years ended March 31, 2023 and March 31, 2022. The management of the Company reviews and agrees policies for managing each of these risks which are summarised below:

I Market risk

Market risk is the risk that the value of an asset will fluctuate as a result of changes in market variables such as interest rates, foreign exchange rates and equity prices, whether those changes are caused by factors specific to the individual investment or its issuer or factors affecting all investments traded in the market.

Market risk is managed on the basis of pre-determined asset allocations across various asset categories, diversification of assets in terms of geographical distribution and industry concentration, a continuous appraisal of market conditions and trends and management's estimate of long and short term changes in fair value.

a Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not currently exposed significantly to such risk.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

b Foreign currency risk

Foreign exchange risk arises when future commercial transactions and relevant assets and liabilities are denominated in a currency that is not the Company's functional currency. Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Foreign exchange risk is managed on the basis of limits determined by management and a continuous assessment of current and expected exchange rate movements and entering into derivative contracts (foreign currency forward contracts) that hedge the maximum period of exposure of underlying transactions (i.e. highly probable forecast sales and purchases).

When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of expected settlement of the resulting receivable or payable that is denominated in the foreign currency.

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in USD, JPY, SEK and EUR exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including foreign currency derivatives not designated as cash flow hedge and foreign currency derivatives with underlying foreign currency monetary assets/liabilities designated as cash flow hedge. The impact on the Company's pre-tax equity is due to changes in the fair value of forward exchange contracts designated as cash flow hedges.

	Impact on profit before tax		Impact on other components of equity	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
USD Sensitivity				
INR/ USD - Increase by 1%	(1.46)	(0.97)	(1.97)	(1.57)
INR/ USD - Decrease by 1%	1.46	0.97	1.97	1.57
JPY Sensitivity				
INR/ JPY - Increase by 1%	0.11	0.17	-	-
INR/ JPY - Decrease by 1%	(0.11)	(0.17)	-	-
SEK Sensitivity				
INR/ SEK - Increase by 1%	(0.03)	(0.22)	0.00	0.00
INR/ SEK - Decrease by 1%	0.03	0.22	(0.00)	(0.00)
EURO Sensitivity				
INR/ EUR - Increase by 1%	(0.02)	(0.11)	(0.05)	(0.04)
INR/ EUR - Decrease by 1%	0.02	0.11	0.05	0.04

Favourable impact shown as positive and adverse impact as negative.

The exposure to other foreign currencies is not significant to the Company's financial statements.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023

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c Price risk

The Company's investments are susceptible to market price risk arising from uncertainties about future values of the investment securities. These securities are unquoted. The Company manages the price risk through diversification and by placing limits on individual and total equity/mutual fund instruments. Further, the price risk is also mitigated by switching the investment portfolio between investment in equity/mutual fund instruments and investments in bank deposits. Reports on the investment portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves all equity investment decisions. The Company is not currently exposed significantly to such risk.

II Credit risk

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

Trade receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous group and assessed for impairment collectively. The calculation is based on losses as per historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in notes 7 and 9(b) above. The charge of impairment to Statement of profit and loss is disclosed in note 28(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, 2023 and March 31, 2022 is the carrying amounts as disclosed in Note 9(a) and 13, maximum exposure relating to financial guarantees is disclosed in note 32 (A) and financial derivative instruments in notes 9(b) and 17(b) to the financial statements."

III Liquidity risk

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

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

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

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

March 31, 2023	< 1 year	1 to 3 years	> 3 years
Non- derivative			
Borrowings	220.00	-	-
Trade Payables	1,038.08	34.45	-
Other financial liabilities			
Unpaid dividend	0.69	-	-
Lease obligation	1.66	2.51	-
Other payables	82.69	-	-
Liability Towards Employee Separation Scheme	1.02	-	-
Derivatives (net settled)			
Foreign exchange forward contracts	4.25	-	-

March 31, 2022	< 1 year	1 to 3 years	> 3 years
Non- derivative			
Borrowings	180.00	-	-
Trade Payables	975.34	59.78	-
Other financial liabilities			
Unpaid dividend	0.78	-	-
Lease obligation	1.40	3.64	0.25
Other payables	69.04	0.11	-
Liability Towards Employee Separation Scheme	1.71	2.62	0.11
Derivatives (net settled)			
Foreign exchange forward contracts	2.70	-	-

37(b) Hedging Activities and Derivatives

Cash flow hedges

Foreign currency risk

Foreign exchange forward contracts measured at fair value through OCI are designated as hedging instruments in cash flow hedges of forecast sales in USD, EUR, SEK and forecast purchases in USD, JPY, SEK, EUR. These forecast transactions are highly probable, and cover the Company's expected future sales and future purchases based on the orders received.

