

THERMAX LIMITED THERMAX HOUSE, 14 MUMBAI PUNE ROAD, WAKDEWADI,
PUNE 411 003. INDIA ☐ TEL.: +91-20-25542122 / 25542263
FAX.: +91-20-25541226 ☐ Website : www.thermaxglobal.com
Customer Care : 18002090115 (India Toll Free) ☐ IT PAN - AAAC3910D

Corporate Finance



July 12, 2021

To

**The Secretary
BSE Limited
PJ Towers, Dalal Street
Mumbai: 400 001**

**National Stock Exchange of India Limited
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex,
Bandra (E)
Mumbai – 400 051**

Company Scrip Code: 500411

Company Scrip Code: THERMAX EQ

Sub: Notice of the 40th Annual General Meeting (AGM) and Annual Report for FY 2020-21

Dear Sir,

In compliance with the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith the Notice of 40th AGM and the Annual Report for the financial year 2020-21, which will be circulated to the shareholders through the electronic mode today i.e. July 12, 2021. The 40th AGM will be held on Friday, August 6, 2021 at 4.00 p.m. (IST) through video conferencing (VC) and other audio visual means (OVAM). The Notice and the annual report are available on the Company's website at www.thermaxglobal.com.

The schedule of AGM is as set out below:

Event- 40th AGM	Details	Time
Date and time of AGM	Friday, August 6, 2021	4.00 p.m.
Mode	Video conference and other audio visual means	-
Participation through video Conferencing	https://emeetings.kfintech.com	-
Record date for Dividend	Friday, July 23, 2021	-
Dividend payment date	Thursday, August 12, 2021	-
Cut-off date for e-voting	Friday, July 30, 2021	-
E-voting start date and time	Monday, August 2, 2021	9.00 a.m.
E-voting end date and time	Thursday, August 5, 2021	5.00 p.m.
E-voting Website of KFin Technologies Private Limited	https://evoting.kfintech.com	-

You are requested to take note of the same.

Thanking you,

Yours faithfully,

For **THERMAX LIMITED**

A handwritten signature in blue ink, appearing to read 'K P Phadke'.

**Kedar P. Phadke
Company Secretary**

Encl: As above



THERMAX LIMITED

Registered Office: D-13, MIDC Industrial Area, R. D. Aga Road, Chinchwad, Pune 411 019
Corporate Office: Thermax House, 14, Mumbai-Pune Road, Wakdevadi, Pune 411 003
Email ID: cservice@thermaxglobal.com **Website:** www.thermaxglobal.com **Tel no:** 020-66051200
Corporate Identity No. (CIN) - L29299PN1980PLC022787

Notice

NOTICE is hereby given that the Fortieth Annual General Meeting of THERMAX LIMITED ('the Company') will be held on Friday, August 6, 2021 at 4.00 p.m. (IST) through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM") to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the standalone and consolidated audited financial statements of the Company for the year ended March 31, 2021 together with the reports of the Auditors and Board of Directors thereon.
2. To declare dividend on equity shares for the financial year ended on March 31, 2021.
3. To appoint a Director in place of Mr. Pheroj Pudumjee (DIN 00019602) who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), a remuneration of Rs. 6,25,000 /- (Rupees Six Lakhs Twenty Five Thousand only) plus applicable taxes and reimbursement of actual out of pocket expenses to be paid to M/s. Dhananjay V. Joshi & Associates, Cost Accountants, Pune, the Cost Auditors appointed by the Board of Directors of the Company to conduct the audit of the cost records of the Company for the financial year ending March 31, 2022, be and is hereby ratified and confirmed.

RESOLVED FURTHER THAT any Director and/or the Company Secretary of the Company be and is hereby authorised to do all acts, deeds and things including filings

and take steps as may be deemed necessary, proper or expedient to give effect to this Resolution and matters incidental thereto".

5. To consider, and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and all other applicable provisions of the Companies Act, 2013 ('the Act') and the Companies (Appointment and Qualification of Directors) Rules, 2014 read with Schedule IV to the Act (including any statutory modification(s) or re-enactment thereof for the time being in force) and in accordance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Harsh Mariwala (DIN- 00210342), who was appointed as an Independent Director at the Thirty Sixth Annual General Meeting of the Company held on August 8, 2017 and who holds office up to November 9, 2021 and who has submitted a declaration that he meets the criteria of independence as provided in Section 149(6) of the Act and Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time and who is eligible for reappointment and in respect of whom the Company has received a notice in writing pursuant to Section 160 of the Act, from a Member proposing his candidature for the office of Directorship of the Company be and is hereby appointed as an Independent Non-Executive Director of the Company, to hold office for five consecutive years, for a term up to November 9, 2026 and whose office shall not be liable to retire by rotation.

RESOLVED FURTHER THAT pursuant to the provisions of Sections 149, 197 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Harsh Mariwala be paid such fees, remuneration and commission as the Board

may approve from time to time and subject to such limits, prescribed or as may be prescribed from time to time.

RESOLVED FURTHER THAT pursuant to regulation 17(1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the applicable provisions of the Companies Act, 2013 and the Rules made thereunder, approval of the Company be and is hereby accorded to continue the appointment of Mr. Harsh Mariwala, as Independent Director of the Company to hold office from May 14, 2026 up to November 9, 2026 after attaining age of 75 years.

RESOLVED FURTHER THAT any Director and/or the Company Secretary of the Company be and is hereby authorised to do all acts, deeds and things including filings and take steps as may be deemed necessary, proper or expedient to give effect to this resolution and matters incidental thereto.”

By Order of the Board of Directors
For **Thermax Limited**

Place : Pune

Date : May 25, 2021

Kedar P. Phadke
Company Secretary
FCS 3349

Notes:

1. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs (“MCA”) has vide its circular dated January 13, 2021 read with circulars dated May 5, 2020, April 8, 2020 and April 13, 2020 (collectively referred to as “MCA Circulars”) permitted the holding of the Annual General Meeting (“AGM”) through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 (“the Act”), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) and the MCA Circulars, the AGM of the Company is being held through VC / OAVM.
2. The Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013 (“the Act”) in respect of the special business, is annexed hereto.
3. Since, this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available

for the AGM and hence the Proxy Form, Attendance Slip and road map are not annexed to this Notice.

4. In case of joint holders attending the AGM, only such joint holder who is higher in the order of names in the Register of Members of the Company will be entitled to vote.
5. Since the AGM will be held through VC/ OAVM, the route map of the venue of the Meeting is not annexed hereto.
6. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.

In compliance with the aforesaid the MCA Circulars and the SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2020-21 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice and Annual Report 2020-21 will also be available on the Company's website i.e. www.thermaxglobal.com and websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively. The Company will publish an advertisement in newspaper containing the details about the AGM i.e. the conduct of AGM through VC/OAVM, date and time of AGM, availability of notice of AGM at the Company's website and manner of registering the e-mail IDs of those shareholders who have not registered their email addresses with the Company/ RTA.

7. Company has appointed M/s KFin Technologies Private Limited ('KFinTech'), Registrars and Share Transfer Agents ('RTA'), to provide facilities for voting through remote e-voting, for participation in the e-AGM through VC/OAVM and e-voting during the e-AGM.

8. Procedure for joining the AGM through VC / OAVM:

- i. Members will be able to attend the AGM through VC / OAVM provided by KFinTech at <https://emeetings.kfintech.com/> by using their e-voting login credentials and selecting the EVEN for Company's AGM.

Members are requested to follow the procedure given below:

1. Launch internet browser (chrome/Firefox/safari) by typing the URL: <https://emeetings.kfintech.com>
2. Enter the login credentials (i.e., User ID and password for e-voting).
3. After logging in click on “Video Conference” option.

4. Then click on camera icon appearing against AGM event of Thermax Limited to attend the Meeting.
 - ii. Members who do not have User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the procedure given in the E-voting instructions.
 - iii. There will be no restrictions on account of first come first served basis entry into AGM in respect of large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc.
 - iv. Members who need assistance before or during the AGM, can contact KFintech on emeetings@kfintech.com or call on toll free number 1800-309-4001. Kindly quote your name, DP ID-Client ID / Folio no. and E-voting Event Number in all your communications.
 - v. The statutory registers that are required to be kept open during the AGM and the documents that are referred to as available for inspection in the notice or explanatory statement, shall be made available for inspection electronically on the date of AGM. The members desiring to have inspection of the same shall contact on cservice@thermaxglobal.com for the same by 4th August, 2021.
9. Procedures for Remote E-Voting and E-Voting at the AGM are as follows:
- A. Remote E-Voting (Voting through Electronic means):**
- i. In compliance with the provisions of Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, Regulation 44 of the SEBI Listing Regulations and in terms of SEBI vide circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 in relation to e-Voting Facility Provided by Listed Entities, the Members are provided with the facility to cast their vote electronically, through the e-Voting services provided by KFintech, on all the resolutions set forth in this Notice.
 - ii. However, pursuant to the SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on "e-Voting facility provided by Listed Companies", e-Voting process has been enabled to all the individual demat account holders, by way of single login credential, through their demat accounts / websites of Depositories / DPs in order to increase the efficiency of the voting process.
 - iii. Individual demat account holders would be able to cast their vote without having to register again with the e-Voting service provider (ESP) thereby not only facilitating seamless authentication but also ease and convenience of participating in e-Voting process. Shareholders are advised to update their mobile number and e-mail ID with their DPs to access e-Voting facility.
 - iv. The remote e-Voting period commences on Monday, August 2, 2021 (9.00 a.m.) and ends on Thursday, August 5, 2021 (5.00 p.m.).
 - v. The voting rights of Members shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date.
 - vi. Any person holding shares in physical form and non-individual shareholders, who acquires shares of the Company and becomes a Member of the Company after sending the Notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request at evoting@kfintech.com. However, if he / she is already registered with KFintech for remote e-Voting then he /she can use his / her existing User ID and password for casting the vote.
 - vii. In case of Individual Shareholders holding securities in demat mode and who acquires shares of the Company and becomes a Member of the Company after sending the Notice and holding shares as of the cut-off date may follow steps mentioned below. "Login method for remote e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode."
 - viii. The details of the process and manner for remote e-Voting and e-AGM are explained herein below:
 - Step 1:** Access to Depositories e-Voting system in case of individual shareholders holding shares in demat mode.
 - Step 2:** Access to KFintech e-Voting system in case of shareholders holding shares in physical and non-individual shareholders in demat mode.

Step 3: Access to join virtual meetings (e-AGM) of the Company on KFinTech system to participate e-AGM and vote at the AGM.

Details on Step 1 are mentioned below:

I) Login method for remote e-Voting for Individual shareholders holding securities in demat mode.

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL	<p>1. User already registered for IDeAS facility:</p> <ol style="list-style-type: none"> I. Visit URL: https://eservices.nsdl.com II. Click on the "Beneficial Owner" icon under "Login" under 'IDeAS' section. III. On the new page, enter User ID and Password. Post successful authentication, click on "Access to e-Voting" IV. Click on company name or e-Voting service provider and you will be re-directed to e-Voting service provider website for casting the vote during the remote e-Voting period. <p>2. User not registered for IDeAS e-Services</p> <ol style="list-style-type: none"> I. To register click on link : https://eservices.nsdl.com II. Select "Register Online for IDeAS" or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp III. Proceed with completing the required fields. IV. Follow steps given in points 1 <p>3. Alternatively by directly accessing the e-Voting website of NSDL</p> <ol style="list-style-type: none"> I. Open URL: https://www.evoting.nsdl.com/ II. Click on the icon "Login" which is available under 'Shareholder/Member' section. III. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password / OTP and a Verification Code as shown on the screen. IV. Post successful authentication, you will be requested to select the name of the company and the e-Voting Service Provider name, i.e. KFinTech. V. On successful selection, you will be redirected to KFinTech e-Voting page for casting your vote during the remote e-Voting period.

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with CDSL	<p>1. Existing user who have opted for Easi / Easiest</p> <ol style="list-style-type: none"> I. Visit URL: https://web.cdslindia.com/myeasi/home/login or URL: www.cdslindia.com II. Click on New System Myeasi III. Login with your registered user id and password. IV. The user will see the e-Voting Menu. The Menu will have links of ESP i.e. KFinTech e-Voting portal. V. Click on e-Voting service provider name to cast your vote. <p>2. User not registered for Easi/ Easiest</p> <ol style="list-style-type: none"> I. Option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration II. Proceed with completing the required fields. III. Follow the steps given in point 1 <p>3. Alternatively, by directly accessing the e-Voting website of CDSL</p> <ol style="list-style-type: none"> I. Visit URL: www.cdslindia.com II. Provide your demat Account Number and PAN No. III. System will authenticate user by sending OTP on registered Mobile & Email as recorded in the demat Account. IV. After successful authentication, user will be provided links for the respective ESP, i. e. KFinTech where the e- Voting is in progress.
Individual Shareholder login through their demat accounts / Website of Depository Participant	<ol style="list-style-type: none"> I. You can also login using the login credentials of your demat account through your DP registered with NSDL / CDSL for e-Voting facility. II. Once logged-in, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL / CDSL Depository site after successful authentication, wherein you can see e-Voting feature. III. Click on options available against company name or e-Voting service provider – KFinTech and you will be redirected to e-Voting website of KFinTech for casting your vote during the remote e-Voting period without any further authentication.

Important note: Members who are unable to retrieve User ID / Password are advised to use Forgot user ID and Forgot Password option available at respective websites.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Securities held with NSDL	Please contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Securities held with CDSL	Please contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 or 022-23058542-43

Details on Step 2 are mentioned below:

II) Login method for e-Voting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

(A) Members whose email IDs are registered with the Company/ Depository Participants (s), will receive an email from KFintech which will include details of E-Voting Event Number (EVEN), USER ID and password. They will have to follow the following process:

- i. Launch internet browser by typing the URL: <https://emeetings.kfintech.com/>
- ii. Enter the login credentials (i.e. User ID and password). In case of physical folio, User ID will be EVEN (E-Voting Event Number) 5998, followed by folio number. In case of Demat account, User ID will be your DP ID and Client ID. However, if you are already registered with KFintech for e-voting, you can use your existing User ID and password for casting the vote.
- iii. After entering these details appropriately, click on "LOGIN".
- iv. You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall

comprise of minimum 8 characters with at least one upper case (A- Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,\$, etc..). The system will prompt you to change your password and update your contact details like mobile number, email ID etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.

- v. You need to login again with the new credentials.
- vi. On successful login, the system will prompt you to select the "EVEN" i.e., '40th AGM" and click on "Submit"
- vii. On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-off Date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially "AGAINST" but the total number in "FOR/AGAINST" taken together shall not exceed your total shareholding as mentioned herein above. You may also choose the option ABSTAIN. If the Member does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.
- viii. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/ demat accounts.
- ix. Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as abstained.
- x. You may then cast your vote by selecting an appropriate option and click on "Submit".
- xi. A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you have voted on the resolution (s), you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).

(B) Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to cast its vote through remote e-voting together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutinizer at email id deulkarcs@gmail.com with a copy marked to evoting@kfintech.com. The scanned image of the above-mentioned documents should be in the naming format "Corporate Name Even No." In case of remote e-voting, the said documents should reach the Scrutinizer on/ before Wednesday, August 4, 2021 at 4.00 p.m.

(C) Members whose email IDs are not registered with the Company/Depository Participant(s), and consequently the Annual Report, Notice of AGM and e-voting instructions cannot be serviced, will have to follow the following process:

- i. Members who have not registered their email address and in consequence the Annual Report, Notice of AGM and e-voting instructions cannot be serviced, may temporarily get their email address and mobile number provided with KFintech, by accessing the link: <https://ris.kfintech.com/clientservices/mobilereg/mobileemailreg.aspx>. Members are requested to follow the process as guided to capture the email address and mobile number for sending the soft copy of the notice and e-voting instructions along with the User ID and Password. In case of any queries, member may write to einward.ris@kfintech.com.
- ii. Alternatively, member may send an e-mail request at the email id einward.ris@kfintech.com along with scanned copy of the signed request letter providing the email address, mobile number, self-attested PAN copy and Client Master copy in case of electronic folio and copy of share certificate in case of physical

folio for sending the Annual report, Notice of AGM and the e-voting instructions.

- iii. After receiving the e-voting instructions, please follow all steps above to cast your vote by electronic means.

Details on Step 3 are mentioned below:

III) Instructions for all the shareholders, including Individual, other than Individual and Physical, for attending the AGM of the Company through VC/ OAVM and e-Voting during the meeting.

- i. Member will be provided with a facility to attend the AGM through VC / OAVM platform provided by KFintech. Members may access the same at <https://emeetings.kfintech.com/> by using the e-voting login credentials provided in the email received from KFintech. After logging in, click on the Video Conference tab and select the EVEN of the Company. Click on the video symbol and accept the meeting etiquettes to join the meeting. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned above.
- ii. Facility for joining AGM through VC/ OAVM shall open at least 15 minutes before the commencement of the Meeting.
- iii. Members are encouraged to join the Meeting through Laptops/ Desktops with Google Chrome (preferred browser), Safari, Internet Explorer, Microsoft Edge, Mozilla Firefox 22.
- iv. Members will be required to grant access to the webcam to enable VC / OAVM. Further, Members connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/ Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
- v. As the AGM is being conducted through VC / OAVM, for the smooth conduct of proceedings of the AGM, Members are encouraged to

express their views / send their queries in advance mentioning their name, demat account number / folio number, email id, mobile number at cservice@thermaxglobal.com. Questions /queries received by the Company till Wednesday, August 4, 2021, 4.00 p.m. shall only be considered and responded during the AGM.

- vi. The Members who have not cast their vote through remote e-voting shall be eligible to cast their vote through e-voting system available during the AGM. E-voting during the AGM is integrated with the VC / OAVM platform. The Members may click on the voting icon displayed on the screen to cast their votes.
- vii. A Member can opt for only single mode of voting i.e., through Remote e-voting or voting at the AGM. If a Member casts votes by both modes, then voting done through Remote e-voting shall prevail and vote at the AGM shall be treated as invalid.
- viii. Facility of joining the AGM through VC / OAVM shall be available for at least 2000 members on first come first served basis.
- ix. Institutional Members are encouraged to attend and vote at the AGM through VC / OAVM.

OTHER INSTRUCTIONS

- I. **Speaker Registration:** The Members who wish to speak during the meeting may register themselves as speakers for the AGM to express their views. They can visit <https://emeetings.kfintech.com> and login through the user id and password provided in the mail received from KFintech. On successful login, select 'Speaker Registration' which will remain open from Monday, August 2, 2021 from 9.00 a.m. to Wednesday, August 4, 2021, 4.00 p.m. Members shall be provided a 'queue number' before the meeting. The Company reserves the right to restrict the speakers at the AGM to only those Members who have registered themselves, depending on the availability of time for the AGM.
- II. **Post your Question:** The Members who wish to post their questions prior to the meeting can do the same by visiting <https://emeetings.kfintech.com>. Please login through the user id and password

provided in the mail received from KFintech. On successful login, select 'Post Your Question' option which will remain open from Monday, August 2, 2021 from 9.00 a.m. to Wednesday, August 4, 2021, 4.00 p.m.

- III. In case of any query and/or grievance, in respect of voting by electronic means, Members may refer to the Help & Frequently Asked Questions (FAQs) and E-voting user manual available at the download section of <https://evoting.kfintech.com> (KFintech Website) or contact cservice@thermaxglobal.com, at evoting@kfintech.com or call KFintech's toll free No. 1800-309-4001 for any further clarifications.
- IV. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on Friday, July 30, 2021, being the "cut-off date", are entitled to vote on the resolutions set forth in this Notice. A person who is not a Member as on the cut-off date should treat this Notice for information purposes only. Once the vote on a resolution(s) is cast by the Member, the Member shall not be allowed to change it subsequently.
- V. In case a person has become a Member of the Company after dispatch of AGM Notice but on or before the cut-off date for E-voting, he/she may obtain the User ID and Password in the manner as mentioned below:
 - i. If the mobile number of the member is registered against Folio No./ DP ID Client ID, the member may send SMS: MYEPWD <space> E-Voting Event Number + Folio No. or DP ID Client ID to 9212993399
 - 1. Example for NSDL:
 - 2. MYEPWD <SPACE> IN12345612345678
 - 3. Example for CDSL:
 - 4. MYEPWD <SPACE> 1402345612345678
 - 5. Example for Physical:
 - 6. MYEPWD <SPACE> XXXX1234567890
 - ii. If e-mail address or mobile number of the member is registered against Folio No. / DP ID Client ID, then on the home page of <https://evoting.kfintech.com/>, the member may

click “Forgot Password” and enter Folio No. or DP ID Client ID and PAN to generate a password.

- iii. Members who may require any technical assistance or support before or during the AGM are requested to contact KFinTech at toll free number 1-800-309-4001 or write to them at evoting@kfintech.com.

VI. The results of the e-voting shall be declared to the Stock Exchanges after the AGM. The results along with the Scrutinizer’s Report, shall also be placed on the website of the Company.

VII. The Company has appointed Mr. S. V. Deulkar or failing him Mr. Sridhar Mudaliar, Partners of M/s. SVD & Associates, Company Secretaries, Pune as the Scrutinizer for conducting the e-voting process in a fair and transparent manner.

B. E-voting at AGM:

- a. The facility for voting through electronic voting system will be made available at the Meeting (“Insta Poll”) and members attending the Meeting who have not cast their vote(s) by remote e-voting will be able to vote at the Meeting through Insta Poll. The Company has engaged the services of KFinTech as the agency to provide e-voting facility.
- b. The members who have cast their vote(s) by remote e-voting may also attend the Meeting but shall not be entitled to cast their vote(s) again at the Meeting. Once the vote on a resolution is cast by a member, whether partially or otherwise, the member shall not be allowed to change it subsequently or cast the vote again.
- c. A member can opt for only single mode of voting per EVEN, i.e., through remote e-voting or voting at the Meeting (Insta Poll). If a member casts vote(s) by both modes, then voting done through remote e-voting shall prevail and vote(s) cast at the Meeting shall be treated as “INVALID”.
- d. The Company has opted to provide the same e-voting system at the Meeting, as used during remote e-voting, and the said facility shall be operational till all the resolutions proposed in the Notice are considered and voted upon at the Meeting and may be used for voting only by the

members holding shares as on the cut-off date who are attending the Meeting and who have not already cast their vote(s) through remote e-voting.

- e. Facility to cast vote through Insta Poll will be made available on the Video Conferencing screen and will be activated once the Insta Poll is announced at the Meeting.
- f. The Scrutiniser will, after the conclusion of e-voting at the Meeting, scrutinise the votes cast at the Meeting (Insta Poll) and votes cast through remote e-voting, make a consolidated Scrutiniser’s Report and submit the same to the Chairperson. The result of e-voting will be declared within forty-eight hours of the conclusion of the Meeting and the same, along with the consolidated Scrutiniser’s Report, will be placed on the website of the Company www.thermaxglobal.com and on the website of KFinTech at: <https://evoting.kfintech.com>. The result will simultaneously be communicated to the stock exchanges.
- g. Subject to receipt of requisite number of votes, the Resolutions proposed in the Notice shall be deemed to be passed on the date of the Meeting, i.e., Friday, August 6, 2021.

10. The Company has fixed Friday, July 23, 2021 as the ‘Record Date’ for determining entitlement of members to dividend for the financial year ended March 31, 2021, if approved at the AGM.

11. If the dividend, as recommended by the Board of Directors, is approved at the AGM, payment of such dividend subject to deduction of tax at source will be made on Thursday, August 12, 2021 as under:

- i. To all Beneficial Owners in respect of shares held in dematerialized form as per the data as may be made available by the National Securities Depository Limited (“NSDL”) and the Central Depository Services (India) Limited (“CDSL”), collectively “Depositories”, as of the close of business hours on Friday, July 23, 2021.
- ii. To all Members in respect of shares held in physical form after giving effect to valid, transmission or transposition requests lodged with the Company as of the close of business hours on Friday, July 23, 2021.

12. Pursuant to Finance Act 2020, dividend income will be taxable in the hands of shareholders w.e.f. April 1, 2020 and the Company is required to deduct tax at source from dividend paid to shareholders at the prescribed rates. For the prescribed rates for various categories, the shareholders are requested to refer to the Finance Act, 2020 and amendments thereof. The shareholders are requested to update their PAN with the Company/ KFinTech (in case of shares held in physical mode) and depositories (in case of shares held in demat mode).

A Resident individual shareholder with PAN and who is not liable to pay income tax can submit a yearly declaration in Form No. 15G/15H, to avail the benefit of non-deduction of tax at source by email to einward.ris@kfintech.com by 5.00 p.m. IST on July 23, 2021. Shareholders are requested to note that in case their PAN is not registered, the tax will be deducted at a higher rate of 20%.

Non-resident shareholders can avail beneficial rates under tax treaty between India and their country of residence, subject to providing necessary documents i.e. No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F, any other document which may be required to avail the tax treaty benefits by sending an email to einward.ris@kfintech.com. The aforesaid declarations and documents need to be submitted by the shareholders by 5.00 p.m. IST on July 23, 2021.

The aforesaid documents such as Form 15G/ 15H, documents under sections 196, 197A, FPI Registration Certificate, Tax Residency Certificate, Lower Tax certificate etc. can be uploaded on the link <https://ris.kfintech.com/form15/default.aspx> on or before July 23, 2021 to enable the Company to determine the appropriate TDS / withholding tax rate applicable. Formats of Form 15G / Form 15H are available on the website of the Company and can be downloaded from the link <https://www.thermaxglobal.com/download-forms/>

13. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from, April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to

dematerialized form. Members can contact the Company or Company's Registrar and Transfer Agent, KFinTech for assistance in this regard.

14. PAN/Bank Details Mandate

The Securities and Exchange Board of India (SEBI) vide its Circular dated 20th April, 2018 has mandated registration of Permanent Account Number (PAN) and Bank Account Details for all securities holders. Members holding shares in physical form are therefore, requested to submit their PAN and Bank Account Details to KFinTech / Investor Services Department of the Company by sending a duly signed letter along with self-attested copy of PAN Card and original cancelled cheque. The original cancelled cheque should bear the name of the Member. In the alternative, Members are requested to submit a copy of bank passbook / statement attested by the bank. Members holding shares in demat form are requested to submit the aforesaid information to their respective Depository Participant.

15. E-mail Address:

To support the 'Green Initiative', Members who have not yet registered their email addresses are requested to register the same with their Depository Participants (DPs) in case the shares are held by them in electronic form and with KFinTech in case the shares are held by them in physical form.

16. National Electronic Clearing Service (NECS):

The Company has provided facility to the Members for receiving dividend through Electronic Clearing System (ECS) to avoid loss in transit/fraudulent interception & encashment/undue delay in receipt of the dividend warrant. The ECS facility is available at locations approved by the Reserve Bank of India from time to time and covers most of the cities and towns.

Members holding shares in physical form and who wish to avail this facility are requested to send their details in the ECS mandate form. The ECS mandate form may be collected from the Registrar & Transfer Agent (RTA) or may be downloaded from the Company's website (www.thermaxglobal.com). The ECS mandate form submitted earlier shall be valid for the recommended dividend.

Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/ mobile numbers, Permanent Account Number

(PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their DPs in case the shares are held by them in electronic form and to KFinTech in case the shares are held by them in physical form.

17. Unclaimed Dividend:

The Ministry of Corporate Affairs had notified provisions relating to unpaid / unclaimed dividend under Sections 124 and 125 of the Companies Act, 2013 and the Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016 (IEPF Rules). As per these Rules, dividends which are not encashed / claimed by the shareholder for a period of seven consecutive years shall be transferred to the Investor Education and Protection Fund (IEPF) Authority.

The IEPF Rules mandate the companies to transfer such shares of Members of whom dividends remain unpaid / unclaimed for a period of seven consecutive years to the demat account of IEPF Authority.

Dividend declared by the Company on July 22, 2014 for the financial year 2013-14 which remained unclaimed, is due for transfer to the Investor Education and Protection Fund (the IEPF), on August 28, 2021, pursuant to the provisions of the aforesaid Sections of the Companies Act, 2013.

Members who have not encashed their dividend warrants pertaining to the year 2013-14 and/or any subsequent years that still remains outstanding, are requested to lodge their claims with KFin Technologies Private Limited, the Company's RTA, at the earliest for obtaining payments thereof.

18. Queries related to financial statements:

Members are requested to write to the Company their queries, if any, on the financial statements, at least 10 days before the meeting to enable the management to keep the required information available.

The audited financial statements and consolidated financial statements for the financial year ended March 31, 2021 can also be viewed on the Company's website (www.thermaxglobal.com).

19. Additional information, pursuant to Regulation 36 of the Listing Regulations and Secretarial Standards-2 (SS-2), in respect of the directors seeking appointment/re-appointment at the AGM is as given below:

Details of directors seeking appointment/re-appointment/extension at the annual general meeting

Pheroz Pudumjee

Pheroz Pudumjee, 59, is a Director of the Company since January 15, 2001. He facilitates the Company's international initiatives including the incubation and development of new business and relevant organizational changes. Earlier, Mr. Pudumjee was Executive Director of Thermax's International Division till 2001. He also managed Thermax's overseas venture in UK. Mr. Pudumjee is a member of the Western Region Council of the Confederation of Indian Industries (CII). He had been the Chairman of CII, Pune and was also a member of its National Committee on Exports. He also served as a member on the Maharashtra Chamber of Commerce's International Panel. Mr. Pudumjee has a Masters degree in Business Administration and a Diploma in Automobile Technology from Stanford University, USA.

Mr. Pudumjee is a Chairman/Member of the following Board appointed committees of the company:

Committee	Chairmanship/Membership*
Audit Committee	Member
Stakeholders' Relationship Committee	Chairman

(*) Only two committees, namely, Audit Committee and Stakeholders Relationship Committee have been considered as per Regulation 26(1)(b) of the SEBI Regulations.

Mr. Pheroz Pudumjee holds directorship of the following companies:

ARA Trusteeship Company Private Limited
RDA Holdings Private Limited
Jetsynthesys Private Limited
Thermax Engineering Singapore PTE Limited
Mephezalea Singapore PTE LTD, Singapore (Body Corporate)
RDA Investments Singapore PTE Limited, Body Corporate

Mr. Pudumjee holds 6,000 equity shares of the company. Mr. Pheroz Pudumjee and Mrs. Meher Pudumjee are related to each other.

Following are additional details:

Date of first appointment on the Board	January 15, 2001
The number of Meetings of the Board attended during the year	6
Details of remuneration sought to be paid and	As per existing approved terms and conditions
The remuneration last drawn	Rs. 28 lakh (for remuneration details, please refer the Corporate Governance Report)

Mr. Harsh Mariwala

Harsh Mariwala, 70, is the Chairman of Marico Limited, and is also Chairman & Managing Director of its wholly owned subsidiary, Kaya Limited. Mr. Mariwala has transformed Marico, a traditional commodities driven business into a leading consumer products and services company in the beauty and wellness space. The company has won several awards and recognition under his leadership. He established the Marico Innovation Foundation in 2003 to fuel innovation in India. He started ASCENT in 2012, a not-for-profit and unique peer-to-peer platform for high potential entrepreneurs to exchange experiences and ideas.

Mr. Mariwala was the President of Federation of Indian Chambers of Commerce and Industry (FICCI) in 2011. He has been a part of the Young Presidents Organization (YPO), held the position of YPO Education, Membership and Chapter Chair for the Bombay Chapter, and was a member of the International Forum Board of YPO International. He is now a part of the World Presidents Organization (WPO).

Chairmanship(s) and Membership(s) in the committees: NIL

(*) Only two committees, namely, Audit Committee and Stakeholders Relationship Committee have been considered as per Regulation 26(1) (b) of the SEBI Regulations.

Shareholding in the Company: NIL

Mr. Mariwala holds directorship of the following companies:

Marico Limited
Kaya Limited
Eternis Fine Chemicals Limited
Scientific Precision Private Limited
Marico Innovation Foundation
Halite Personal Care India Private Limited (Under voluntary liquidation)
Sharrp Consumer Wellbeing Solutions Private Limited (formerly known as Indian School of Communication Private Limited)
Ascent India Foundation
Mariwala Health Foundation
Aqua Centric Private Limited
Zensar Technologies Limited
JSW Steel Limited

Following are additional details.

Date of first appointment on the Board	November 10, 2016
The number of Meetings of the Board attended during the year	5
Details of remuneration sought to be paid and	As per existing approved terms and conditions
The remuneration last drawn	Rs. 22 lakh (for remuneration details, please refer the Corporate Governance Report)

By Order of the Board of Directors
For **Thermax Limited**

Place : Pune
Date : May 25, 2021

Kedar P. Phadke
Company Secretary
FCS 3349

EXPLANATORY STATEMENT

[Pursuant to Section 102(1) of the Companies Act, 2013]

Item No. 4

M/s. Dhananjay V. Joshi & Associates, Cost Accountants, Pune have been appointed as the Cost Auditors of the Company for the financial year 2021-22 by the Board of Directors at its meeting held on May 12, 2021. It is proposed to pay Rs. 6,25,000 /- (Rupees Six Lakhs Twenty Five Thousand only) plus applicable taxes and reimbursement of actual out of pocket expenses as the remuneration to the Cost Auditors for the FY 2021-22. They were also the Cost Auditors of the Company for financial year 2020-21.

In terms of provisions of Section 148(3) of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, remuneration of the Cost Auditors is required to be ratified by the shareholders of the Company.

Your Directors recommend the resolution for your approval.

No Director, Key Managerial Personnel or their relatives are concerned or interested in the resolution.

Item No. 5

Based on the recommendation of Nomination and Remuneration Committee, Mr. Harsh Mariwala was re-appointed as Independent Director by the Board of Directors at its meeting held on May 12, 2021, subject to approval of members of the Company in this general meeting. Accordingly, it is proposed to approve appointment of Mr. Mariwala as an Independent Director for a period of five years.

A brief resume of Mr. Mariwala is given in the Notice of this Annual General Meeting. The Company has received declaration from Mr. Mariwala that he meets with the criteria of independence as prescribed under Section 149(6) of the Act and that he is not disqualified from being appointed as a Director by the SEBI or any other authority.

As per Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements), 2015, w.e.f. April 01, 2019 appointment or continuation of the Directorship of a Non-Executive Director who has attained the age of 75 years requires approval of shareholders through a special resolution. Accordingly, Mr. Harsh Mariwala will attain the age of 75 years on May 14, 2026. Therefore, pursuant to the provisions of the aforesaid section approval of the shareholders is sought by Special Resolution for continuation as Non Executive Independent Director from May 14, 2026 till November 9, 2026.

In the opinion of the Board, Mr. Mariwala fulfills the conditions for the appointment as an Independent Director as specified in the Act.

The terms and conditions of appointment of Mr. Mariwala are posted on the Company's website at www.thermaxglobal.com and the same are also available for inspection and the members desiring to have inspection of the same shall contact on cservice@thermaxglobal.com for the same by August 5, 2021.

Save and except Mr. Mariwala no other Director and/or Key Managerial Personnel in any way are connected or interested in the resolution set out at item 5.

Your Directors recommend the resolution for your approval.

By Order of the Board of Directors
For **Thermax Limited**

Place : Pune
Date : May 25, 2021

Kedar P. Phadke
Company Secretary
FCS 3349



Annual Report
2020-21

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To view this report online, please scan the code or visit the website:

<https://www.thermaxglobal.com/annual-reports/>



About this Cover

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

ABOUT THIS INTEGRATED REPORT

Reporting Approach

Thermax Limited is pleased to present its FY2021 Integrated Report, which aims to provide its shareholders with a balanced insight into how the company's business creates value in the short, medium and long-term. As a company, it is committed to achieving the highest governance standards essential for sustainable value creation. Thermax's reporting philosophy is founded on the principles of accountability, transparency, accuracy, integrity, responsibility and compliance.

The report is prepared in accordance with the International Integrated Reporting Council's (IIRC) <IR> framework. Since 2016, Thermax has been reporting stakeholder relevant performance through a Business Responsibility Report, as required by SEBI. The company has combined these two reports to avoid duplication. It also believes that this reporting approach enables a comprehensive but concise coverage of stakeholder relevant information.

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. The report contains disclosures that pertain to the period April 1, 2020, to March 31, 2021, unless stated otherwise.

Responsibility Statement

As Those Charged With Governance (TCWG), the management has evaluated the contents presented in the report and assured its integrity to the best of its knowledge. The management has approved the publication of this report on May 25, 2021.

Forward-looking Statements

Certain statements in this report regarding Thermax's business operations may constitute forward-looking statements. While these statements reflect its 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 from the company's expectations.

How to Read the Report

Capitals



Financial Capital



Manufactured Capital



Intellectual Capital



Human Capital



Social and Relationship Capital



Natural Capital

Stakeholders



Customers



Employees



Vendors and Business Partners



Owners and Shareholders



Government Authorities



Communities and Academic Groups



Feedback and Suggestions

We welcome your feedback and suggestions on this report. You may email us at cservice@thermaxglobal.com

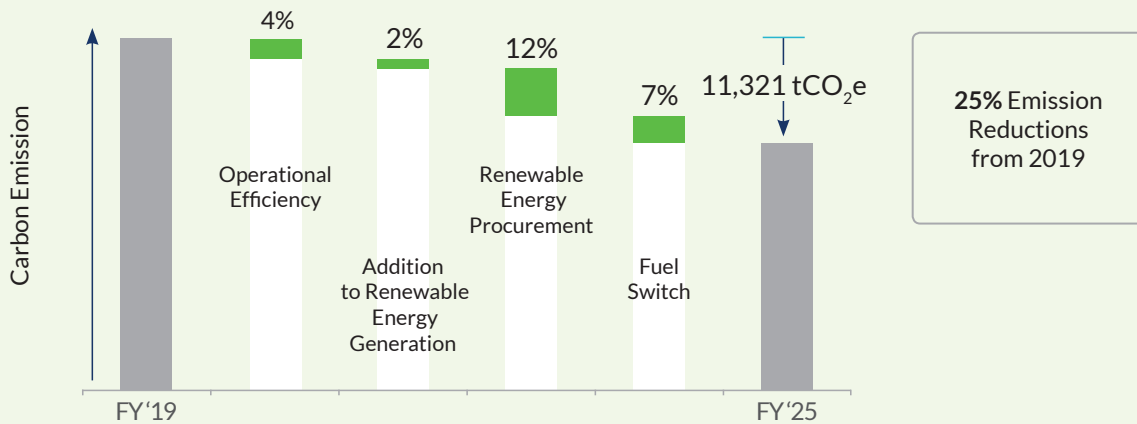
TOWARDS A ZERO-CARBON FUTURE

With climate change mitigation becoming an imperative for the sustenance of our planet, nations and organisations are rapidly developing and executing decarbonisation plans. As this energy transformation is gaining momentum, new technologies are coming into play. The benefits of this change extend from helping grow renewables to developing new energy carriers, improving energy efficiency, reducing emissions, and transforming how the world uses energy.



As a frontrunner in providing sustainable energy and environment solutions, Thermax is committed to living up to its brand promise of 'Conserving Resources and Preserving the Future'. It has initiated various actions on charting the decarbonisation path, with a clear roadmap for achieving 25% reduction by 2025. This is in line with the company's commitment to supporting India in making the transition to a low carbon economy, by enhancing energy efficiency and adopting best practices on resource optimisation.

Decarbonisation Roadmap till 2025



Thermax remains focussed on continuously strengthening its green portfolio to become a notable technology player in the evolving sphere of energy transition. It has, over the years, developed significant expertise in the areas of waste heat recovery, waste to energy, green power and steam generation, air pollution abatement, process improvement chemicals, solar energy, water treatment and recycling. The company shall continue to deploy its strengths in these domains to build partnerships with customers, with the aim of boosting resource productivity and minimising the carbon footprint. It is also continually investing in Research and Development (R&D) to harness the new energy opportunities. The company believes this will facilitate its transition from a predominant capital goods player to a clean energy, clean air and clean water company.

KEY HIGHLIGHTS OF FY 2020-21

1

Thermax Group recorded a total revenue of Rs. 4,791 crore in FY 2020-21, as compared to Rs. 5,731 crore in FY 2019-20. Profit after tax stood at Rs. 207 crore, compared to Rs. 212 crore in the previous year.

5

The Chemical segment witnessed its highest ever growth in three years, registering a profit before interest of Rs. 103 crore in FY 2020-21. Additional manufacturing capacity of 10,000 m³ per annum was added to meet the growing demand for specialty chemicals.

2

Thermax Group's MD & CEO, M.S. Unnikrishnan, retired on August 31, 2020; Ashish Bhandari took over the reins of the company as the new MD & CEO with effect from September 1, 2020.

6

Thermax Onsite Energy Solutions Limited (TOESL), a 100% subsidiary providing utility delivery services, concluded its maiden deals for international, multi-utility, cogeneration and treated effluent supply. This translated into more than 3x growth in order booking over the previous fiscal.

3

Thermax booked an order of Rs. 320 crore to set up a captive Combined Heat and Power (CHP) plant on EPC basis for a public sector biorefinery company in Assam. The company is developing India's first biorefinery, to produce cellulosic ethanol from bamboo biomass.

7

Thermax partnered with Defence Research and Development Organisation (DRDO) for the supply of fuel cell stacks, to realise India's ambition of developing homegrown Air Independent Propulsion system for the Scorpene class submarines of the Indian Navy. A crucial milestone of the programme was the successful demonstration of a land based prototype to the Indian Navy on March 8, 2021.

4

Thermax Babcock & Wilcox Energy Solutions Private Limited (TBWES), a wholly-owned subsidiary of Thermax, signed a know-how transfer and license agreement with Germany based Steinmüller Babcock Environment GmbH (SBE) for waste to energy technology. Under the agreement, TBWES will design, engineer, manufacture and sell Municipal Solid Waste (MSW) fired waste to energy solutions, by incorporating SBE's well established grate and boiler technology.

8

The group announced 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.



AWARDS AND ACCOLADES



1 Thermax Babcock & Wilcox Energy Solutions (TBWES) Services team won the 'Safe Contractor of the Year - Kavach 2019' award from a reputed oil and gas company.

2 Water and Waste Solutions O&M team received an award for 'Best Performance at Site' from a pharma customer in Gujarat, and another for 'Best Performer' at a beverages customer site.

3 TBWES Shirwal factory won the runner-up position in the 'Environment, Health and Safety Practices' competition organised by the Confederation of Indian Industry (CII) - Centre of Excellence for Competitiveness.

4 Thermax was recognised with a 'Special Jury Citation' award at the 7th edition of The India Risk Management Awards, conducted by CNBC-TV18, for demonstrating exemplary execution capabilities for its largest export order received from the biggest African refinery.

5 TBWES Services team received an award for 'Best on Time Performance for Refinery Supplies' in December 2020 from a leading oil and gas company.

6 Fireside bagged bronze in the 'Internal Magazine' category at the 59th annual awards ceremony of the Association of Business Communicators of India (ABCI). Fireside was chosen the winner among 1,250 entries from 89 corporates, banks and PSUs under various categories. (ABCI is India's largest non-profit organisation for business communication professionals since 1957 and annually applauds brands for their exemplary work in the field of communication).

7 TBWES bagged an award in the 'Capacity and Productivity Improvement' category at the CII national competition on 'Low Cost Automation', for showcasing its capabilities in automation of engineering drawings.