While the Company also enters into other foreign exchange forward contracts with the intention to reduce the foreign exchange risk of expected sales and purchases, these other contracts are not designated in hedge relationships and are measured at fair value through profit or loss.

The foreign exchange forward contract balances vary with the level of expected foreign currency sales and purchases and changes in foreign exchange forward rates.

Particulars	March 31, 2023		March 31, 2022	
	Assets	Liabilities	Assets	Liabilities
Fair Value of Foreign exchange forward contracts designated as hedging instruments	2.95	(4.25)	4.47	(2.70)

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

The terms of the foreign currency forward contracts match the terms of the expected highly probable forecast transactions. As a result, no hedge ineffectiveness arise requiring recognition through profit or loss. Notional amounts of hedged instruments mentioned as assets for export transaction and as liabilities for import transactions, are as mentioned below.

Particulars	March 31, 2023		March 31, 2022	
	Assets	Liabilities	Assets	Liabilities
Cash flow hedge				
Foreign exchange forward contracts	255.37	(17.96)	146.62	(18.52)
Derivatives not designated as hedges				
Foreign exchange forward contracts	458.09	(109.19)	486.75	(68.45)

Majority of the derivative contracts mature within the next 12 months.

The cash flow hedges of the expected future sales and purchases were assessed to be highly effective and following net unrealised gain / (loss) with a deferred tax asset/ (liability) relating to the hedging instruments, is included in OCI.

Particulars	March 31, 2023		March 31, 2022	
	Expected future sales	Expected future purchases	Expected future sales	Expected future purchases
Unrealised gain/ (loss)	0.28	(0.00)	0.24	(0.01)
Deferred tax asset/ (liability)	(0.07)	(0.00)	(0.06)	0.00
	0.21	**(0.00)**	**0.18**	**(0.01)**

The amounts retained in OCI at March 31, 2023 are expected to mature and affect the statement of profit and loss during the year ending March 31, 2024.

Reclassifications to profit or loss during the year gains or losses included in OCI are shown in Note 30.

38 Key Financial Ratios

The following are analytical ratios for the year ended March 31, 2023 and March 31, 2022:

Particulars	Numerator	Denominator	FY 2022-23	FY 2021-22	Variance
Current Ratio	Current Assets	Current Liabilities	1.36	1.17	16%
Debt-Equity Ratio	Total Debt (including current maturities of long term borrowings)	Shareholder's Equity	0.07	0.06	14%
Debt service coverage ratio	Earnings available for debt service ^	Debt Service*	1.79	1.41	26%
Return on equity ratio	Profit after tax and exceptional items	Average Shareholder's Equity	10.59%	6.83%	55%
Inventory turnover ratio	Cost of goods sold	Average Inventories	7.83	7.80	0%
Debtors turnover ratio	Revenue from contracts with customers	Average Trade Receivables	4.18	3.88	8%
Trade payables turnover ratio	Total Supplier Purchases	Average Trade Payables	2.85	2.63	8%
Net capital turnover ratio	Revenue from contracts with customers	Working Capital**	4.97	10.03	-51%
Net Profit ratio	Profit after tax and exceptional items	Revenue from contracts with customers	6.43%	5.04%	28%

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

Particulars	Numerator	Denominator	FY 2022-23	FY 2021-22	Variance
Return on capital employed (ROCE)	Profit before tax and exceptional items plus Finance Cost	Capital Employed***	13.79%	9.44%	46%
Return on investment (ROI)	Realised Gains and Unrealised Gains on Investments	Weighted Daily Timed Investments	5.17%	4.67%	11%

Explanations:

Debt service coverage ratio- Debt service coverage ration has increased by 26% on account of higher net proffts for the current year

Return on Equity ratio- Return on equity has increased by 55% on account of higher net proffts for the current year

Net Capital Turnover ratio- Reduction in working capital due to increase in execution activities from operations on account of growth in order booking and order backlog.