8 In March 2021, TBWES team from the Savli manufacturing facility in Gujarat participated in the National Maintenance Circle Competition of CII; It was awarded the first and second place in the categories of 'Intelligent Maintenance Management' and 'Predictive and Preventive Maintenance Practices', respectively.

9 In appreciation of Anu Aga's immense contribution in the area of desalination, water and wastewater treatment and community services for progressive change of the underprivileged, the Indian Desalination Association conferred a Lifetime Achievement Award and Honorary Fellow Membership upon her on March 19, 2021, during its annual congress InDACON-2021 organised at Malaviya National Institute of Technology (MNIT) Jaipur, India.

10 Anu Aga was also a recipient of the Lifetime Achievement Award from the reputed Delhi Management Association at its, 'Annual Conference for Women Entrepreneurs,' in view of the tremendous and exemplary contribution to business and the social field.

BATTLING THE COVID-19 CRISIS

Even as the outbreak of the virus fundamentally changed the way people live, work and socialise, Thermax combatted the crisis on all fronts with a caring, agile and resilient mindset. The company adapted to the new normal with a strong focus on employee health and safety, cash preservation, stakeholder engagement, and unfolded its digital potential to ensure business continuity. Despite the strict measures enforced by the government, and the safety precautions taken by the company, 1,567 Thermax employees, including contract labour, got infected (till May 2021), and 11 of them lost their lives, predominantly in the second wave of the deadly Coronavirus. Thermax's heartfelt condolences to the families of the employees who passed away, and will always be grateful for their contribution to the organisation.



The first batch of students enrolled for *Pragati*, a skill development programme launched by Thermax Foundation in association with TVS Educational Society for the empowerment of local youth in Sri City, Andhra Pradesh



Employees

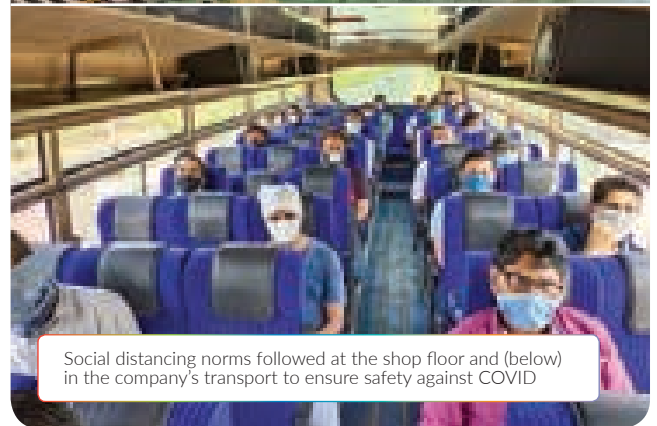
The pandemic sharpened the company's focus on the overall well-being, health and safety of employees. All its manufacturing locations, offices and customer sites are operating with strict adherence to the COVID-19 guidelines prescribed by the government authorities, as also the company's internal guidelines. As a crucial supply chain partner, Thermax remains fully committed to keep its production lines running, for providing uninterrupted supplies to the essential goods and services sectors.

All possible steps are being taken to ensure that employees and their loved ones are safe – at home and at work. The newly launched 'ThermSafe' app helps in tracking the health status of all employees in real time, enabling the management to take prompt decisions. The app recommends self-quarantine, facilitates users to check sanitisation status at the office premises, and also enables them to make suggestions. Thermax has also launched a dedicated phone line for employees for consultation with mental health doctors, to help them deal with psychological stress in these difficult times.

Despite being physically distanced, Thermax has been engaging with its employees proactively. It has taken various online initiatives, including Tea Talks, an in-house chat show and 'Walk a Week' fitness challenge. Through ThinkPink, Mental Health Day and International Yoga Day, employees are encouraged to stay healthy and fit.



Glimpse from the first phase of the COVID vaccination drive



Social distancing norms followed at the shop floor and (below) in the company's transport to ensure safety against COVID

Thermax observed World Health Day by undertaking a two-day vaccination drive to further secure its employees' health and safety amid the pandemic. The first phase was conducted at the R.D. Aga Centre, Chinchwad, with support from local authorities. More than 600 Pune based employees, their spouses and dependents over 45 years of age were vaccinated. As part of its sensitisation programme, the company has been urging all its employees to come forward and take the vaccine, with a strong message that "we all are safe only if each one of us is safe". As a next step, Thermax has initiated a tie-up with hospitals across the country for the next round of vaccinations for 18+ year old employees and their families. Vaccination awareness programmes are also being strengthened.

> For detailed information on how Thermax engages with, and nurtures its employees, refer to the section on Human Capital on page 46 of the report



Customers

Thermax is reimagining customer experience, and advancing its capabilities to adapt to the fast changing external environment. The company remains connected with its customers remotely, with constant communication enabled through digital tools. Uninterrupted support is ensured to all customers, especially those engaged in the supply of essential goods and services. The company continues onsite support at several customer sites, ensuring that critical operations are not stalled. Through a digital-led experience, it is continually innovating its delivery model and leveraging digitalisation to make its processes more efficient, thus helping customers navigate the pandemic safely and effectively. Many projects, including large capacity boilers, have been commissioned remotely, with strict adherence to health and safety. These are elaborated on later in the report.



Channel and Vendor Partners

Thermax acknowledges the dedication of its channel and vendor partners, who have been working tirelessly during these challenging times to maintain their supply to the company's manufacturing sites in India. Managers are in constant touch with channel and vendor partners to allay their fears about the pandemic. The Thermax Channel Associates and Thermax Channel Business Group have collaborated to ensure business continuity, address critical customer needs, and achieve business growth. The company proactively partners with its vendors to optimise costs and support them in navigating the tough times.

➤ For detailed information on how Thermax maintains its relationships with customers and channel and vendor partners, check the section on Social and Relationship Capital on page 48 of the report



Communities

In keeping with its long tradition of promoting the well-being of communities, Thermax has been adopting several key measures to battle the pandemic. Thermax Foundation is working closely with trusted NGOs to support the affected communities around the company's manufacturing locations. It continues to provide them with daily provisions, masks, ventilators, oxygen concentrators and other essential items. It is also engaged in prevention, awareness and sanitisation campaigns, besides sensitising local communities about the COVID-19 virus as also vaccine hesitancy. The Foundation also continued its support towards education and skill



The 4 TPH biomass boiler plant installed by TOESL under its BOO model, supports a specialty chemicals company with uninterrupted green steam supply even during the pandemic

building to restore jobs or enhance employability during the year.

Being a Responsible Corporate Citizen

Restoring the Equity of Migrant Labour

In partnership with NGO Dasra, Thermax joined hands with like-minded corporates to launch the 'Social Compact' (SoCo) initiative. It is aimed at contributing towards restoring the equity of migrant labour, to ensure fairness and dignity of humanity. The initiative assures certain standards for the workforce, including living wages for workers, safety at the workplace, health and social security cover, grievance redressal mechanism, among others.

Dasra mobilised the collaboration with other NGOs like Aajeevika Bureau, Jan

Sahas and Centre for Social Justice, who have been providing services and support to migrant workers for several decades.

Thermax identified some of its manufacturing locations, sites and vendor partners for quick and immediate attention under the SoCo initiative. Along with the SoCo team, a guided self-assessment of practices was undertaken across customer sites in Gujarat and Maharashtra. Gaps and opportunities were identified to improve labour practices at these sites.

Core tenets of SoCo

Starting with a common minimum undertaking that is legal

Moving to additional good practices with an industry-focussed lens

Defining a set of parameters that outline gold standard working conditions

1 Million

Informal workforce that SoCo intends to cover in 150 companies

15

No. of companies connected across Mumbai, Pune and Ahmedabad in SoCo's pilot phase

➤ For detailed information on how Thermax serves the communities in which it operates, refer to the section on Social and Relationship Capital on page 48 of the report

MESSAGE FROM THE CHAIRPERSON



“Thermax has always been a proponent of ESG, since long before the term was invented. Your company is constantly looking at ways to harness waste energy for productive use, be it in heating, cooling or generating power; cleaning and recycling water; or using waste biomass or non-recyclable solid waste in the paper industry as fuel, for protecting the environment in the long-term.”

Dear Shareholder,

It is a pleasure to present the 40th Annual Report of your company.

As we conclude another year of uncertainty, dominated by the Coronavirus outbreak, the situation worldwide, and particularly in India, has seen a lot of distress. Our heartfelt condolences to the families of the 11 employees who lost their lives to COVID, and to those who have lost their loved ones. Let us continue having faith, and hope that this too shall pass!

At the beginning of 2020-21, the Board of your company had set out four priorities. The first and foremost was the health and safety of our people. Our team has operated, and continues to do so, with strict Standard Operating Health & Safety Procedures at all our locations. The second was cash flow – I am happy to say that the company has enhanced its cash flow and managed working capital very well. The third priority was order booking – although difficult with travel restrictions, all our people, including dealers and channel

partners, have done reasonably well. And finally, profit – indeed a very good job done, as a result of strong focus on cost reduction and execution of orders under constraints of supply chain difficulties and COVID infections.

On behalf of the Board, I would like to thank our new Managing Director & CEO, Ashish Bhandari, who joined us on April 7, 2020, the Executive Council, our SBU heads, and the senior management, for navigating the company through a very tough and challenging year. A big ‘thank you’ to all our employees for their dedication and efforts in effectively collaborating with all our stakeholders, despite going through a lot of pain and anxiety within families, as also the limitations of working from home. Thank you, to all our customers for their understanding and continued patronage; our channel and vendor partners, who have worked tirelessly to meet commitments; our auditors, who, despite many challenges, have worked hard to audit our accounts; our shareholders and all other stakeholders, for their continued and unwavering support. I would also

like to express my sincere appreciation to all my fellow Board members for attending all our Board and Committee meetings, supporting and guiding the management in taking many important decisions during this difficult time. And a special thank you to our former MD & CEO, Mr. M.S. Unnikrishnan, who graciously agreed to extend his tenure and superannuated on August 31, 2020, after ensuring a smooth transition, supporting Ashish through the initial phase of COVID induced disruption.

Progressing into FY 2021-22, ESG (Environmental, Social and Governance), especially ‘S’, is taking centre stage, in view of the rising disparity in incomes and a sharp focus on securing human lives. While the economic and social disruption has been devastating, many of those affected, not just by the virus but also by loss of livelihood, have been migrant workers and daily wage earners. Moved by the plight of this ‘invisible’ workforce forming India’s backbone, your company has made a modest beginning towards improving their working conditions, both within our

premises and at our sites. In partnership with NGOs Dasra and Aajeevika Bureau, along with a few other like-minded corporations, I am happy to share that we have commenced an initiative called the Social Compact (SoCo), for restoring the equity of these migrant workers. It is a small beginning, but I am very hopeful it will make an impact, since it has the buy-in of all within Thermax.

'E' (Environment) is also in focus, as climate change continues to pose an existential threat to the planet. The much cleaner environment witnessed during lockdowns should have persuaded even the sceptics that it is human activity that is responsible for our environmental degradation. Thermax has always been a proponent of ESG, since long before the term was invented. Your company is constantly looking at ways to harness waste energy for productive use, be it in heating, cooling or generating power; cleaning and recycling water; or using waste biomass or non-recyclable solid waste in the paper industry as fuel, for protecting the environment in the long-term.

I am also very happy to inform you that the orders registered by our subsidiary, TBWES, in the second half of FY 2020-21 were all 'green'. We are also seeing some of our customers shifting from a capex to an opex model – our subsidiary TOESL has partnered with them to decarbonise, as also reduce their water footprint.

Leveraging our forte in waste to energy, we have introduced a unique environmental-friendly product called T-HVAC (Thermal Heating, Ventilation and Air Conditioning), which utilises exhaust gas from heavy vehicles, to cool their cabins in summer and heat them in winter.

'G' (Governance) has always been the cornerstone of the way in which Thermax operates – with an emphasis on all our stakeholders. I am very proud of the independence of our Board members – we welcome constructive dissent and differences of opinion, since that is what makes an organisation stronger and sustainable.

Kudos to our Chemical business team, who have quietly contributed a significant profit to the overall bottom line of the company during the year. Their enhanced manufacturing capacity and a strong focus on every customer is deserving of appreciation.

Coming to the global arena, although our exports from India have increased, thanks to our chiller and chemical businesses, our international subsidiaries have been going through a challenging time. We continue to focus on improving our overseas manufacturing and marketing capabilities in Europe and Southeast Asia. We are also building local EPC capabilities in select countries, while continuing our plug-and-play modular engineering solutions, that enable our customers to minimise onsite construction work, thus offering new possibilities for growth.

With digitalisation reshaping our lives, Thermax commenced its 'Smart Thermax' journey with a structured digital roadmap. The travel constraints of the pandemic prompted us to explore remote commissioning technologies for large boilers, and we have successfully accomplished projects in countries

like Turkey and Nigeria. We have also leveraged Remote Online Service Support (ROSS) to support overseas customers with commissioning of our chillers. We are also aiming to augment our service footprint through digitalisation, which will help us effectively track and monitor our widespread installation base, constantly adding value to our customers.

During the lockdown, digitalisation enabled many of our people to work from home (or from anywhere). This has encouraged the HR team to explore new ways of working, which are more agile and location-agnostic, with enhanced focus on outcome-driven performance. Hopefully, over time, this should enable the organisation to enhance its gender diversity, as also attract talent from all over the world.

Thermax Foundation has been supporting, and continues to partner with several good, credible and trusted NGOs that are going all out to help communities with rations, equipment to help fight COVID, and of course continuing to educate young minds through our partnership with Akanksha Foundation. In the coming year, we shall also focus more aggressively on skilling or reskilling people in poor communities, to help them get back on their feet again.

Moving forward, the Thermax of the future is one that is closely aligned with the needs of a cleaner, greener, and healthier world. We still have a long way to go, but with more sustainable projects, we are today a clean energy, clean water and clean air company, delivering on our philosophy of 'Conserving Resources, Preserving the Future'.

I would like to conclude by once again thanking all our stakeholders for continuing to repose their faith in this institution. Please do not let your guard down - stay safe and healthy. Each of us is safe only if all of us are safe.

Warmly,

Meher Pudumjee



MESSAGE FROM THE MANAGING DIRECTOR



Dear Shareholder,

This past year has been unlike any other in living memory. Amid the COVID-19 challenges, business priorities had to be redefined, with health and safety becoming the primary imperative. At the same time, ensuring business continuity to meet customer needs, and maintaining robust financial health was also vital to our sustainable long-term growth. I am happy to share that your company performed admirably on all these counts.

We took multiple initiatives for the safety of our employees, who had to adapt with agility to the new norms. From strict adherence to the COVID safety protocols at our factories and customer sites, to the development of a COVID management app, your company ensured seamless transition to the transformed realities. Learning from the first wave of the pandemic, we decided to expand our COVID safety ambit, during the second surge, to include the broader labour force that supports Thermax, especially contract workers and the migrant workforce. Thermax has partnered with Aajeevika

Bureau to formulate the minimum standards that the company will adhere to in ensuring the well-being of the entire ecosystem of our people.

The pandemic also triggered a series of challenges on the customer front, necessitating a new level of responsiveness on the part of the company. Maintaining service continuity for international customers, and for those engaged in essential businesses such as food and pharmaceuticals, demanded out-of-the-box initiatives. Concurrently, your company had to address urgent requests for site shutdowns and force majeure implementations during the lockdown period, followed by expedited deliveries as the economy rebounded, only to slow down again with the relapse of COVID-19. Our digital capability, which we have been continually investing in over the years, proved to be a particularly valuable asset during COVID. Our expertise in remote operations enabled us to solve urgent customer problems, ensuring seamless execution of commissioning and other orders

from customers across the world. One of our earliest crisis management challenges was the commissioning of a boiler for a customer in Egypt, without any way to get our employees to the site. We successfully commissioned the project in line with the customer's expectations through our digitally enabled remote operations capability. Throughout the year, several such orders from the Philippines to Zambia to the USA were executed. Our teams received numerous recognitions from our customers for going over and beyond during these difficult times. That said, while our intent has been to do our best, logistical complications over the past year have made us realise that continuous service improvement is a business imperative. I do believe that the prolonged pandemic has irrevocably changed customer behaviour and employee expectations.

As cash preservation became a major priority during the pandemic, we also worked closely with our customers and partners to ensure timely payments to Thermax by ironing out

documentation and other issues. At the same time, we took all necessary steps to pay our MSME suppliers on time. Further, to support our channel partners and distributors, Thermax collaborated with financial institutions to roll out credit support facilities. These efforts translated into more than 50% increase in the company's cash and cash equivalent during the fiscal.

The business environment was also adversely affected during the year by commodity price rise, logistical challenges (container unavailability and increase in freight cost), and supply issues from China. In this light, the PBT (profit before tax and exceptional items) of 6.8% is a testament to the efforts of our entire team, and the robust fundamentals which the organisation has built over the years. 'Agile', an internal initiative that we launched in April 2020 to drive the company's transformation in the pandemic period, has also contributed to our positive financial performance during the year. As part of Agile, a cross-company team took a deep look at all indirect costs, and some specific direct costs and delivered significant cost savings in these categories. The employees also undertook short-term voluntary salary cuts that helped manage costs during the toughest period.

The company's financial performance during 2020-21 was supported by the operational milestones achieved in an extremely difficult environment. Many of Thermax's plants delivered their highest ever throughputs during the later part of the year. On the orders front, Thermax registered Rs. 4,784 crore, with a healthy mix of segments and geographies. The strength of the company's multi-industry and nationwide connect, and its sustained focus on increasing the share of business from products and services was a key driver of this achievement. Our success in securing orders for difficult applications, where efficiency and carbon footprint reduction were important considerations, underlines the company's strength. As an example, in our large boilers business, 100% of the

orders received in Q3 and Q4 were related to green energy and waste heat recovery. One such noteworthy project, and my favourite, is the solution we built for a major paper recycling company for Non-Recyclable Solid Waste (NRSW) management. Typically, about 20% of a paper recycling plant comprises NRSW, which includes wet paper and plastic that cannot be recycled. Thermax's solution converts NRSW into steam and power, while meeting the highest environmental norms. We have to our credit several other such applications, where Thermax is the first to market. Our Chemical business also shone in adversity, delivering one of its best years. A good mix of international customers, optimum cost point, and favourable commodity pricing were the tailwinds that propelled the business to new heights. New capacity additions provide this segment with headroom to grow further in the coming years.

Amid our business initiatives, the focus on our carbon footprint has also

remained high. A number of new projects for carbon footprint reduction were implemented during the year. These will emerge as stepping stones towards the realisation of our commitment to increase the scale of the company's green offering and reduce 25% of its carbon footprint by 2025.

I joined Thermax in April 2020. The question that I am asked most often is - "How difficult it was to make the transition to Thermax, given the COVID outbreak and the resultant challenges?" I can confidently say that the transition has been a lot easier than I had expected. The company's core values and open culture led me to feel entirely at home immediately on joining, despite the tumultuous time on the business front. For this, I would like to express my gratitude to my predecessor Unny, and to all the former and current employees who have contributed to building the Thermax culture. Their relentless efforts have helped provide a strong foundation that is helping the company succeed in a difficult environment.

Before I conclude, I would like to highlight that while COVID is a short-term crisis that has all our current attention, climate change remains the bigger problem that businesses, institutions and governments need to tackle urgently. For countries like India, arresting climate change should be a priority while also addressing the increasing energy needs of a growing economy. Thermax is uniquely positioned to bridge the gap between energy availability and sustainability. It is this larger purpose around which the Thermax team and I are building the company's future path.

I look forward to sharing our progress along this journey in my future interactions with you. For now, I wish you and your loved ones a safe and healthy year ahead.

With best regards,

Ashish Bhandari



Chillers commissioned through ROSS for a wrapper manufacturer in Spain

Our digital capability, which we have been continually investing in over the years, proved to be a particularly valuable asset during COVID. Our expertise in remote operations enabled us to solve urgent customer problems, ensuring seamless execution of commissioning and other orders from customers across the world.

AN ENERGY AND ENVIRONMENT SOLUTIONS PROVIDER

Thermax offers integrated solutions in the areas of energy and environment – heating, cooling, power, water and waste management, air pollution control and chemicals.

It is a conglomerate of product, project and service businesses, with a manufacturing footprint spanning India, Europe and Southeast Asia.

A limited liability engineering company, set up in 1966 as Wanson India by A.S. Bhathena, Thermax Limited is registered in Pune and listed on India’s principal stock exchanges. Though a family business, with the family on the Board as Chairperson and Director, the business is run by non-family professional managers. The company’s business ethos is rooted in good governance, and it respects and balances the interests of its diverse stakeholders.

Vision and Values

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



Core Business Segments

Energy Segment



Heating

Boilers & Fired Heaters

- Atmospheric Fluidised Bed Combustion Boilers (AFBC)
- Circulating Fluidised Bed Combustion Boilers (CFBC)
- Grate Fired Boilers
- Spentwash Boilers
- Oil & Gas Fired Boilers
- Heat Recovery Steam Generators
- Waste to Energy Boilers
- Waste Heat Recovery Boilers
- Fired Heaters and Process Furnaces
- Waste Heat Recovery Units (WHRU)
- Pulverised Coal Fired Boilers
- Steam Boilers
- Thermal Oil Heaters and Vapourisers
- Hot Water Generators
- Hot Air Generators
- High Pressure Boilers
- Heat Recovery Systems
- Energy Plants
- Packaged and Modular Units

Steam Engineering Solutions

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



Cooling

Absorption Cooling and Heating

- Vapour Absorption Chillers
- Heat Pumps
- Hybrid Chillers
- Chiller-Heaters
- Heat Transformers

Process Cooling

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



Renewable Energy

- Solar PV Plants (Rooftop/Ground Mounted /Carport)
- Solar Thermal Hybrid System for Cooling and Heating
- Solar Concentrators
- Biomass Boilers/Chillers



Power Generation

EPC Solutions

- Captive Power Plants
- Independent Power Plants
- Waste Heat Recovery Power Plants
- Cogeneration Systems
- Air Cooled Condensers



Specialised Services

- Utility Delivery Services on Build-Own-Operate Model
- Plant Improvement Projects
- Life Extension Services
- Energy Audit and Utility Piping Consultancy
- Proactive, Preventive and Corrective Maintenance Services
- Retrofits and Upgrades
- Operation & Maintenance of Power Plants, Utilities and Solar PV Plants
- Genuine and Reliable Spare Parts

Core Business Segments

Environment Segment



Air Pollution Control

- Electrostatic Precipitators
- Bag Filters
- ComboFilter®
- Flue Gas Desulphurisation (FGD) Systems
- Scrubbers
- Heat Exchangers
- Coal Grinding Systems



Water and Waste Solutions

- Water Treatment Solutions
- Wastewater Treatment Solutions
- Sewage Treatment and Recycle
- Industrial Effluent Treatment and Recycle
- Zero Liquid Discharge (ZLD) Solutions
- Desalination Plants
- Waste Incinerators



Specialised Services

- Retrofit & Revamps, Upgrades, Overhauling of Air Pollution Control Equipment
- Plant Improvement and Upgrades
- Plant Management, Audits and AMCs
- Genuine Spare Parts and Services



Chemicals

- Ion Exchange Resins
- Water and Fuel Treatment Chemicals
- Oil Field Chemicals
- Construction Chemicals

› For more details on Business Segments, refer to page 20 of the MDA

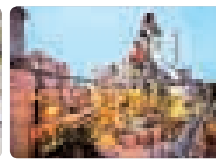
Industries Served



Agro-processing



Automobiles



Cement



Chemicals & Fertilisers



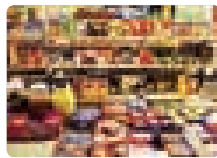
Construction



Dairies



Distilleries



Food



Metals



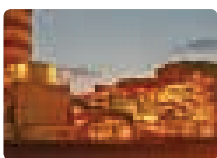
Paper & Pulp



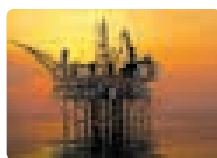
Pharmaceuticals



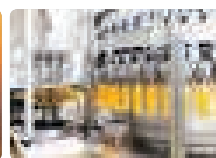
Plywood



Power Generation



Refineries & Petrochemicals



Soft Beverages

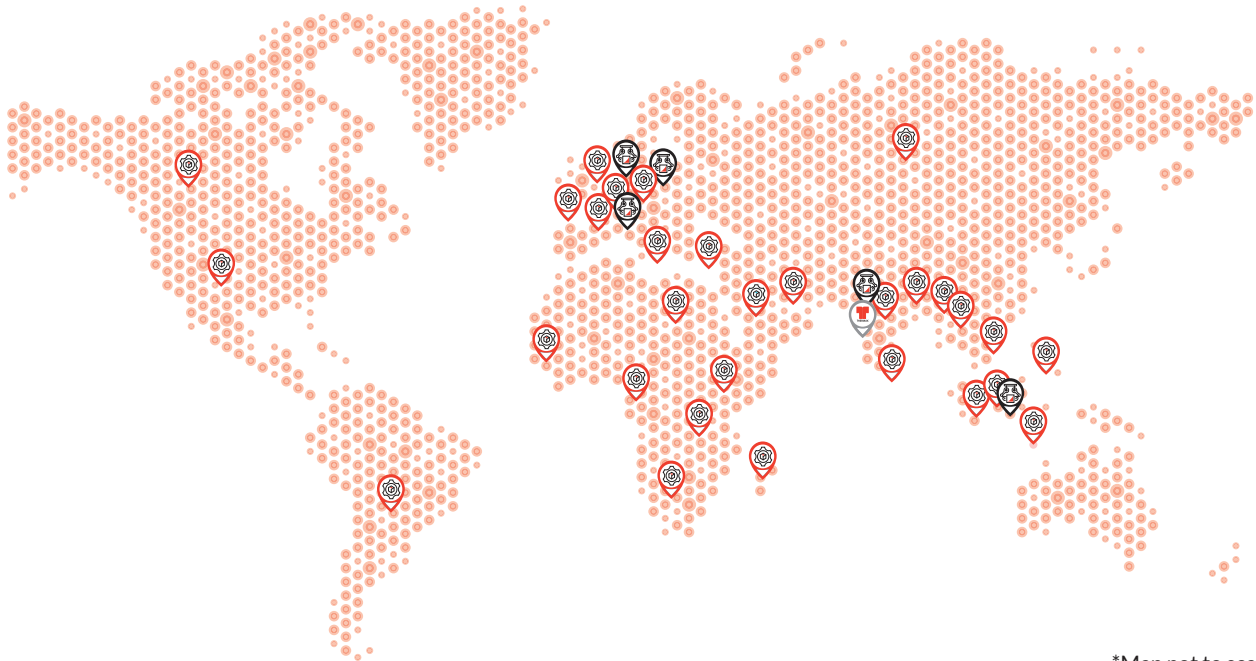


Textiles



Tyres

Thermax's Key Markets



*Map not to scale



Manufacturing Units

- India (10)
- Indonesia
- Denmark
- Germany
- Poland



Head Office

- India



International Subsidiaries, Sales and Service

- | | | | |
|--------------|---------------|----------------|-----------|
| • Bangladesh | • Italy | • Poland | • Turkey |
| • Brazil | • Kenya | • Russia | • U.K. |
| • Canada | • Malaysia | • Saudi Arabia | • U.S.A |
| • Denmark | • Mauritius | • Senegal | • UAE |
| • Egypt | • Myanmar | • Singapore | • Vietnam |
| • Germany | • Netherlands | • Sri Lanka | • Zambia |
| • India | • Nigeria | • Tanzania | |
| • Indonesia | • Philippines | • Thailand | |

PROPELLING A SUSTAINABLE GROWTH STRATEGY

Operating Context

Factors Impacting Businesses



Capital goods being a derived demand sector, Thermax is subject to cyclicity, based on the capital formation plans of its customers. During the year, the company initiated a strategic plan – ThermaxNXT – to mitigate the effects of such cyclicity. As part of this strategy, Thermax has identified the following levers of growth:

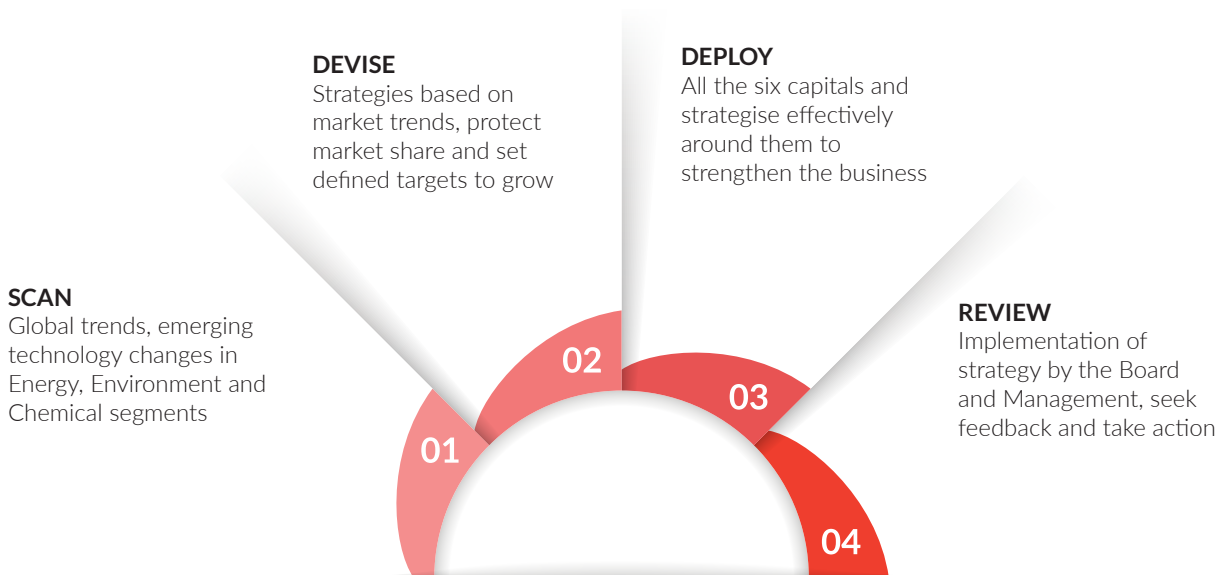
- Businesses with high growth potential
- Cost optimisation across the value chain
- Focus on services that enhance efficiency
- Organisational capability building

ThermaxNXT is focussed on:

- Revenue growth in identified businesses to achieve larger scale
- Aiming to reach 100% of the installed base with technology enabled services
- Achieving cost excellence through modularity and 'design to value'
- Building an organisation that drives excellence, inclusivity and innovation

The company expects these efforts to translate into incremental revenue growth and stronger alignment to the green ethos.

Strategy Planning Process



Strategic Imperatives

Increase the share of green offering in line with the company's vision of providing sustainable solutions

- The contribution of green offerings to Thermax's portfolio is approximately the same as last year
 - Order bookings from green offerings comprise utilisation of non-fossil fuels from the Energy segment, including TOESL, all orders booked by the Environment segment and non-fossil application based orders from the Chemical segment
- For detailed information on the above, read the Strategy section in the MDA on page 27

Grow products and services

- Order booking from products and services contributed to 53% in FY 2021, similar to the previous year
 - Focus continued on order booking from products, as well as a mix of spares and value added services, to de-risk the cyclicity of the projects' business
- For detailed information on the above, read the Strategy section in the MDA on page 28

Focus on selective internationalisation

- Growth in revenue from the international business as a percentage of total business stood at 35% during the year; however, it did not perform as per the desired levels
- For detailed information on the above, read the Strategy section in the MDA on page 29

Strategic Enablers

Technology leadership through innovation

- Applied for four patents in the areas of heating, steam engineering and waste heat recovery for mobility applications
 - Responding to government's policies and enablers, to increase the share of biofuels in India's energy mix by utilising carbon-neutral technology
 - Partnered with Power Roll to develop the solar film market in India
 - Working with DRDO to build indigenous AIP for the Indian Navy
 - Signed technology agreement with Steinmüller Babcock Environment for waste to energy boilers
- For detailed information on the above, read the chapter on Intellectual Capital on page 52

Operational excellence to deliver high quality solutions to customers at competitive costs

- Driving efficiencies through operational excellence as a way of life
 - Leading market position, supported by cost competitiveness, technical skills, technology tie-ups, and proven track record in the domestic market
 - 'OPEX - Project Management' app and portal developed by Business Technology Group, to provide a live and dynamic perspective to all operational excellence projects undertaken, on a single platform
- For detailed information on the above, read the chapter on Intellectual Capital on page 52

Build a 'Smart' and efficient Thermax through a structured digitalisation roadmap

- Leveraging digitalisation to deliver customer-centric applications and adding value to customer processes
 - Introduced a digital engineer-to-order process for supporting advanced engineering calculations and integrating design software with customer needs
- For detailed information on the above, read the chapter on Intellectual Capital on page 52

Talent development and retention

- Attracting, developing and retaining talent - a key strategic priority at Thermax
 - Fostering capability and continuous learning to build human capital and empower employees
- For detailed information on the above, read the chapter on Human Capital on page 46

➤ For detailed information on Strategies and its Key Enablers, refer to page 27, 28 and 29 in the MDA section

OUR BUSINESS MODEL



Financial Capital	
Current assets	Rs. 4,466 crore
Order booking	Rs. 4,784 crore
Net worth	Rs. 3,251 crore
Net block of assets	Rs. 1,266 crore
Borrowings	Rs. 305 crore

Manufactured Capital	
Manufacturing plants	14
Domestic and international offices	58
No. of project sites (O&M)	240
New capacity additions	Chemical (Dahej) 10,000 m ³ per annum
Material consumed	Rs. 2,539 crore

Human Capital	
No. of internal audits and external safety audits	1,105 internal audits; 20 external audits
No. of HSE internal auditors certified	20
Total no. of permanent workmen deployed	975
Total no. of permanent employees of Thermax Group (including subsidiaries and excluding workmen)	3,627
No. of training man-hours	65,410
Total employee cost (As a percentage of revenue)	15.8%
Investment in training and development initiatives	Rs. 1.27 crore

Intellectual Capital	
% of R&D spend with regard to group turnover	0.56%
Size of R&D team	111
Investment in technology/process improvement initiatives	Rs. 16.7 crore (on digitalisation) Rs. 3.34 crore (TBWES waste to energy technology)
Tie-ups with external research firms/start-ups (In nos.)	New tie-up: 1 Continued: 5

Social and Relationship Capital	
Total CSR spend by the group	Rs. 7.84 crore
No. of suppliers trained on sustainability	84
No. of dealers	132
No. of green channel vendors	222
No. of MSME suppliers	2018
No. of customer engagements, including events, seminars, expos and webinars	668

Natural Capital	
Renewable energy	15,201 GJ (4,222 MWh)
Non-renewable energy consumption	2,79,312 GJ (77,587 MWh)
Water consumption (domestic)	809,018 m ³
Bio-diversity (tree plantation)	4,310 saplings
Capex on carbon footprint reduction related projects	Rs. 1.1 crore
No. of zero liquid discharge (ZLD) installations within company's own facilities	7
Cumulative capacity of rainwater harvesting (domestic)	41,625 m ³

Corporate Governance and Risk Management

The company's Corporate Governance framework encompasses its transparent systems, processes and principles. It is designed to help Thermax create wealth for its stakeholders on a sustainable basis. It enables the company to conduct its business in a smooth manner, and engage with its stakeholders.

The report covers the company's philosophy on corporate governance, policies, details on appointments, various Board committees, nominations and remuneration of the Board and senior management. It also covers the emphasis laid on compliance with the code of conduct and ethics by the Board and senior management.

➤ For detailed information on Risk Management, refer to page 35.

Principal Business Activities

Key business activities of Thermax Limited across segments and markets for industrial and commercial clients include:



Outputs and Outcomes

FY2021

Enabling Functions

- Business Technology Group
- Corporate Administration
- Corporate Health, Safety and Environment
- Corporate Communications
- Corporate Finance
- Corporate Marketing
- Corporate Sourcing Group
- Corporate Field Support Staff
- Employee Relations
- Export Import (EXIM)
- Factory Management Group
- Human Resource
- Internal Audit
- Operational Excellence
- Research, Technology and Innovation Centre

Financial Capital

Total revenue	Rs. 4,791 crore
Profit after tax	Rs. 207 crore
Operating cash flow	Rs. 769 crore
Operational EBITDA	Rs. 385 crore
Earnings Per Share	Rs. 18.34
Remuneration including retirement benefits to employees	Rs. 759 crore
Contribution to exchequer	Rs. 189 crore

Manufactured Capital (For Customers)

Fixed asset turnover ratio	3.72 times
Total power generation	588 MW
Power generated through assets operated and maintained	38,19.1 GWh
Environment friendly vapour absorption cooling	1,07,195 NTR
Air treated through air pollution control system	30.6 million m ³ /hr
Water treated and recycled	225 MLD
Heating solutions: : Quantity of heating done	3,283 MWTTH
Total chemicals manufactured	25,990 MT

Human Capital

No. of whistle blower complaints resolved	12 received and resolved
No. of anti-social harassment act complaints received and resolved	Nil
Regrettable attrition rate	0.11%
Value added per rupee of employee cost	Rs. 2.97
Lost time injury frequency rate	0.28
% of employees with tenure in Thermax >10 years	29.31%

Intellectual Capital

No. of patents applied and granted	Applied: 4 Total Granted: 22
No. of trademarks registered	Applied: 2 Registered: 1
Digitalisation	
a. No. of customer processes/internal processes digitalised	15
b. Cumulative no. of equipment with remote monitoring functionality	369

Social and Relationship Capital

No. of families directly benefited through CSR around our manufacturing facilities	5,000
No. of student beneficiaries of The School Project	2,000
% of customer complaints resolved	98.8%
% of Material sustainably sourced	35.6%
No. of active MSME suppliers	2,018
No. of complaints related to unfair trade practices, irresponsible advertising or anti-competitive behaviour against the Company	Nil
No. of orders through channel network	5,787

Natural Capital

Carbon emission reduction	2,174 tCO ₂ e
Energy savings (Energy conservation and efficiency improvement projects implemented at facilities)	17,464 GJ (4,851 MWh)
Water reused and recycled	2,16,413 m ³
Rainwater harvested	25,253 m ³

➤ Read page 58 to check how the company engages with its stakeholders

MANAGEMENT DISCUSSION AND ANALYSIS

I. Economic Review

The fiscal year 2020 was headlined by COVID-19. Periodic lockdowns, limited travel and curtailed economic activities led to a slump of 3.5%, according to the International Monetary Fund (IMF). However, policy response, economic stimulus measures, relief packages, and roll-out of COVID-19 vaccinations have led to a gradual economic recovery, and a revised global growth at 6% in 2021, moderating to an anticipated 4.4% in 2022.

Hit hard by the pandemic, the Indian economy has contracted by 8% in the financial year 2020-21. COVID related lockdowns stressed many companies' production, exacerbated by supply chain disruptions and migration of labour.

Food, pharma and chemicals were the first sectors to witness a recovery. Some measure of overall economic normalcy was attained in the September-December quarter. However, the resurgence of COVID-19, towards the end of FY2021, bodes uncertainty for the future.

II. Industry Review

Figure 1 shows the top five sectors that contributed to Thermax's order book during the year. The details of the orders are elaborated in sections VI and VIII, Segment Overview and Performance on Strategy of the MDA.

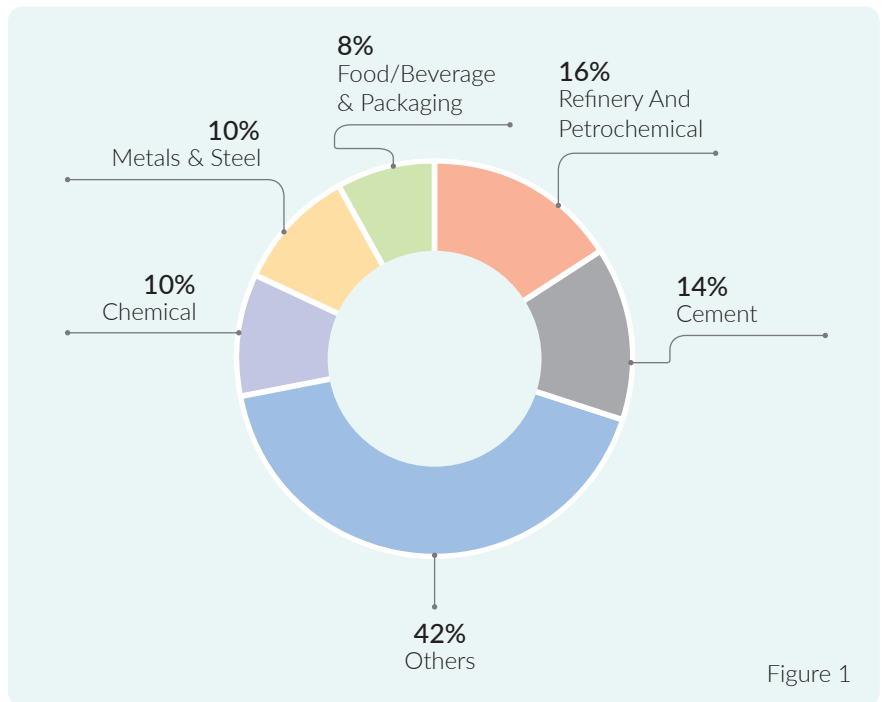


Figure 1



III. Company Overview

Headquartered in Pune, India, Thermax is an engineering and capital goods major. Its three key business segments are Energy, Environment and Chemical. It also has eight wholly-owned subsidiaries in India, and 22 overseas entities, six of them being purely project based.

Offerings

- Standard and custom-built products
 - Projects and Engineering, Procurement and Construction (EPC) solutions for larger non-standard products
 - Range of specialty chemicals
 - Build-Own-Operate (BOO) model for utility delivery services to decarbonise customer operations
 - Services related to projects and products, as well as Operations and Maintenance (O&M) contracts
- Further details of Thermax's offerings are available on page 13 and 14 of the Annual Report

IV. Outlook for Thermax

A multi-sector approach makes Thermax a resilient entity. After the first wave of COVID, its diversified and broad customer base helped the company take advantage of the momentum in the sectors of food, pharma and chemicals. The recovery was followed by green shoots in other sectors, such as cement, steel, sponge iron, and refinery & petrochemical.

Thermax has emerged as a beneficiary with the increasing focus of customers

on energy efficiency and carbon footprint reduction. The company's solutions in waste to energy, waste heat recovery, and renewables for domestic and international players, have positioned it ideally to harness the opportunities in these areas. Over the medium term, improvement in core industries, growing demand for Operations and Maintenance (O&M), Build-Own-Operate, and new

energy-driven technologies augur well for the company.