Net Profit ratio- Net profit has increased by 28% on account of higher net proffts for the current year. Previous year net profit was impacted due to lower order execution and diminution of investment in subsidiaries.

Return on capital employed (ROCE) ratio- Return on capital employed has increased by 46% on account of higher net proffts for the current year

^ Profit after tax + Finance Cost + Loss on sale of fixed assets + Depreciation and Amortisation for the period

** Current borrowings + Non-current lease liability + Current lease liability + Interest & Lease Payments paid*

*** Total Current Assets - Total Current Liabilities*

**** Total Equity + Non-current borrowings*

39 Struck off Companies^

There are no shares held by struck off companies. Below are details of investment, receivable, payable and any other transactions outstanding with struck off companies.

For the year ended March 31, 2023

Name of stuck off company	Nature of transactions	Transaction during the year	Balance outstanding at the end of the year	Relationship with the struck off Company, if any, to be disclosed
Semicon Speciality Gases Limited	Receivable	0.26	-	None

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

For the year ended March 31, 2022

Name of stuck off company	Nature of outstanding balances	Transaction during the year	Balance outstanding at the end of the year	Relationship with the struck off Company, if any, to be disclosed
Draj Engineering System Private Limited	Payable	0.03	0.02	None
Ecomax Engineering Service Private Limited	Payable	-	0.01	None
Inlay Infra Private Limited	Payable	0.02	-	None
Optimus Ventures Private Limited	Payable	0.01	-	None
Reliance Communications Infrastructure Limited	Payable	**	-	None
Sapre Designs and Instruments Private Limited	Payable	**	-	None
Sharda IT Services Private Limited	Payable	0.03	-	None
Thermochill Engineering Service Private Limited	Payable	-	**	None
Urja Sealants Private Limited	Payable	**	-	None
Jahannagar Textile Mill Private Limited	Receivable	0.26	-	None
Madras Engineering Works	Receivable	**	-	None

*** Less than a lakh rupees*

^ Information in this regard is on basis of intimation received, on requests made by the Company, with regards to registration of vendors and customers under the Act.

40 Share Based Payments

Employees Stock Option Plan 2021 (ESOP 2021)

The Board of Directors and the shareholders of the Company approved Employee Stock Option Plan at their meeting in January 2022. Pursuant to this approval, the Company instituted ESOP 2021 Plan in January 2022. The nomination and remuneration committee of the Company administers this Plan. Each option carries with it the right to purchase one equity share of the Company. The Options have been granted to employees of the Company and its subsidiaries at an exercise price that is not less than the face value of shares as on date of grant of such option. Option granted under ESOP 2021 shall vest not earlier than minimum period of 1 (One) year and not later than maximum period of 3 (Three) years from the date of grant. The vesting of the options is 33%, 33% and 34% of total options granted after end of first, second and third year respectively from the date of grant. The maximum exercise period is 5 years from the date of vesting.

Number and weighted average exercise prices of options granted, exercised and cancelled/lapsed during the financial year

Particulars	March 31, 2023	
	No.of options	Weighted average exercise price
Options outstanding at the beginning of the year	-	-
Granted during the year	22,633	15.25
Forfeited during the year	1,024	15.25
Exercised during the year	-	-
Lapsed during the year	-	-
Options outstanding at the end of year	21,609	15.25
Options exercisable at the end of the year	-	15.25

There were no options exercised during the year.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023
(All amounts are in Rupees Crore, except per share data and unless stated otherwise)

The weighted average remaining contractual life is as follows:

Exercise Price	March 31, 2023	
	Weighted average contractual life (years)	No. of Options Outstanding
Rs. 15.25	Ranging between 1.89 – 1.90	21,609

The fair value of each option is estimated on the date of grant using Black and Scholes option pricing model with the following assumptions:

Particulars	March 31, 2023
1. Exercise price (Rs.)	15.25
2. Price of the underlying share in market at the time of the option grant (Rs.)	Ranging between 2,139.45 – 2,170.40
3. Weighted average fair value of options granted (Rs.)	Ranging between 2,105.39 – 2,136.06
4. Expected life of the option (years)	3-5
5. Risk free interest rate (%)	Ranging between 6.53% - 6.59%
6. Expected volatility (%)	12.86%
7. Dividend yield (%)	0.48%

The Company recorded an employee compensation cost of Rs. 2.05 crore in the Statement of Profit and Loss.