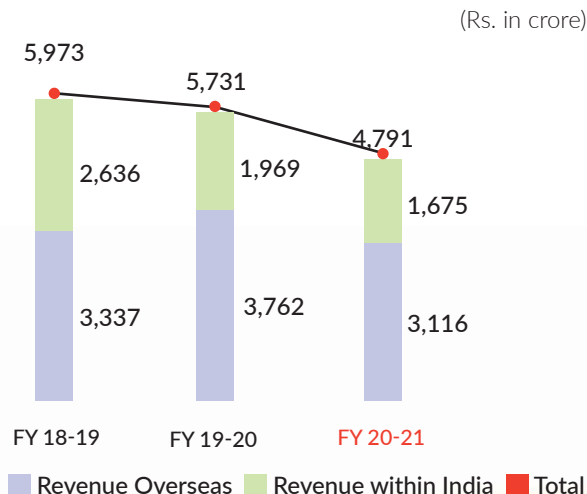
Its technology prowess, domain expertise, excellent capabilities in project execution, and cost optimisation have placed Thermax in an advantageous position to capitalise on opportunities in sunrise areas, including clean energy, clean water and clean air.

V. Operational Performance

The total revenue of Thermax Group during the financial year 2020-21 stood at Rs. 4,791 crore, compared to Rs. 5,731 crore in the previous year. The group's international business revenues were at Rs. 1,675 crore, compared with Rs. 1,969 crore in FY 2019-20.

The group's consolidated order booking for the year under review stood at Rs. 4,784 crore, compared with Rs. 5,498 crore during the last fiscal. International business contributed 28.5% to the consolidated order booking. At Rs. 1,363 crore, international orders were down 7.3% from Rs. 1,470 crore in FY 2019-20.

Thermax's key focus has been on further expanding in the overseas market. However, revenues of both domestic and international businesses declined due to the recession caused by the ongoing COVID-19 pandemic.



Amid the pandemic, the company's management focussed strategically on cost control, especially in the selling, general and administration expense categories. This helped in substantially mitigating the COVID impact on the bottom line, caused by the decline in business.

➤ Details are available in note 28 to the Consolidated Profit & Loss Account on page 207.

The company also managed to collect old receivables and use old inventory, resulting in the release of working capital of Rs. 472 crore. Additionally, this resulted in a sharp reduction in provisions held against the aforementioned assets, thus benefitting the bottom line.

➤ Notes 7 & 12 in the Consolidated Balance Sheet

VI. Business Segments of the Company

This section comprises the segment-wise performance of the group.



Energy Segment

Recent years have seen the concept of energy being redefined. No longer limited to mega power stations burning hydro-carbon fuels, energy now encompasses the areas of renewables, efficient use of fuels, capturing of waste heat, besides new energy applications. This transformation has provided Thermax with the opportunity to also transit to a 'clean energy' company. Equipped with a wide range of energy-efficient and environment-friendly solutions, the company is well entrenched to meet its sustainable energy goals.

The Energy segment of Thermax comprises Process Heating, Absorption Cooling and Heating, Boiler & Heater (TBWES) and Power (EPC and Solar) businesses, and related services. The company also provides outsourced utility delivery solutions on Build-Own-Operate model.

The company's Process Heating product portfolio consists of packaged boilers, thermal oil heaters, heat recovery boilers and hot water generators, among others.

A leader in vapour absorption cooling and heating systems, Thermax supplies chillers worldwide for industrial refrigeration, air conditioning, process cooling and heating. It also provides wet and dry cooling solutions for energy-efficient process cooling.

Thermax Babcock & Wilcox Energy Solutions (TBWES), a 100% subsidiary of the company, offers steam generation solutions for process and power needs. It also provides renovation and modernisation services for old boilers and process furnaces.

Thermax has a strong edge in setting up best-in-class captive power, cogeneration and trigeneration plants on an EPC basis, with a current contracted base of more than 3,400 MW. In Solar, Thermax has completed more than

150 projects, mainly of rooftop solar PV plants, on an EPC basis, aggregating to more than 70 MW of green power generation.

Through its wholly-owned subsidiary, Thermax Onsite Energy Solutions Limited (TOESL), the company provides 'green' utilities on a long-term contract basis. The business spans investing, installing and operating plants in customer premises, along with supply chain management of all consumables, including biomass fuels.

Cognisant of the growing opportunity in this segment, Thermax continues to make significant investment in enhancing its digital capabilities to further strengthen its competitive edge. The company is looking at offering IoT services, leasing, technology collaborations and R&D to drive sustainable solutions in new energy areas, such as fuel cells and Thermal-HVAC.

Prime Drivers

- Continued business from food, pharma and chemicals, due to government stimulus, exports, as well as focus on health and hygiene
- New demand from infrastructure segments – cement and steel, driven by infrastructural development and government policy; however, the demand continues to be uncertain in the backdrop of the second wave of the Coronavirus
- Emphasis on clean energy driving shift in energy mix, creating opportunities for brownfield replacements
- Focus on waste to energy based projects, including biomass
- Shift from capital expenditure model towards operating expenses
- Impetus on local manufacturing



A specially designed 100 TPD non-recyclable solid waste (NRSW) fired boiler installed by TBWES for a paper mill in Gujarat, India, helping the customer convert waste to energy for process or power needs

Key Focus Areas

- Diversification of EPC offering into international markets, unconventional fuels and green energy
- Modularisation in international markets for reduction in onsite construction work
- Thrust on efficiency improvement and green energy solutions for large boilers and heaters
- Leveraging opportunities in energy plants that deliver multiple utilities through a single installation
- Continued focus on combined heating power cooling plants
- Solutions for renewable energy and waste disposal
- Focus on comprehensive solutions to reduce energy costs and carbon footprint, owing to a strong pull from the industry
- Continued investments in value-added service offerings, including IoT-based solutions, remote assistance technology and automation
- Collaborations with industrial associations, OEMs, process licensors and consultants to develop business in key markets

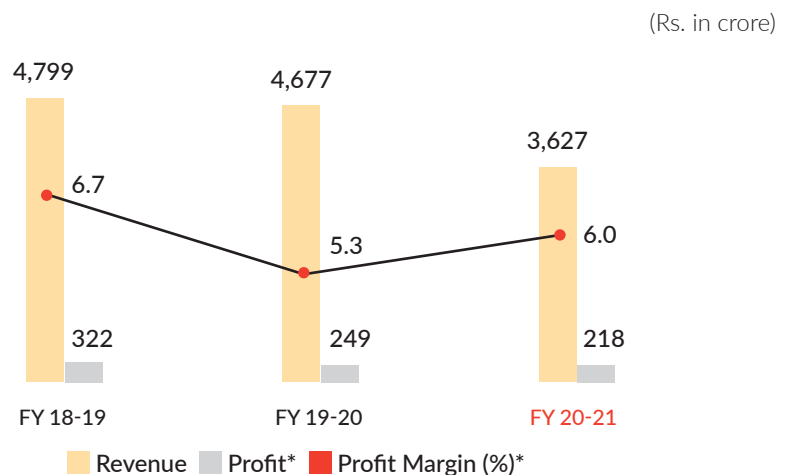
- Supporting customers in their decarbonisation drive and sustainability, through the BOO model of Thermax (TOESL) and other energy efficiency portfolios

Performance in FY 2020-21

The Energy segment contributed 74.8% (80.4%) of the group's gross operating revenue in FY 2020-21. Operating revenue (net) at the group level stood at Rs. 3,627 crore

(Rs. 4,677 crore) for the year, while segment profit for the same period was at Rs. 218 crore (Rs. 249 crore). Order booking for FY 2020-21 was Rs. 3,724 crore, compared to Rs. 3,280 crore in the previous year. The onset of the pandemic disrupted revenues; however, profit margin improved due to reasons explained in Section V of the MDA. The outlook for FY 2021-22 continues to remain challenging, due to the uncertainty of the pandemic.

Financial Performance – Energy Segment



*Segment profit before interest and unallocable overheads



Environment Segment

Serious concerns over air pollution and effluent management have led to process driven industrial sectors adopting and practising stringent and increasingly regulated environment norms.

Thermax supports these industries through its Air Pollution Control (Enviro) business. It provides pollution control systems for particulate and gaseous emissions, and FGD (Flue Gas Desulphurisation) systems to mitigate SO_x emissions in thermal power plants.

Through its Water and Waste Solutions (WWS) business, Thermax provides its expertise and customised solutions to industrial and commercial establishments. The WWS business offers water treatment solutions for process requirements, besides sewage and effluent treatment. It uses its advanced technological know-how for recycling water in water scarce areas.

Till date, the Environment segment has successfully completed over 47,000 installations across various industries, including food & beverage, energy, oil & gas, cement and steel.

From controlling emissions to minimising waste discharge and maximising recycling, Thermax's solutions are helping customers manage and mitigate the environmental impact of their business.

The company's investments in this segment are aimed at augmenting its technological prowess in the key areas of water purification, ensuring zero liquid discharge, and minimising air pollution.

Prime Drivers

- Enforcement of emission norms globally
- Indian government's mandate to power companies for installing FGD systems within a stipulated time to mitigate SOx emissions
- Fuel shift from coal to biomass or agro based fuels
- Stringent regulatory norms for water and effluent treatment
- Increased requirement for pure and ultra-pure water in sectors such as food, pharma and electronics
- Increased government push for water recycling and greater infrastructure investment

Key Focus Areas

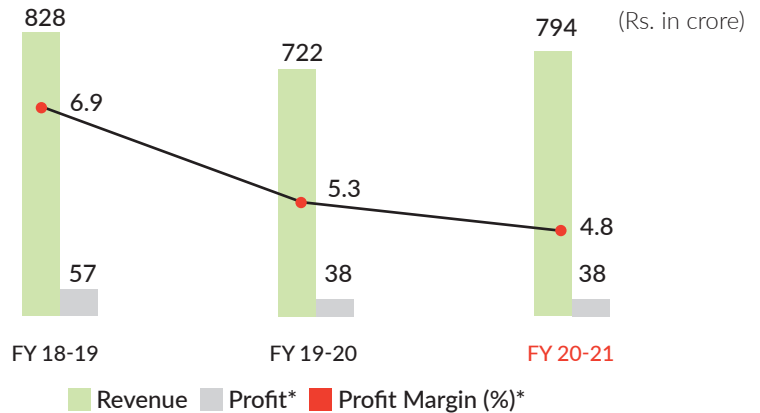
- Modularisation of new products
- Development of new air pollution control solutions, to handle different variants of gaseous pollutants and support agro based fuel combustion
- Continued focus on digitalisation and remote monitoring of products and systems
- Focus on plant modernisation projects for improvement and upgrades
- Continued expansion in international markets
- Expansion of service portfolio

Performance in FY 2020-21

The segment accounted for 16.4% (12.4%) of the group's gross operating revenues in FY 2020-21. Operating revenue (net) at the group level stood at Rs. 794 crore (Rs. 722 crore) for the year, while segment profits for the same period was at Rs. 38 crore (Rs. 38 crore). Order booking for the segment stood at Rs. 636 crore in FY 2020-21,

compared to Rs. 1,777 crore in the previous year. There was an improvement in revenue, due to partial revenue recognition from the two major FGD orders received in FY 2019-20, though the profit margin was lower on account of project execution costs.

Financial Performance – Environment Segment



*Segment profit before interest and unallocable overheads





Chemical Segment

Thermax is recognised as India's leading manufacturer and exporter of ion exchange resins, and is a pioneer in water and wastewater treatment chemicals. Through its Chemical business, the company manufactures and markets a wide range of specialty chemicals that help improve processes. Its presence also spans the entire spectrum of construction chemicals for strengthening, protecting and repairing concrete structures. Customised and cost-effective solutions to industrial sectors and customers across the globe give the company a powerful competitive advantage. The segment is steered by high-end research, backed by state-of-the-art manufacturing facilities at par with global standards. Highly qualified and skilled professionals are driving the company's growth in this niche segment.

Prime Drivers

- Increase in demand for solvent-free and low Total Organic Carbon (TOC) resins for applications such as ultrapure water
- Rise in demand for RO, MEE (multi effect evaporator) and incinerators, to boost business for water treatment chemicals that help in achieving zero liquid discharge and effluent treatment
- Growing requirement for boiler water chemicals, to improve energy efficiency of process heating equipment

Key Focus Areas

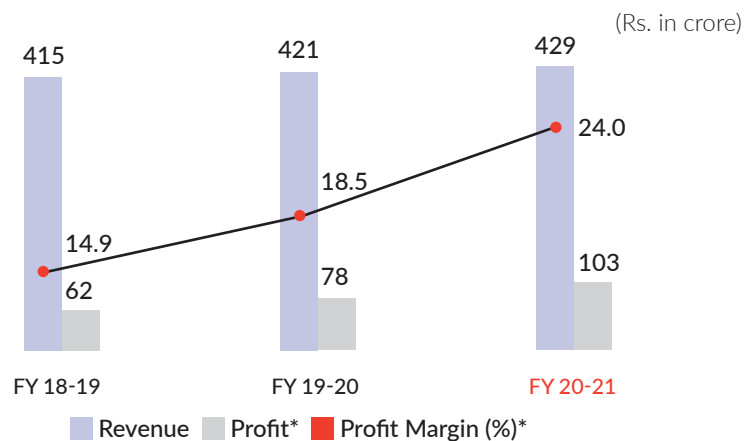
- Expand market presence and broaden the portfolio of specialty resins, build references for specialty applications
- Widen the market reach of water treatment chemicals, by focussing on digitalisation and remote monitoring of water treatment systems
- Explore partnerships for scaling waterproofing and flooring segment

Performance in FY 2020-21

The segment accounted for 8.8% (7.2%) of the group's gross operating revenues in FY 2020-21. The Chemical business posted an operating revenue of Rs. 429 crore (Rs. 421 crore). Profit for the year stood at Rs. 103 crore, compared to Rs. 78 crore in the previous year. The increase in profits is attributable to a better product mix, cost controls,

and the low price of styrene. Stringent regulations for industrial water treatment, urbanisation, and stricter effluent discharge norms are driving the demand for specialty chemicals globally. These factors have enabled the company to report a higher revenue and highest ever profitability. Order booking for the Chemical segment during the year totalled Rs. 424 crore (Rs. 441 crore).

Financial Performance – Chemical Segment



*Segment profit before interest and unallocable overheads



VII. Subsidiaries

The MDA captures the growth trends and outlook of only those subsidiaries that have a reasonable impact on the segmental performance. The comprehensive details on each subsidiary are available in AOC-1, on page 286.

Thermax Babcock & Wilcox Energy Solutions Private Limited

Thermax Babcock & Wilcox Energy Solutions Private Limited (TBWES), is a wholly-owned subsidiary of Thermax. Its domain expertise and experience in modularised equipment led TBWES to secure an order for a large modularised waste heat recovery boiler from a refinery in Latin America. Another order for one of the largest fired heaters from an Indian refinery is an endorsement of the subsidiary's operational excellence.

TBWES signed a know-how transfer and license agreement with Steinmüller Babcock Environment GmbH (SBE), Germany, for Waste to Energy technology. **(For more details on the agreement, refer to the Highlights section of the Annual Report on page no. 03)** Expanding its presence into the utility boiler services market, TBWES also garnered two orders for the supply of economisers from a large power utility during the year.

It displayed its service excellence amid the lockdowns and travel restrictions by successfully supporting clients in commissioning their boilers, using remote assistance technology.

Danstoker Group

The Danstoker Group comprises stepdown subsidiaries, Danstoker A/S, Boilerworks A/S and Danstoker Poland Spółka z Ograniczoną Odpowiedzialnością (DSPL), a step-down subsidiary of Danstoker A/S. Through these entities, the group is engaged in the business of design, production and sale of biomass boilers, heaters and related equipment to the European market. It is also catering to boiler rebuilding and servicing requirements of clients. Order booking was impacted in the first half due to COVID, but witnessed improvement in the latter half of the fiscal. The Danstoker Group sold the service business of Boilerworks A/S during

the year, owing to its cyclical nature. However, it strategically retained the profitable portfolio of heat exchanger line of products.

PT Thermax International, Indonesia (PT TII)

A subsidiary of Thermax Engineering Singapore Pte Limited, PT TII is engaged in the design, manufacturing, supply, installation, commissioning and servicing of boilers, heaters and other related equipment. Focussed on serving the Southeast Asian region, the subsidiary is continuously strengthening its local execution capabilities by commissioning large projects and securing repeat orders from reputed clients.

Various initiatives were taken during the year to optimise design and manufacturing. A steam supply order, secured from an oleochemical major under the BOO model, underscored the subsidiary's growing competence in this domain. It also won a couple of turnkey projects from glove, biodiesel and F&B industries. Despite improvement in order booking in a challenging situation, revenue and profits fell short of expectations, owing to lower order carry forward, with low profitability.

However, the experience gained in executing large and complex projects is expected to propel the company's growth in the future.

Thermax Europe

In the European market, the performance for 2020-21 has been satisfactory. The company bagged a large order from a chemical company in Hungary, and a large heat pump order for a district heating plant in Copenhagen. Travel curbs impacted revenue from services during the year.

The chiller business continues to be driven by the on-site power generation markets in Italy, Germany, Spain and UK. Energy change mix has led to the overall market for absorption heat pumps, driven on biomass fuels, shrinking by 75%, but the potential for gas-driven chillers and heat pumps remains strong, with East European countries increasingly shifting from coal to natural gas. The entry of new heat pumps and chillers has opened up additional markets for Thermax in food processing and chemicals.



As part of ideal asset utilisation initiative, TBWES Services successfully relocated and recommissioned two Heat Recovery Steam Generators (HRSGs) for an Indian oil & gas major in Jamnagar, Gujarat, addressing the need for additional steam and power generation

Thermax Onsite Energy Solutions Limited (TOESL)

TOESL is engaged in the Build-Own-Operate (BOO) business of providing green and sustainable solutions. It supplies industrial utilities, such as steam, water, solar and cogen, to a growing base of customers. The subsidiary registered strong growth during FY 2020-21, on account of emerging opportunities in new sectors and utilities. This momentum is

expected to further push the company's growth in the services segment.

Thermax Inc. (USA)

Thermax Inc., the US sales and service arm of the company, operates in two segments - Energy (sale of absorption chillers) and Chemicals (sale of ion exchange resins). Despite COVID-19 disruptions, the subsidiary registered a revenue growth in FY '21, at the back of rise in the cooling business from new

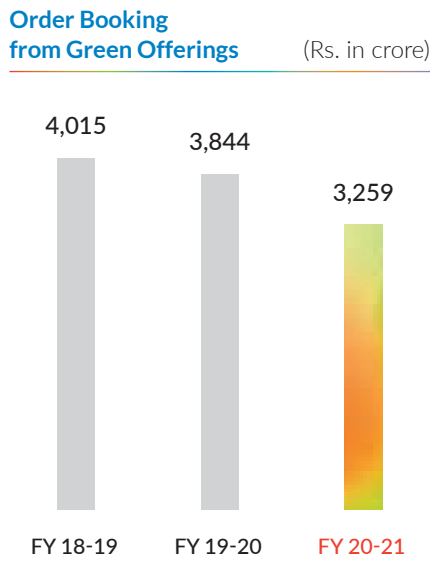
territories like Puerto Rico. Ion exchange resins witnessed opportunities from water treatment applications, owing to the growing demand for freshwater resources. New demand opportunities were also seen for specialty resins from industries like food & beverage and chemical & petrochemical. With encouraging prospects for both, the Energy segment in new markets and the Chemical segment, the outlook for the subsidiary looks promising.

VIII. Performance on Strategy

I. Increasing the order booking from green offerings, in line with the company's vision of providing sustainable solutions

The company considers all non-fossil fuel based business or applications in the Energy and Chemicals segments as 'green'. Also, all businesses in the Environment segment are considered green.

During the year, the share of green offering was 68% of the total orders booked by Thermax – almost similar to the previous fiscal. This was mainly on account of several non-fossil orders bagged by TBWES, a major biorefinery order for Power EPC, besides orders for biomass based boilers, and 'green' outsourced utilities. However, drop in FGD orders, which were a significant contributor to the green order book last year, led to a below-expectation performance in the segment during 2020-21.



Notable among the business secured by TBWES during 2020-21 were orders in waste heat recovery projects from steel and cement companies. The Process Heating business contributed with supply of biomass fired boilers for a palm oil major in the Philippines and a plywood major in India. Biomass briquettes are now also being combusted in the company's boilers for the dairy and brewery sectors. The Power business received a cogeneration order from a biorefinery for an innovative application, using bamboo as fuel.

The company received ESP (electrostatic precipitator) orders for biomass fuel and non-ferrous applications, the first-of-their-kind applications, in the Environment segment.



Success Stories

Another Milestone in Waste to Energy

An advanced solution for paper mills for tackling the impending problem of non-recyclable solid waste (NRSW) management was a milestone in the TBWES journey of excellence in innovation. TBWES worked on a special design to combust NRSW in an environment-friendly manner, without any support fuel, generating free steam for paper mills. The company has notched an order from a leading paper mill for the installation of a 100 TPD NRSW fired boiler at their plant in Gujarat. This will utilise 33,000 tonne of non-recyclable solid waste in a year, without any damage to the environment. The solution not only saves transportation costs to kilns but also frees up the land being utilised for waste storage, as a result of a 90% reduction in waste volume.

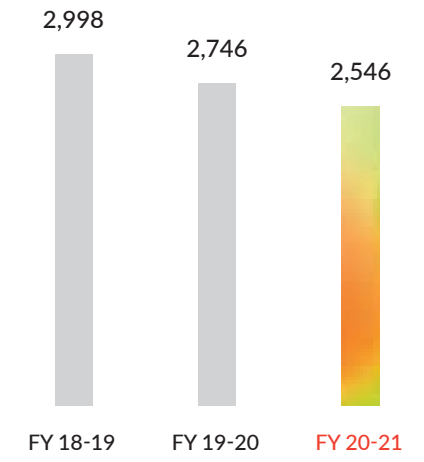
Green Steam Supply to Reduce Carbon Emissions

Thermax Onsite (TOESL) partnered with a Japanese tyre company for green steam supply to its plant in Maharashtra on an outsourced basis. It commissioned an 18 tonne biomass fired boiler under the Build-Own-Operate (BOO) model. The biomass solution resulted in significant reduction in steam cost, coupled with an estimated equivalent reduction in CO₂ emissions of more than 14,700 tonne a year.

II. Growing products and services portfolio

The company's order booking from products and services for FY '21 stood at Rs. 2,546 crore, as against Rs. 2,746 crore in the previous year. Though the order book has declined in FY 20-21, the proportionate reduction in order book from products and services is less in comparison to the project business. This indicates that the company's strategic charter of enhancing capabilities in product management, introducing the right kind of value-added digital solutions for customers, and leveraging its installation base to increase service footprint, is on track. Additionally, it underscores the company's ability to mitigate risks from over-dependence on projects. The performance also exhibits the company's resilience in the face of unprecedented challenges, as witnessed in the initial half of the year.

Order Booking from Products and Services (Rs. in crore)



Domestic orders, along with a few international orders, continued to drive the Heating business during the year. The business received a major order from a South India based tyre company to supply boilers and meet their process steam requirements. In its Cooling business, a notable achievement was the development of applications based on heat recovery for industrial plants and

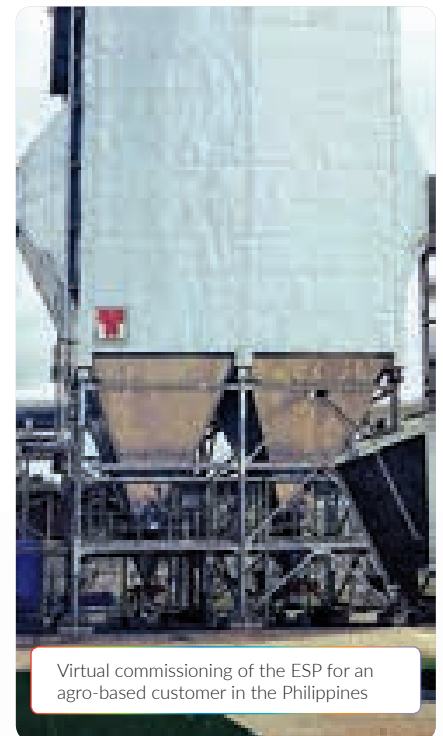
processes. The company also received the CTI (Cooling Technology Institute, USA) certification for its range of closed loop cooling towers – a testimony to the high product standards. Thermax has the distinction of being the only Indian company to receive this certification.

Thermax also won major orders from steel and refinery conglomerates for water treatment chemicals. The construction chemicals arm received approval for supplying chemicals to a government infrastructure project, in addition to repair and retrofitting contracts for industrial and heritage structures. The company also launched several innovative products for improved performance during the year. Maxtreat® Sprayshot is a single component repair mortar, while Maxtreat® Plast-Tixo is a modern day plaster to improve speed and quality of construction work. Launched in the small and medium sectors, the company's new online monitoring equipment - Thermread and Thermdose, are designed to ensure optimum level chemical feed at all times. This will enable performance optimisation of water treatment chemicals. In another breakthrough initiative, the company has developed a portable chlorine dioxide dosing system (Chlorotherm) for algae control in cooling water circuits, with high accuracy of chemical feed. The product is designed for extended life.

The Water and Waste Solutions division developed and launched atoM, a compact membrane based sewage recycling system, during the year. The Services business has been reorganised, with a greater focus on industrial and urban customers. Its Connect-Care-Commitment-Complete programme is aimed at improving customer offerings, with a broader coverage of water services - from plant audits and annual maintenance contracts, to operations and maintenance. The group increased the number of service franchises and channel associates to improve service delivery time.

The Power Services business implemented various plant and efficiency improvements across O&M sites, thus saving 11,339 tCO₂e over the previous year. It is currently operating approximately 40% of its sites with green fuel, which includes biomass and waste heat.

FY 2020-21 was also a year of many firsts for TOESL, which won its first multi-utility supply order from an agrochemicals major. Having entered the metal industry, TOESL was awarded its first cogeneration power supply order from a reputed aluminium company. It also won a treated effluent supply order from a steel major. TOESL acquired its first order during the year under the operation and fuel (O&F) model from a pharmaceutical major. It also expanded its presence in the textile industry by winning a joint steam and heat order from a leading textile company in southern India. It commissioned biomass boiler plants for steam supply to a specialty chemicals customer and a tyre manufacturing company.



Virtual commissioning of the ESP for an agro-based customer in the Philippines



Success Stories - Domestic Market

Enabling Freshwater Independence

A distillery and a bottling plant based in South India faced major water scarcity. The Water and Waste Solutions division helped the plant become freshwater independent by installing a 2 MLD membrane based seawater desalination plant in record time. The operating cost of this plant is below the outsourced freshwater cost. It is also equipped with an energy recovery system for reducing power consumption. The company's service team is currently operating and maintaining the plant.

Huge Electricity Savings for Pharma

A leading pharmaceutical company commissioned two steam-driven vapour absorption chillers, with a capacity of 500 TR each, from Thermax. The pharma plant had four electrical chillers, each of 950 amps, consuming 6.4 million units of electricity annually. Thermax replaced two of the chillers with its non-electric cooling solutions, reducing the plant's energy expenditure for cooling by Rs. 75 lakh annually. Expansion projects of the pharma company are expected to drive future partnership for Thermax.

Manufacturing in a Dust-Free Environment

In a first-of-a-kind project - a part of the Government's Make in India initiative, the Enviro division supplied six reactors, along with bulk material handling systems, to a manufacturer of Silicon Tetra Chloride (SiCl₄), which is used for making optical fibres. The system eliminates dust while transferring fine matter at a 30 metre height into a reactor.

III. Reducing dependence on domestic market through selective internationalisation

Thermax's order booking in FY 2020-21 stood at Rs. 1,363 crore, as against Rs. 1,470 crore in FY 2019-20. Currently, the international segment contributes 28.5% to the total booking.

With no significant orders received during the year, the performance of the international business remained subdued. This was further impacted by COVID-19 curbs, marked by recurrent lockdowns across the globe, disrupting economic and industrial activities for most part of the year.

The order for a waste heat recovery boiler for TBWES, from a refinery in Latin America, reflected the company's edge in supply of large, modularised equipment. Replicating its proven success in the United States, the Chemical segment focussed on growing its market for resins in Europe and water treatment chemicals in Southeast Asia.

Thermax won its first export order for the Flue Gas Desulphurisation unit during the year, from a customer in Saudi Arabia. This first-of-its-kind

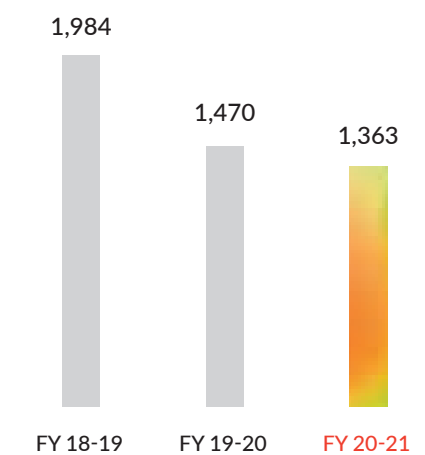
order to supply air pollution equipment for lignin fired boilers and alumina calcination added a new layer to the company's strength in this niche domain. The Environment segment's continued efforts to reinforce its position in Southeast Asia resulted in several orders from agro based and food processing industries. The Steam Engineering division secured orders from a Malaysia-based rubber glove manufacturer for steam accessories and services. This has been the fastest growing industry since January 2020, and gained further momentum amid the rise in COVID-19 cases globally.

Power O&M continued to expand its reach, with its first ever order from Tanzania. On the renewable energy front, Thermax executed a 1 MW solar rooftop project for an African company, optimally combining energy from solar, steam turbine, DG and grid.

The continued travel restrictions across the globe on account of the pandemic catalysed the company's efforts to strengthen its remote commissioning

capabilities. The TBWES team successfully commissioned large boilers in Egypt and Nigeria. In Absorption Cooling, chillers were commissioned remotely in Spain, Ghana, Ivory Coast, Nigeria and Saudi Arabia.

International Order Booking (Rs. in crore)





Success Stories - International Market

Remote Commissioning of ESP

Thermax's Air Pollution Control business commissioned an electrostatic precipitator (ESP) for a leading manufacturer of paper based products and packaging materials in the Philippines. The ESP, installed at a rice husk fired boiler, is helping the manufacturer maintain emissions within stipulated norms. To ensure smooth and timely installation, the team provided virtual technical support throughout the process.

Going the Extra Service Mile

Thermax Power O&M's Energy Efficiency Services unit synchronised one unit of 30 MW power for the cement company of an African conglomerate with a 66 KV grid, in Zambia. The synchronisation makes it the first plant of the customer to export power to the national grid. Thermax was the only vendor present at the site, and went beyond its scope to manage the project without the physical presence of vendors to handle the main components. The entire work was executed with strict adherence to COVID safety protocols.

IX. Financial Performance

During the financial year 2020-21, the group recorded an operating revenue of Rs. 4,791 crore, as compared to Rs. 5,731 crore in the previous year. The basic and diluted earnings per share for the year were at Rs. 18.34 per share (previous year Rs. 18.87 per share). The analysis of major items of the financial statements are given below:

a. Revenue from Operations

	(Rs. in crore)		
	FY 2020-21	FY 2019-20	Change (%)
Revenue from projects and products	4,061	4,907	(17)
Revenue from services	649	748	(13)
Other operating revenue	81	76	8
Total operating revenue	4,791	5,731	(16)

The decrease is primarily on account of the ongoing pandemic and frequent lockdowns, which impacted operations for a large part of the year.

b. Cost of Material Consumed

	(Rs. in crore)		
	FY 2020-21	FY 2019-20	Change (%)
Cost of material consumed	2,539	3,086	(18)
% of total revenue	53.0%	53.8%	

Better source optimisation, rate negotiations and effective supply chain management lowered the material cost during the year. However, this saving was, to some extent, offset by an increase in the price of a few key raw materials towards the end of the year.

c. Employee Benefit Expenses

	(Rs. in crore)		
	FY 2020-21	FY 2019-20	Change (%)
Employee benefit expenses	759	799	(5)

During the year, employee benefit expenses decreased primarily due to scale-down of operations of the Danstoker group, along with short-term salary reductions undertaken to navigate the COVID crisis. This decrease was partly offset due to an increase in provision for incentive payment to employees, in addition to one-time ex gratia payment to the outgoing managing director.

d. Other Expenses

(Rs. in crore)

	FY 2020-21	FY 2019-20	Change (%)
Consumption of stores and spare parts	69.70	85.02	(18)
Power and fuel	38.59	44.36	(13)
Freight and forwarding charges (net)	116.05	162.40	(29)
Site expenses and contract labour charges	537.01	616.35	(13)
Drawing, design, and technical service charges	21.10	25.61	(18)
Sales commission	17.49	18.77	(7)
Advertisement and sales promotion	11.25	28.90	(61)
Rent	14.89	28.34	(47)
Rates and taxes	13.51	26.06	(48)
Insurance	13.25	10.12	31
Repairs and maintenance	56.55	72.22	(22)
Travelling and conveyance	37.51	88.10	(57)
Legal and professional fees	77.66	83.24	(7)
Director sitting fees	0.84	0.74	14
Provision for impairment allowance of financial assets (net)	11.24	40.93	(73)
Warranty expenses (net)	41.00	45.20	(9)
(Gain) / loss on sale/ discard of assets (net)	0.76	(5.49)	
CSR expenditure	7.84	8.26	(5)
Miscellaneous expenses	52.47	62.03	(15)
Total	1,138.71	1,441.16	(21)
Less: Capitalised during the year	(0.04)	(0.74)	
Net total	1,138.67	1,440.42	(21)

Other expenses were lower during 2020-21, as compared to the previous financial year. This was primarily on account of travel restrictions during the pandemic, resulting in reduced travelling and conveyance cost, as well as a decrease in freight and forwarding

charges, due to better negotiations. Rates and taxes were higher in 2019-20 owing to certain one-time charges that were not incurred in FY 2020-21. Closure of some offices and rate negotiations helped lower the rent cost during FY '21. Additionally, reversal of

impairment provision, recognised earlier due to collection of old outstanding and other cost control initiatives related to sales promotion and discretionary expenses, resulted in good savings.

e. Exceptional Items

(Rs. in crore)

	FY 2020-21	FY 2019-20	Change (%)
Exceptional item	52.53	Nil	

Details of exceptional items for FY 2020-21 are as follows:

- Impairment of goodwill of Rs. 32.88 crore related to the stepdown subsidiary of Thermax Netherlands B.V. (i.e. Thermax Denmark ApS)
- Impairment of certain assets of Boilerworks A/S of Rs. 8.82 crore on account of discontinuation of service operations
- The group has made provision of Rs. 1.68 crore for closure of Omnical Kessel & Apparatebau GmbH, Germany
- The group, as on October 05, 2020, announced a Voluntary Retirement Scheme (VRS) for its eligible employees. The present value of the amount payable to employees who opted for it is Rs. 9.15 crore (gross value Rs. 10.96 crore)

f. Property, Plant and Equipment

(Rs. in crore)

	FY 2020-21	FY 2019-20	Change (%)
Property, plant and equipment	1,042.69	1,055.09	(1)
Capital work in progress	21.06	55.26	(62)
Right of use assets	167.40	169.67	(1)
Goodwill	3.03	35.31	(91)
Other intangible assets	28.92	22.91	26
Intangible assets under development	3.10	0.74	319
Total	1,266.20	1,388.98	(9)

Movement in the capital work in progress is mainly due to capitalisation of the Chemical plant phase II at Dahej. Impairment of goodwill in the stepdown subsidiary of Thermax Netherlands B.V. (i.e. Thermax Denmark ApS) led to this reduction. Intangible assets under development represent ERP implementation

g. Investment

(Rs. in crore)

	FY 2020-21	FY 2019-20	Change (%)
Non-current investment	119.21	59.13	102
Current investment	115.25	816.07	(88)
Total	234.46	875.20	(73)

Investment predominantly represents the investments in debt mutual funds. Due to concerns of credit exposure to corporate debt, most of the investments in mutual funds were redeemed, and the amount is invested in fixed deposits with banks.

h. Trade Receivable

(Rs. in crore)

	FY 2020-21	FY 2019-20	Change (%)
Non-current	100.87	92.13	9
Current	1,237.10	1,386.33	(11)
Total	1,337.97	1,478.46	(10)

Better collection and working capital management led to a decrease in trade receivables, apart from lower turnover.

i. Cash Flow

(Rs. in crore)

	FY 2020-21	FY 2019-20	Change (%)
Cash flows from operating activities	769.48	325.58	136
Cash flows from / (used in) investing activities	(635.68)	(168.51)	(277)
Cash flows (used in) financing activities	77.24	(232.45)	
Total	211.04	(75.38)	

Despite lower profit during the year, cash from operations increased due to better working capital management and better collection. Excess cash generated from the operations has been invested in bank fixed deposits, resulting in a higher outflow in investing activities. In the previous year, the group paid an interim dividend, resulting in higher outflow in financing activities, compared to FY '21.

j. Cash and Cash Equivalents and Other Bank Balance

(Rs. in crore)

	FY 2020-21	FY 2019-20	Change (%)
Cash and cash equivalents	461.31	254.04	82
Other bank balance	1,477.89	227.45	550
Total	1,939.20	481.49	

Cash and cash equivalents increased from Rs. 254.04 crore to Rs. 461.31 crore, as investments in short-term fixed deposits increased from Rs. 95.39 crore to Rs. 174.02 crore. Also, the shift in investments to fixed deposit, along with better collection, resulted in an increase in the cash balance from Rs. 157.48 crore to Rs. 285.84 crore. An increase in other bank balance majorly represents an increase in bank fixed deposits with remaining maturity of less than twelve months.

k. Non-current Other Liabilities

(Rs. in crore)

	FY 2020-21	FY 2019-20	Change (%)
Other liability	72.18	24.79	191

Other non-current liability increased from Rs. 24.79 crore to Rs. 72.18 crore, due to an increase in long-term customer advance received for project orders during the year.



Synchronisation of a 30 MW power plant with the national grid for a renowned cement company in Zambia

I. Key Financial Ratios

In accordance with the SEBI (Listing Obligations and Disclosure Requirements 2018) (Amendment) Regulations, 2018, the company is required to give details of significant changes (change of 25% or more as compared to the immediately previous financial year) in key sector-specific financial ratios.

Particulars	Thermax Group		Thermax Limited	
	FY 2020-21	FY 2019-20	FY 2020-21	FY 2019-20
Debtors turnover ratio	3.34	3.88	3.49	3.67
Inventory turnover ratio	5.91	6.41	6.87	7.61
Interest coverage ratio	16.88	25.94	34.37	48.81
Current ratio	1.45	1.43	1.51	1.45
Return on capital employed	11%	13%	10.20%	9.30%
Return on Net Worth (RONW)	6%	7%	4.90%	5.90%

Interest cost increased by availing packing credit and lower profit impacted the interest coverage ratio.

X. Opportunities And Threats

a. Opportunities

Global energy demand in 2020 contracted around 6% as a result of COVID. However, renewable energy witnessed growth, in line with the commitment of nations to mitigate climate change. This benefits Thermax's prospects for bioenergy projects, as well as air pollution control and water treatment equipment, to meet stringent environmental norms of countries.

- The drive to reduce the dependency on fossil fuels in various countries will improve prospects for the company's energy efficiency portfolio, comprising waste to energy, cooling from waste heat, solar, and efficiency enhancement services.
- With environmental norms getting stricter in many regions, including MENA and other Asian countries, air pollution control equipment, such as FGDs to arrest sulphur dioxide (SOx) and related services, will continue to be in demand, and will positively impact the company.
- Digitalisation, IoT and remote online service with dependable systems are helping open up new territories and possibilities to expand and challenge the company's capabilities beyond its reach, across offerings.
- Modularisation with high value addition in the company's Indian facilities is witnessing enthusiastic response from overseas clients. The company expects increased opportunities in this area, going forward.
- Sustainability of industries will be based on the criteria of reduction in operational cost, through the implementation of various efficiency improvement solutions, modernisation, and adoption of new technologies to reduce energy consumption. This will drive demand for Thermax.
- Tightening of ESG norms, decarbonisation, and the transition of energy will open opportunities for Thermax, with its expertise across heating, cooling, power and various environmental solutions placing it in a favourable position to tap the same.
- To neutralise the impact of COVID-19, several governments released relief packages to boost economies in sectors like infrastructure, food processing, pharmaceutical, textile chemicals, iron & steel, oil & gas, and power. This will positively impact the sentiment of industries to continue their investments and meet the growing demand.
- In line with India's commitment to COP21 and COP24, the Finance Minister announced in the Union Budget speech of 2021-22, the expected launch of the National Hydrogen Energy Mission. With Thermax's capabilities in areas such as hydrogen generation through biomass gasification, and hydrogen utilisation through fuel cells, this movement towards a hydrogen economy could help the company grow its green portfolio with new technologies.

b. Threats

- A renewed outbreak of COVID-19 was witnessed in the form of a second wave in India in March '21. The severity of this surge, marked by lockdowns, lack of medical oxygen (and resultant scarcity of industrial oxygen), is expected to have a

cascading effect on the supply chain. This could impact the demand for Thermax's products and services.

- Raw material prices of certain chemicals and metals witnessed a huge surge, owing to a spurt in demand post the first lockdown in 2020, as well as the trade war between India and China. This has not only impacted Thermax's profitability on projects which were set for completion, but the company had to revisit its costings for projected and new assignments. For Thermax, the price of styrene and steel have a significant impact on financial performance.

- Despite modularisation and plug-and-play products from Thermax, logistic issues and restrictions in movement will be a challenge until most people across the world have received their vaccinations. This is because COVID-19 is affecting different parts of the world differently and in different timeframes. This naturally impacts the prospecting of services, such as plant modernisation, efficiency improvement, replacement of critical and non-critical parts, and finding new avenues for waste to energy for new applications.
- The shift from the net metering policy to a gross metering policy

may impact investment in rooftop solar PV plants. Under the latter, the electricity exported to the grid will be compensated at a fixed feed-in tariff, which is typically much lower than the industrial/commercial tariff. This will lower the return on investment for project developers.

- There is uncertainty in the global regulatory environment as markets are still evolving. This strongly governs the demand for Effluent Treatment Plants, Zero Liquid Discharge solutions and Flue Gas Desulphurisation projects – which constitute the technology offered by Thermax's Environment portfolio.

XI. Risk Management

The company has a robust Enterprise Risk Management (ERM) framework in place for identification, assessment, mitigation, and reporting of risks. The Risk Management Council and Committee of the company carry out a detailed review of key risks facing the company, their impact on strategic decisions, and mitigation measures.

The process of risk identification is guided by the company's objectives, external environment, stakeholders, among others. The risk identification process covers strategic, financial, and operational risks. Once risks are identified, the designated risk owner is responsible for devising plans outlining mitigation actions for the assigned risks.

These risk mitigation plans are closely monitored and reviewed periodically by the company's Risk Management Council and Committee. **The details of the company's significant risks and mitigation plans are available on page 56 of the Annual Report**

XII. Internal Controls

With the help of its Internal Audit function, the company evaluates the quality of its controls and the extent of compliance. Its internal financial controls are audited by the management and internal audit team. The internal auditors, statutory auditors and secretarial auditors check compliance with certain laws related to their areas of work. There is a process by which operating managers are kept updated with legal amendments affecting their

areas of operation. Every month, managers confirm compliance with various provisions.

The company has a strong culture and elaborate processes to reduce the risk of unethical conduct, including a clear code of conduct and whistle blower policy. It also makes use of enterprise resource planning packages in its operations. The package contains a variety of in-built controls, and includes

a careful analysis of variations between performance and plan. The company's internal culture also reduces the risk of non-compliance with the laws. Based on all the abovementioned factors, the Board believes the systems to ensure compliance with applicable laws are proper and internal controls are adequate, and that the company operates effectively.