The expected price volatility is based on the historic volatility, adjusted for any expected changes to future volatility due to publicly available information.

Previous year's information is not provided as the ESOP has been awarded in the current year.

41 Capital Management

The Company's objective for capital management is to maximise long term shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long- term and other strategic investment plans. The funding requirements are met through equity and operating cash flows generated. No changes were made in the objectives, policies or processes during the years ended March 31, 2023 and March 31, 2022. Capital represents equity attributable to equity holders of the Company.

	March 31, 2023	March 31, 2022
Borrowings	220.00	180.00
Trade payables	1,072.53	1,035.12
Book overdraft	-	7.34
Less: Cash and cash equivalents(includes deposits with maturity of more than 3 months but less than 12 months)	(408.48)	(441.57)
Net (surplus) / debt	**884.05**	**780.89**
Equity	3,217.76	3,001.00
Capital and net debt	**4,101.81**	**3,781.89**
Gearing ratio	**1 : 4.64**	**1 : 4.84**

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023
(All amounts are in Rupees Crore, except per share data and unless stated otherwise)

42 Exceptional Items

	March 31, 2023	March 31, 2022
Impairment charge/ (write back) in subsidiaries*		
Thermax Engineering Singapore Pte. Ltd	3.00	14.00
Thermax Cooling Solutions Limited	(10.20)	-
	(7.20)	**14.00**

** Considering the current market scenario and performance of certain subsidiaries, the Company has accounted for impairment charge/ (write back) on certain investments in subsidiaries.*

43 Assets Classified as Held for Sale

The Company has identified certain assets like Land, Building etc. which are available for sale in its present condition. The Company is committed to plan the sale of asset and an active programme to complete the sale has been initiated. The Company expects to dispose off this asset in the due course. Accordingly, non-current assets held for sale amounting to Rs. 6.53 crore (net book value) has been classified in the books of account.

44 Other Statutory Information

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

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

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

(iv) The Company has not 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).

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

45 Compliance with Section 143 (3) for Maintenance of Books of Account

With effect from August 5, 2022, the Ministry of Corporate Affairs (MCA) has amended the Companies (Accounts) Rules, 2014, relating to maintenance of electronic books of account and other relevant books and papers. Pursuant to this amendment, the Company is required to maintain the books of account which are accessible in India at all times and their backup is to be kept on servers located in India on a daily basis.

The Company has a process to take daily back-up of books of account maintained in electronic mode and alongwith the logs of the back-up of such books of account. However, the backup of certain books and records pertaining to employee reimbursement system maintained in electronic mode has not been maintained on servers physically located in India on daily basis. The Company will take appropriate measures to comply with regulations.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023
(All amounts are in Rupees Crore, except per share data and unless stated otherwise)

46 Standards Issued but Not Yet Effective

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

(i) **Ind AS 1 – Presentation of Financial Statements –** The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Company does not expect this amendment to have any significant impact in its financial statements.

(ii) **Ind AS 12 – Income Taxes –** The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company is in process of evaluating this amendment.

(iii) **Ind AS 8 –** Accounting Policies, Changes in Accounting Estimates and Errors – The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company has evaluated the amendment and there is no impact on its financial statements.

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

per Vaibhav Kumar Gupta
Partner
Membership No. 213935

Place: Pune
Date: May 17, 2023

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

Meher Pudumjee
Chairperson
DIN: 00019581

Ashish Bhandari
Managing Director and CEO
DIN: 05291138

Rajendran Arunachalam
Executive Vice President and
Group Chief Financial Officer

Janhavi Khele
Company Secretary

Place: Pune
Date: May 17, 2023

THERMAX

Corporate Office

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