XIII. Health, Safety and Environment

At Thermax, every task, job or assignment is mandated to be performed in a safe manner. The company's commitment to Health, Safety and Environment is demonstrated through a clear approach of creating a safer work environment for its employees, contractors, supply

chain partners and customers, through rigorous systems and procedures, and their stringent implementation. The company's corporate Health, Safety and Environment (HSE) policy articulates its strong commitment towards building a safe workplace. Safety of the workforce

is given high priority across activities, and performance on safety is reviewed every quarter by the senior management. Divisional safety councils review their performance, and carry out corrective and preventive actions to ensure high performance levels.

a. Update on Certifications and Audits

- Cooling plant at Sri City certified for ISO 14001:2015 and ISO 45001:2018 by Lloyds
- TBWES project sites and manufacturing plants at Savli, Mundra, Chinchwad and Shirwal certified for ISO 14001:2015 and ISO 45001:2018 by Bureau Veritas
- Cooling & Heating manufacturing units at Chinchwad and Savli certified for ISO 14001:2015 and ISO 45001:2018 by TUV:SUD
- Surveillance audits for ISO 14001:2015 and ISO 45001:2018 were conducted by DNV.GL for TOESL
- Chemical manufacturing facilities at Paudh, Jhagadia and Dahej were audited by Bureau Veritas for 14001:2015 and ISO 45001:2018
- Enviro business was audited by TUV:SUD for 14001:2015 and ISO 45001:2018
- Power business and Heating project sites were audited for ISO 45001:2018 by TUV:SUD and DNV.GL
- WWS division was audited for ISO 45001:2018 by Bureau Veritas in April 2021

Safety Audits in FY 2021

1,105

Internal Audits

20

External Safety Audits



Celebration of the National Safety Week at a project site

b. Safety Audits and Training

Safety audits were conducted during the year across all Thermax manufacturing plants in India, with special fire prevention audits at office locations in Pune. All manufacturing and project locations developed an emergency preparedness plan. Training was imparted on fire prevention, and

control and mock drills on emergency evacuation were conducted at plants and office locations.

Regular safety trainings were conducted for employees, contractors, vendors and suppliers. The new standard ISO 45001:2018 aims to link health and safety with business strategy, thereby laying greater emphasis on leadership

participation, change management and performance management. Owing to its high-level structure, it also seeks to enhance compatibility with other standards.

The company prepared e-learning modules on safety and environment, which have been made available on the SAP portal. A training programme was

conducted on hazard and operability study (HAZOP) by an external agency, to build in-house HAZOP expertise and increase awareness amongst employees. During FY 2020-21, though the number of incidents declined, the Lost Time Injury Frequency Rate (LTIFR) increased to 0.28, due to low man-hours and more than one injury reported in a single accident.

c. Results and Outcomes

- Continued use of a mobile app on incident reporting improves reporting of leading indicators, which helps in minimising hazards, as well as risks at plants and sites.

- At manufacturing plants under the Environment Management System, several management programmes on waste/resource reduction were successfully implemented.

XIV. Human Resource

During the year, the group ensured occupational health and safety of all its employees in the backdrop of the outbreak of COVID-19 pandemic (for more details, refer to page 57). The group focussed on creating a caring and positive environment for its workforce, by understanding and

responding to trends shaping the future of work in the new reality. It launched a number of initiatives to improve the existing HR systems and processes, and developed new tools to enhance employee engagement and experience. The group also emphasised on leadership and succession, capacity

building, performance and recognition, development, employee engagement, digitalisation, and diversity and inclusion, among others. **More details on the above are available in the Human Capital chapter on page 46.**



XV. Cautionary Statement

The Management Discussion and Analysis contains statements about future events, financial and operating results of 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. A number of factors could cause assumptions and

actual future results and events to differ materially from those expressed in the forward-looking statements. Readers are cautioned not to place undue reliance on forward-looking statements.

MANAGING THE SIX CAPITALS FOR SUSTAINABLE VALUE CREATION

Financial Capital

This represents the funds utilised for investment in manufacturing and other forms of capitals. These funds are generated from surplus arising out of business operations and financing activities.

Interlinkage with other capitals

The company makes investments in technologies, infrastructure, manufacturing, working capital, marketing, development and talent retention. This helps provide quality products to customers and drives growth for the company. The Financial Capital positively impacts the company's Manufactured Capital, Human Capital, Intellectual Capital, Social and Relationship Capital and Natural Capital.

Rs. 4,791 crore

Total revenue



Rs. 207 crore

Profit after tax



SDGs impacted



Manufactured Capital

This represents the company's manufacturing facilities, physical assets and logistics facilities. These are utilised for developing solutions for the segments served by Thermax. The company continually invests in this capital to enhance its production capacities, and to ensure the safety and reliability of its operations.

Interlinkage with other capitals

Thermax invests in its Manufactured Capital by upgrading its technologies, and also by enhancing its manufacturing capacities and capabilities. This helps in delivering quality products to customers, besides enhancing the company's reputation and driving growth. This, in turn, enhances Thermax's Financial Capital, Social and Relationship Capital, and Natural Capital.

14

State-of-the art manufacturing facilities in India, Poland, Denmark, Germany and Indonesia



10,000 m³ per annum

Capacity expansion at Dahej, Gujarat



SDGs impacted



Human Capital

This represents the collective knowledge, skills and experience of the Thermax workforce, which helps in the creation of value for all stakeholders. The company invests in skill building, engagement and welfare activities, to improve the technical know-how and the overall well-being of its employees. The investments help in maximising the outcomes and providing the workforce with a safe and healthy work environment.

Interlinkage with other capitals:

These employee interventions positively impact the company's Financial Capital, Manufactured Capital, Intellectual Capital and Social and Relationship Capital.

0.28

Lost time injury frequency rate



65,410

Man-hours of training



SDGs impacted





Intellectual Capital

This represents the company's scientific knowledge and research skills, which help it develop superior products. Such skills also help the company improve process efficiency and optimise resource utilisation. The company is constantly striving to strengthen its capabilities and innovation quotient to deliver sustainable value to its stakeholders.

Interlinkage with other capitals

Investments are made in this capital through technology interventions. This helps bring cutting-edge technology, design and innovation to drive growth for the company. It leads to enhancement in Financial Capital, Manufactured Capital, Natural Capital and Human Capital.

15

Customer processes digitalised



369

Equipment with remote monitoring functionality



SDGs impacted



Social and Relationship Capital

This represents the way Thermax engages with the communities and the investment it makes for their development. The company aligns its social interventions with the United Nation's Sustainable Development Goals (SDGs). Relationship capital implies how it builds long-term and trust-based relations with its business partners and customers, with the aim of building an organisation for the long-term.

Interlinkage with other capitals

Through its social programmes, the company engages with different sections of the society. And through its various customer and business partner connect programmes, it makes meaningful engagement with these stakeholders. Besides promoting brand equity and loyalty, this helps the company drive higher growth. These initiatives also positively impact the company's Financial Capital and Manufactured Capital.

5,000

Direct beneficiaries of CSR interventions around manufacturing plants



668

Total number of customers, distributors and vendors engagement in FY2021



SDGs impacted



Natural Capital

This represents the renewable and non-renewable resources on which the company's operations are dependent. These include raw materials, energy, land and water. Thermax invests regularly in this capital to carry out sustainable operations.

Interlinkage with other capitals

Thermax is continually striving to improve its environmental footprint by reducing the use of natural resources, such as water and energy. The company also makes efforts to reduce its carbon footprint and generate less waste in its manufacturing processes. This enables the company to convert Natural Capital into value-added products, and positively impact its Social Capital, Manufactured Capital and Financial Capital.

15,201 GJ (4,222 MWh)

Renewable energy consumed



17,464 GJ (4,851 MWh)

Energy saved



8,09,018 m³

Water consumed



2,16,413 m³

Water recycled



25,253 m³

Rainwater harvested



SDGs impacted





FINANCIAL CAPITAL

Thermax continues to make the right investments to foster resilience and create a more sustainable future. Despite the global challenges faced during the year, Thermax sustained its investment proposition, at the back of its integrated value chain, multi-sector approach and highly skilled people. Additionally, prudent risk management and focus on cash conservation helped the company navigate the challenges to end the year with a strong cash position of Rs. 2,053 crore.

The company uses the cash generated from its operations, as well as from debt and equity financing, to grow its business and ensure sustainable value creation for its stakeholders. Financial Capital is reinvested in other capitals to strike the right balance between profitability and cash flows.

Investments in digitalisation helped Thermax improve its internal process efficiencies and customer experience. Further, project 'Agile', aimed at bringing rigour into indirect cost reduction, yielded cost saving and improved profitability. As the company continued to build capacity to capitalise on the growing opportunities during the pandemic, it focussed on driving efficiencies and productivity by investing in operational excellence initiatives.

Through investment in ThermaxNXT, its transformation project, the company aims to scale up revenue growth in its identified businesses. The project is focussed on building an organisation that drives excellence, inclusivity and innovation. **For more details, refer to Propelling a Sustainable Growth Strategy on page no. 16.**

During the year, Thermax also made investments in further augmenting its R&D capabilities. Its R&D centre deploys cutting-edge technologies through technology tie-ups to develop unique applications for customers. This enables the company to deliver on its brand promise of 'Conserving Resources, Preserving the Future'. Thermax is currently working in the

areas of new energy, such as fuel cells, Thermal-HVAC and bio CNG. Thermax subsidiary TOESL is setting up a compressed biogas project through its newly formed subsidiary Enerxnt Private Limited.

To further boost efficiencies, Thermax undertook restructuring during the year in its global operations to consolidate its presence. Impairment of assets was made post assessment of the recoverability of investments made in Thermax Netherlands B. V. and

Thermax Engineering Singapore Pte Ltd. of Rs. 74.68 crore and Rs. 22.49 crore respectively. In another move, Thermax closed down its China subsidiary - TZL (Thermax (Zhejiang) Cooling & Heating Engineering Co. Limited, China) and has proposed liquidation of Thermax Senegal S.A.R.L, post winding up of operations. Thermax also sold a non-profitable service business segment of Boilerworks A/S. Entities have been established in Thailand and Nigeria to steer the expansion of the project business overseas.

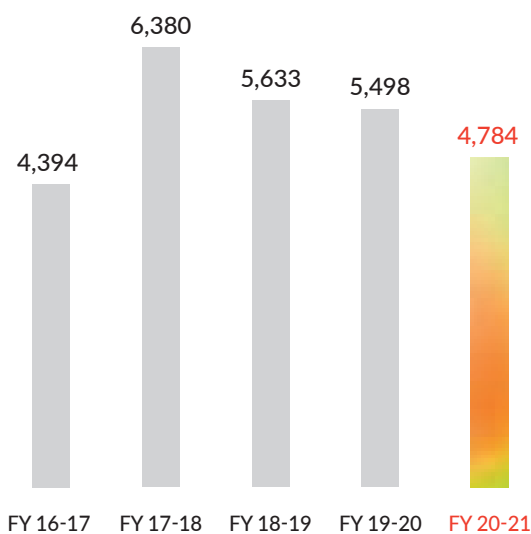


TOESL proliferates the tyre industry by commissioning an 18 tonne biomass fired boiler plant for a Japanese tyre manufacturer

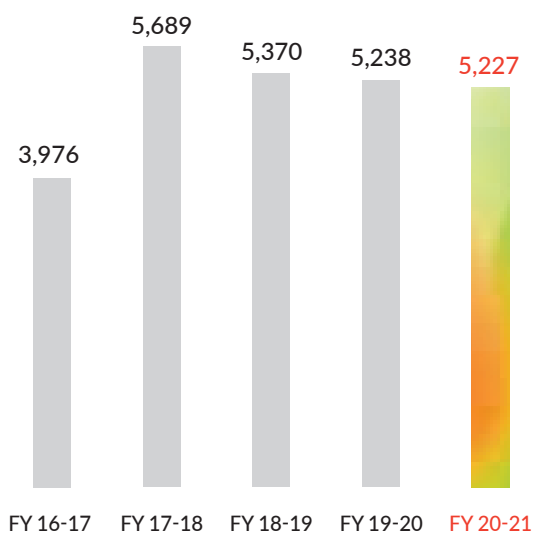
Key Financial Indices

Thermax Group

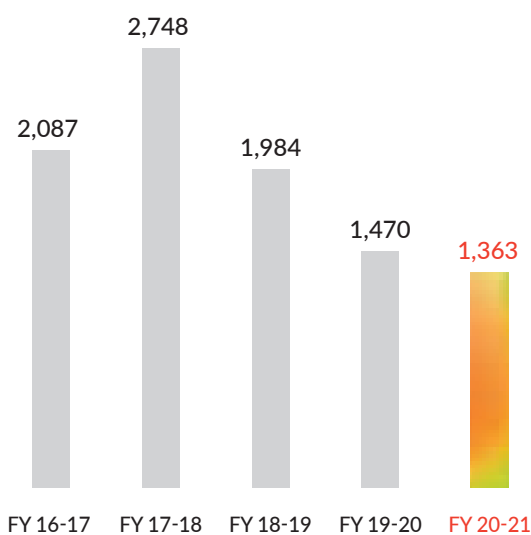
Order Booking (Rs. in crore)



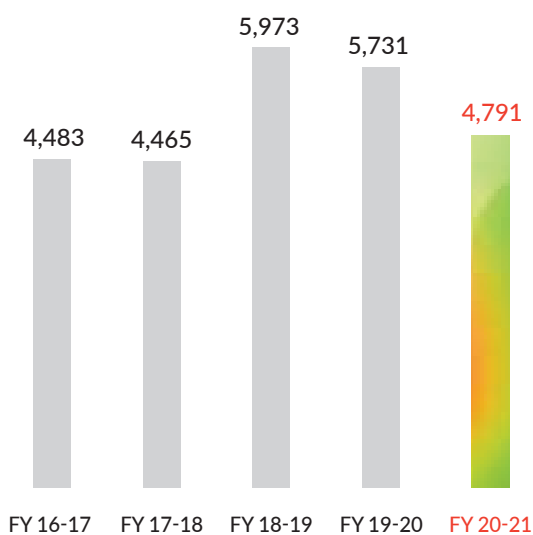
Order Balance (Rs. in crore)



International Order Booking (Rs. in crore)



Revenue (Excluding Excise Duty/GST) (Rs. in crore)

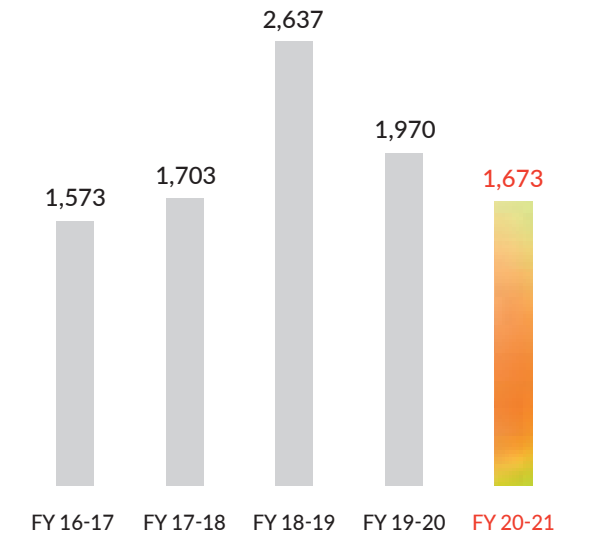


Key Financial Indices

Thermax Group

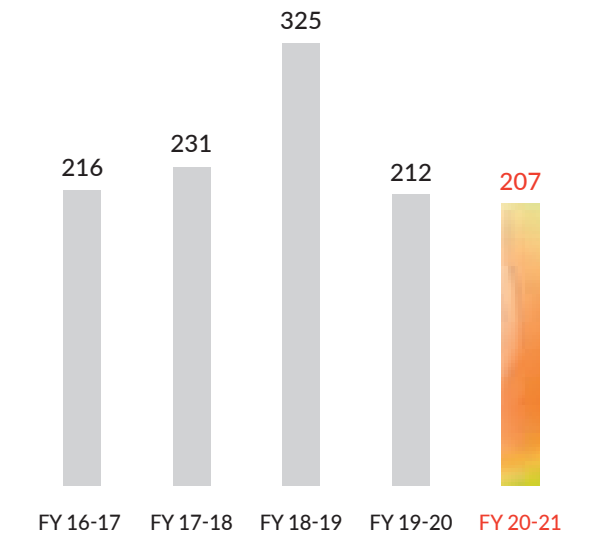
International Revenue

(Rs. in crore)



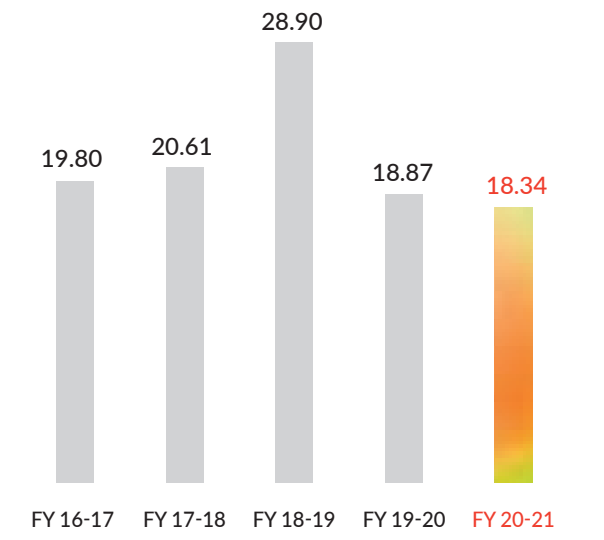
Profit After Tax

(Rs. in crore)



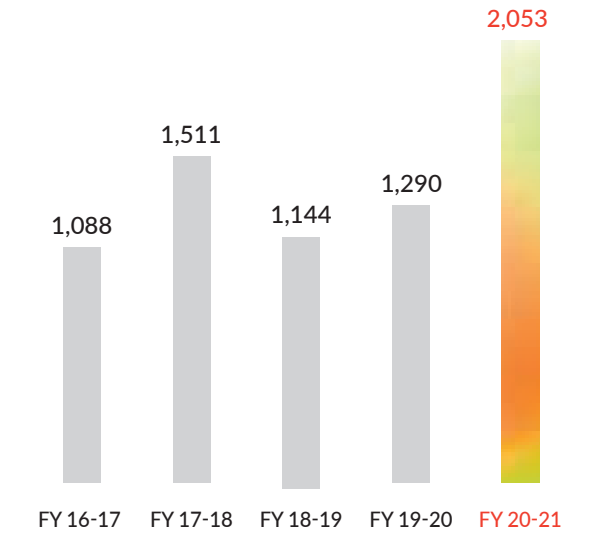
Earnings Per Share

(Rs.)



Cash and Cash Equivalent (Including Current Investments)

(Rs. in crore)



Financials at a Glance

Thermax Group

PARTICULARS	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16*	2014-15	2013-14	2012-13	2011-12
Domestic Sales (excluding excise duty)	3,037	3,685	3,249	2,668	2,813	3,210	3,618	3,199	3,898	4,333
International Sales/Business	1,673	1,970	2,637	1,703	1,573	1,859	1,624	1,758	1,468	1,574
% to Total Sales	36%	35%	45%	39%	36%	37%	31%	35%	27%	27%
Total Sales	4,710	5,655	5,886	4,371	4,386	5,069	5,242	4,957	5,366	5,907
Growth	(17%)	(4%)	35%	0%	(13%)	(3%)	6%	(8%)	(9%)	15%
Other Operating Income	81	76	87	94	97	76	62	72	59	60
Revenue from Operation	4,791	5,731	5,973	4,465	4,483	5,145	5,304	5,028	5,425	5,967
Other Income	108	100	150	116	114	122	123	72	85	84
Total Income	4,899	5,831	6,123	4,581	4,597	5,267	5,427	5,100	5,510	6,051
Total Expenses	4,435	5,324	5,516	4,064	4,049	4,716	4,843	4,592	4,935	5,377
Profit Before Depreciation, Interest, Extraordinary Items and Tax	464	507	607	517	548	551	584	508	575	674
(% to Total Income)	9%	9%	10%	11%	12%	10%	11%	10%	10%	11%
Depreciation	115	117	92	82	82	72	134	92	77	66
Interest	21	15	14	13	10	12	82	27	17	12
Exceptional Items of Expenses	53	-	90	0	18	0	49	0	0	0
Profit Before Tax	275	375	411	422	438	467	319	389	481	596
(% to Total Income)	6%	6%	7%	9%	10%	9%	6%	8%	9%	10%
Tax	69	162	85	166	156	144	171	169	177	204
Profit After Tax before Non-controlling Interest and Share in Loss of Associate and Joint Venture	206	212	326	256	282	323	148	220	304	392
Share in Joint Venture /Associates Loss	0	0	(1)	(25)	(66)	(41)	NA	NA	NA	NA
Minority Interest	NA	NA	NA	NA	NA	NA	(62)	(26)	(16)	(12)
Profit After Tax after Minority and Share in an Associate's Loss	206	212	325	231	216	282	210	246	320	404
Other Comprehensive Income	17	(9)	(22)	27	(19)	22	NA	NA	NA	NA
Total Comprehensive Income Attributable to Equity Holders of the Parent	223	204	304	258	197	304	NA	NA	NA	NA
Non-controlling Interest	-	-	-	(1)	(7)	-	NA	NA	NA	NA
Gross Block	2,151	2,255	2,236	1,741	1,515	1,438	2,051	2,044	1,296	1,193
Net Block	1,266	1,339	1,352	1,076	952	887	1,474	1,580	1,390	1,091
Investments	234	875	829	1,472	1,083	1,050	822	708	443	240
Current Assets	4,466	3,977	4,737	4,102	3,297	3,610	4,185	4,125	3,287	3,406
Current Liabilities	3,071	2,787	3,654	3,079	2,365	2,615	3,274	2,999	2,509	2,758
Net Current Assets	1,395	1,190	1,083	1,023	932	995	911	1,126	778	648
Capital Employed	3,273	3,061	3,050	2,768	2,585	2,450	2,719	2,695	2,362	1,829
Equity Share Capital	23	23	23	23	23	23	24	24	24	24
Reserves and Surplus	3,228	3,005	2,992	2,692	2,515	2,393	2,123	2,014	1,845	1,605
Networth	3,251	3,028	3,015	2,715	2,538	2,416	2,147	2,038	1,869	1,629
Minority Interest	-	-	-	-	1	-	78	140	110	112
Loan Funds (long term)	22	33	35	53	46	34	494	517	383	88
Fixed Asset Turnover Ratio	3.72	4.23	4.35	4.06	4.61	5.71	3.56	3.14	3.86	5.42
Working Capital Turnover Ratio	3.38	4.75	5.43	4.28	4.71	5.10	5.75	4.40	6.90	9.11
Current Ratio	1.45	1.43	1.30	1.33	1.39	1.38	1.28	1.38	1.31	1.24
Return on Capital Employed	11%	13%	14%	15%	15%	18%	15%	15%	21%	33%
Return on Net Worth	6%	7%	11%	9%	9%	12%	10%	12%	17%	25%
Cash Earnings per Share (Rs.)	28.50	29.30	37.06	27.93	27.08	31.48	28.86	28.38	33.33	39.42
Earnings per Share (Rs.)	18.25	18.87	28.90	20.61	19.80	25.07	17.61	20.64	26.87	33.86
Dividend	350%	350%*	350%	300%	300%	300%	350%	300%	350%	350%
Book Value per Share (Rs.)	289	269	268	241	225	215	180	171	157	137

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

* It is interim dividend paid to shareholders



MANUFACTURED CAPITAL

With strategic investments in its plants and equipment, Thermax converts its resources into high value solutions. These investments also help to enhance production as well as the safety and reliability of operations. Additionally, it enables the company to effectively manage its environmental footprint and comply with the regulatory requirements.

Thermax is a leading manufacturer of capital goods that meet the utility requirements of diverse industries globally. The company is present in 88 countries. The manufacturing facilities are ISO 14001:2015 and ISO 45001 / OSHAS 18001 certified. They are inspected by Lloyds, Bureau Veritas, SGS and TUV. Thermax manufactures as per international standards – ASME, BS, DIN, GOST, API, and CE, besides the IBR code in India.

Through its Manufactured Capital, Thermax continues its pursuit to provide clean and green offerings to its customers. Its facilities strengthen the company's capabilities to execute complex projects in the domestic and overseas markets. Its operational excellence helps the company integrate its people and processes in a seamless manner, resulting in better performance – financially and non-financially.

The company's Manufactured Capital enables it to engineer sustainable solutions that fulfil customers' needs, and thus, warrants strategic consideration and due investment. Thermax has a strong manufacturing edge built on targeted initiatives. These initiatives include supporting customers with utility needs for greenfield facilities; upgrading the capacity of existing facilities; deploying technologies such as modularisation; and service based on the Industrial Internet of Things (IIoT).



Thermax Solar expanded its international presence by installing its first solar PV plant of 1 MW capacity in Kenya, Africa, for a leading edible oil manufacturer

During the year, the manufacturing operations across industries were impacted due to the COVID induced lockdown. Challenges continued even post the resumption of operations, with pandemic safety protocols making it difficult to scale back to normalcy. Despite the problems, the Heating plant at Savli not only effectively managed the backlog built during the lockdown period but also clocked the highest ever production

in December 2020. Resilience of the workforce and cross-functional synergy between different teams including providing on-time inputs to delivering the highest manufacturing output, led to this exemplary achievement. Thermax's latest state-of-the-art Cooling plant at Sri City continued to leverage its automation capabilities, and delivered 30 machines in September 2020 - the highest number of units in a single month.

With the commissioning of Phase II of resin production at Thermax's Dahej plant in Gujarat during the year, manufacturing capacity at the facility went up to 20,000 m³ per year from 10,000 m³ in the previous fiscal. This challenging task was managed in spite of the severe damage caused by an explosion in an adjacent chemical facility.



Success Stories



Remote commissioning of a boiler in Egypt

Remote Commissioning of Auxiliary Boiler






One of the key projects executed by Thermax during the pandemic was the remote commissioning of a large auxiliary boiler in Egypt. With meticulous planning and execution, TBWES commissioned a unit of 50 TPH natural gas, acetone and water gas fired boiler for a chemical company. All critical processes were carried out through Remote Online Service Support (ROSS). The operations were conceptualised with adequate SOPs and O&M manuals, and a live view of the Data Collection System was conducted. The project paved the way for Thermax to develop a service model that can yield substantial cost savings for its customers. At the same time, this will help increase workforce productivity by enabling employees to support multiple sites simultaneously.



HUMAN CAPITAL

Thermax remains steadfastly focussed on nurturing a healthy organisation and a capable workforce, with an inclusive approach to its human resources. At the core of its people policy is the company's thrust on building and retaining its critical skills, enhancing its performance potential, and developing its leadership capabilities.

While the Thermax values have been the company's guiding light, the Executive Council has also formulated a set of behaviours that define a true Thermaxian. These behaviours serve as a beacon in the overall development of an employee. The Thermax behaviour code is centred around: Customer (customer centricity), Lead, Own, Create, and Collaborate, briefly known as CLOCC.

 <p>CUSTOMER</p> <p>Ability to put the customer first in everything the company does (internal as well as external); awareness towards industry trends and customer needs, demonstrated through relationships built with the external world.</p>	 <p>LEAD</p> <p>Thermax culture encourages taking calculated risks, while seeking new frontiers, and in pursuit of addressing unique challenges.</p>	 <p>OWN</p> <p>With dependability, trust and responsibility, owners consistently meet commitments made to customers, peers, teams and managers.</p>	 <p>CREATE</p> <p>Being builders, creators and innovators; the change is exhibited through new products, software and business models.</p>	 <p>COLLABORATE</p> <p>Building strong formal and informal networks, thriving in matrixed relationships, and driving success by leveraging the power of teamwork.</p>
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Health and Safety

With health and safety of employees taking centre stage amid the COVID-19 crisis, Thermax stepped up the momentum of its wellness programmes during the year. Various initiatives were launched to help employees deal with challenges, keep up their morale, and stay connected. All the health related days were observed through activities like 'yoga' sessions, talks by professional experts on relevant topics like cancer, mental wellness, and so on. Spouses of the employees were also encouraged to join.

The company created a Wellness app in collaboration with its health

partner - Health Positioning System (HPS) Wellness, to enhance the wellness quotient of employees at physical, emotional and social levels. The app provides a comprehensive and multi-dimensional health enhancement programme, personalised to the employee's 'Prakruti' (age, gender, diet and current health status). More than 2,000 employees have been engaged through the app.

Upskilling safety officers to align with international standards in occupational health and safety is a key priority at Thermax. The Safety app was revamped by the Business Technology Group and Health, Safety and Environment (HSE) teams to enhance its functionalities.

Its advanced and dynamic dashboard facilitates the managing team in accessing more transparent, accurate, simple and handy data, thus saving time from reporting to closure by 25-30%. The feature-loaded app has seen a user increase from 2,100 to 3,400 within three months of its launch.

Themed 'Save yourself to save your family', the Road Safety Month was celebrated from January 18 to February 17, 2021, across locations, offices and customer sites. The celebrations were marked by online quiz, safety bulletins, training on mobile vehicle safety, PUC check-up and check-ups of all transport vehicles.



L&D trainers. Over 300+ behavioural and functional sessions were conducted for 27,047 hours, which helped maximise learning for 3,000+ learners.

Through its Managerial Development Programme, aimed at middle-level managers, Thermax targets building of managerial capability and ability to drive performance. The company's Learning and Development team leverages the expertise of Business Unit heads to deliver functional training. Consistent utilisation of concepts, across divisions and functions, helps the team move closer towards 'One Thermax'. Key competencies identified for the training are: techno-commercial decisions and contracting, strategic/execution decisions, driving performance, developing people, managing change, and communication.

Scale-up – a collaborative sales intervention programme of the company, is helping it develop and enhance B2B sales development skills and competencies in managers. A first time managers' programme, called 'ACE', is aimed at developing skills for employees who have transitioned from an individual contributor to the role of a team leader within the last 18 months. It focusses on bringing change, developing the team, and steering performance.

The National Safety Week, celebrated from March 4 to 11, 2021, was themed 'Learn from disasters and prepare themselves for a safer future'. More than 17,785 people, including Thermax employees and workmen, third party staff and other contractual workforce, participated in the activities.

Nurturing Talent

The progressive growth-led people culture at Thermax has enabled many employees to rise through the ranks, while several have assumed critical leadership and senior management positions over the years. The company recently formalised a policy on Talent Mobility, which encourages employees,

identified as talent, to look for lateral or vertical shifts. The policy is designed to inspire employees to take up new positions that augment and diversify their existing potential. It also enables managers to adopt robust processes to manage people movement, and gain from multi-faceted talent. The HR team encourages managers and individual contributors to adopt talent mobility, by sharing blogs on success stories of employees.

The learning curve of the employees continued through the pandemic. 'Maximise Learning' was launched, as part of which 159 internal technical subject matter experts joined hands with



Success Stories



Becoming Knowledge Partners through L&D Programmes

The Water and Waste Solutions division partnered with a globally renowned food and beverage company to deliver a training module, 'Site Expert Trainer'. The module was crafted to help the operations team in Africa, Middle East, South Asia (AMESA) division manage tasks and improve alignment with sustainability. The programme delivers a user-friendly and interactive step-by-step knowledge repository. After experiencing benefits from the first module, the customer awarded two more projects to the company for locations outside India. The initiative's success enabled Thermax to make training a business proposition, and firmly position itself as a knowledge partner.



SOCIAL AND RELATIONSHIP CAPITAL

Thermax integrates the needs of its stakeholders, and delivers on its commitments, in order to create an enabling environment for its operations and investments. It maintains effective partnerships and relationships with its customers, suppliers, shareholders, dealers, employees, local communities and the regulators, among others. Its constant endeavour is to be responsive and solution-focussed, and to partner with stakeholders to achieve its strategic objectives.

Communities and Society

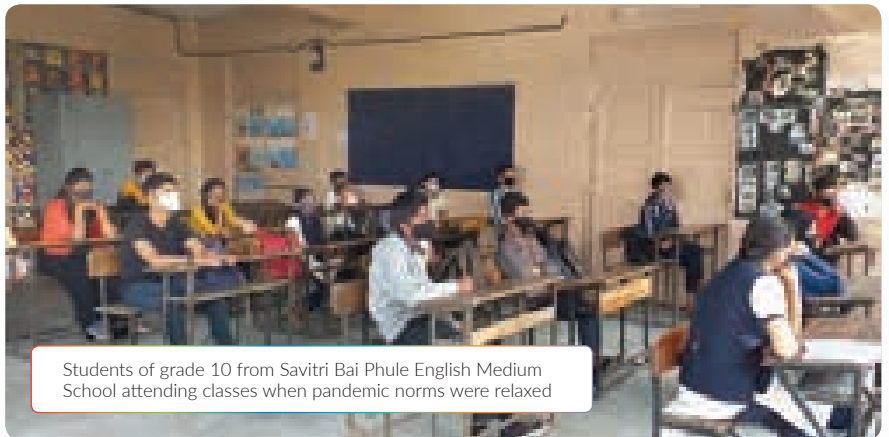
The company recognises that its business sustainability is premised on the relationships it builds with its communities. It acknowledges the importance of its societal welfare initiatives to promote sustainable growth. Its key objective is to facilitate quality education for children from economically weaker backgrounds, to help them come out of the vicious cycle of poverty. Further, Thermax Foundation works closely with the vulnerable communities around the company's manufacturing locations, and encourages key projects based on need-based evaluation.

Due to COVID lockdown and subsequent physical distancing norms, the involvement of Thermax employees in community outreach programmes during the year was limited. However, the company endeavours to look at ways to involve its employees in contributing their skills and domain expertise towards addressing critical social challenges.

The School Project

Inspired by the belief that every child deserves access to quality education, Thermax Foundation (TF) continues to partner with The Akanksha Foundation (TAF) in strengthening the Pune Municipal Corporation (PMC) schools through a tripartite agreement. Among the PMC schools run by TAF, last year, TF funded K. C. Thackeray Vidya Niketan English Medium School and Savitri Bai Phule English Medium School; and also partially funded Matoshri English Medium School. TF also continued to handhold and mentor the alumni of Akanksha Schools, encouraging them to pursue higher education.

The success of the programme can be gauged from the fact that four alumni from Akanksha Schools joined Warburg College, Wheaton College, Whitman College and University of Oklahoma in the United States, respectively, post their junior college at United World College (UWC). Four others joined Ashoka University, while one got inducted into NIT Silchar.



iTeach Alumni Support

Thermax Foundation has partnered with iTeach Alumni Wing Support programme to mentor 200 alumni from Teach for India. During the year 2020-21, TF funded iTeach to provide support and mentoring to alumni under the broad categories of foundational learning academics, mentoring, and employment readiness. Though there was a delay in the admission process due to the lockdown, all the alumni secured admissions in junior college, due to timely support and guidance by the iTeach project team.

CSR Near Factory Locations

The Manav Seva project at the Savli plant facilitated access to government schemes for eligible beneficiaries. The project was also implemented in Alindra, Manjusar, Lasundhra and Gothara. Responding to the pandemic needs, the contours of Churni project, being run in partnership with Srotoshwini Foundation, were changed from the programme's focus on imparting tailoring skills to stitching COVID masks. The change assisted the 35 below-poverty women beneficiaries of Lasundhara and Manjusar villages to continue earning livelihood during COVID. Thermax Foundation purchased all 16,000 masks stitched by these women, ensuring a monthly average income of Rs. 4,000-5,000. These masks were distributed, through Thermax employee volunteers from Savli, to community dwellers of Jhumkal, Lambdapura, Paladi, Manjusar and Alindra villages.

The Foundation also worked with Haqdarshaks to spread awareness, and provide access to poor people, towards welfare schemes like old age doles, widow pension etc. The beneficiaries were people living near Dahej and Jhagadia factory locations in Gujarat. Some of them were also provided sustainable livelihoods as a result of this initiative.

Following the stream widening work done at Ranmasale village near Solapur, a few volunteers from the village were invited by Thermax Foundation's NGO partner Manavlok to Ambejogai to learn best farming practices in water-deficit areas. This resulted in an increased yield of onions, despite the pandemic.



Thermax employees from Savli distribute masks stitched by women associated with the Churni project, to communities near its factory location

Employee volunteering

Six employees from Leadership Development Programme of Thermax were selected to impact six NGOs through an ongoing support instead of one time volunteering. The team of volunteers tried to support their respective NGOs online through initiatives like developing websites for them and raising funds. However, due to the pandemic situation, travel restrictions and language barrier, the envisaged impact of the programme was not as anticipated.

Like every year, employees took part in the Joy of Giving Week. This year, the donation appeal was made to employees through the online programme called 'Tea Talks'. Thermax employees responded with enthusiasm, and contributed towards the purchase of tablets for students from Akanksha Foundation, Teach For India, iTeach and Jagruti School for Blind Girls. This was to ensure that the students get seamless access to online learning. Thermax employees also contributed to the appeal from Hope Foundation for seed funding for women entrepreneurs from underprivileged families who had enrolled with them for various skills. With income of the family severely impacted during lockdown, the donation

was to help them buy the equipment to start masala making or other basic accessories to start their own business. Thermax Foundation made a matching contribution to these NGOs.

Through Thermax's women networking platform 'Sakhi', several activities were undertaken to increase awareness on health and wellness, and to sensitise

women on social issues. In another project, Thermax employees from the Shirwal factory, along with their family members, painted COVID safety messages on 1,000 reusable cloth bags, working from the safety of their homes. These beautifully painted bags were distributed at schools and shops, and also to the local panchayat through the NGO, 'Being Volunteers'.



Cloth bags with COVID safety messages painted by employees from the Shirwal factory were distributed in schools, shops and the local panchayat

Dealers and Vendors

During the year, Thermax maintained strong relationships with its dealers and vendors. Its Channel Business Group recorded its highest ever revenue in the last two quarters of the fiscal, despite the pandemic challenges. Meticulous planning and focussed growth initiatives led to this achievement. Along with channel partners, the Thermax team also displayed hard work and determination to ensure business continuity, while addressing customers' needs. The team also proved its mettle by breaking

through stiff competition in new geographies, and tapping into future opportunities, while continuing to take utmost safety precautions. A noteworthy achievement was the supply, erection and commissioning of a boiler for a leading pharmaceutical company, within stringent timelines. This landmark installation was attended by the Prime Minister of India.

Online training sessions were held to build supplier capabilities, and more than 80 vendors

were trained during the year. 'Supply chain sustainability' series was organised for the company's critical vendor partners, to build awareness on safety and the environment. The sustainability questionnaire is now included in the vendor registration process. Buyers from most of the SBUs worked along with the company's suppliers to create awareness on sustainability. This resulted in improving the percentage of material sustainably sourced, from 30.4% to 35.6%.

Customers

Thermax continued to support customers in their sustainability efforts throughout the year. The solutions offered by the company helped the customers save energy and water, minimise pollution and CO₂ emissions, enabling them to transition into green and ensuring sustainable operations.

The company focussed actively on providing timely solutions to essential services based customers on priority during the pandemic. For example, it provided a hot water generator to a hospital, and efficiency improvement solutions for a pharmaceutical laboratory.

The company's commitment in this regard was also manifest in the supply of ion exchange resins to a leading US based water purifying products company and on-time export order execution.



Success Stories



A 1,500 kWp ground mounted captive solar plant for a Government of India entity

Installation of Solar PV Plant

Thermax recently commissioned a solar PV plant in Jabalpur, Madhya Pradesh, for a large construction and maintenance company providing infrastructural support to the Government of India. Spread across a 16,000 square metre area, the 1,500 kWp ground mounted captive solar plant is capable of generating more than 2.5 million units of 'green' electricity. It is equipped to cut down carbon emissions by 1,890 tonne every year, thus facilitating the customer's shift towards sustainable energy solutions.

Serving Customers through O&M

Through its O&M services, Thermax facilitates its customers in optimising resource consumption, besides keeping their assets efficient and productive. The company's O&M team leveraged its strengths to support an Indian conglomerate with businesses in textile and steel, save cooling tower make-up water by 0.5 M³/MWh at its 43 MW captive power plant in Anjar, Gujarat. The team studied the cooling tower parameters, modified the chemical dosing programme, and maintained all standard parameters. This helped the company cut down its water usage by 8,000 m³ water, saving over Rs. 80 lakh a year.



INTELLECTUAL CAPITAL

Thermax has a rich Intellectual Capital repository, comprising a robust knowledge base, including its patents, rights and licenses, research and development policies, systems, procedures and controls. The company is continually strengthening its Intellectual Capital through process and business model innovations, R&D efforts, as well as initiatives on operational excellence and digitalisation. The cumulative value of the Intellectual Capital that Thermax has refined over the years, drives its evolving business strategy.

The company is among a few, globally, to offer integrated innovative solutions in the areas of heating, cooling, power, water and waste management, air pollution control and chemicals. It has a reputation for inculcating proven global technologies in customer processes, to improve their resource productivity. Its multi-sectoral technology prowess enables Thermax to promote green technologies, including waste heat recovery systems, flue gas desulphurisation systems, power from waste and renewables, helping customers reduce carbon footprint.

Thermax's long-standing Research, Technology and Innovation Centre (RTIC), equipped with around 111 R&D engineers and scientists, is constantly working on developing new and cutting-edge technologies and upgrading existing technologies.

The company celebrates Technology Day, Dr. N. D. Joshi award, and Operational Excellence awards, besides rewarding its employees for business innovations.

Digitalisation of offerings and operations helped the company scale up its presence in relevant markets amid the pandemic. It continued to harness the power of digitalisation to deliver customer-centric applications that add value to customer processes. Considering the complex nature of its offerings, Thermax deployed a robust automated proposal generation process, addressing customer requirements accurately, with improved response time. It further augmented its capabilities in remote commissioning and monitoring of equipment. To enhance its EPC capabilities, the company introduced 4D BIM (Building Information Modelling). It also developed an in-house app – ThermQ, to facilitate all EPC teams in planning, assigning, coordinating and seamlessly tracking projects.

A new solar microsite was created to provide customers with a comprehensive overview of the company's solar PV offerings and share other relevant information. Thermax also revamped its website to put in place a more contemporary user interface, with new features. The revamp and search engine optimisation activities improved website traffic, with better ranking and consistent flow of enquiries. In line with its focus

on digital marketing, the company leveraged social media channels, including YouTube, LinkedIn, Facebook and GoogleAds, for lead generation for select businesses. Promotional content was utilised to enable customers access specific product/solution-related information. Customers were also facilitated in capturing and tracking enquiries effectively, thus enhancing their experience.



Manufacturing Execution System deployed at the Sri City plant in Andhra Pradesh



Success Stories

Increasing Biofuels' Share in India's Energy Mix

To address the issue of burning of paddy straw stubble, Thermax launched bio-CNG technology in partnership with Pune based Primove Engineering. The technology enables the use of difficult biomass to generate bio-CNG. This unique and high-yield bio-digestion process breaks down the lignocellulosic biomass in a digester, creating a new market in India. The technology can be deployed for several other straw type lignocellulosic biomasses. It provides a promising solution to replace carbon-positive fossil fuel with a carbon-neutral biofuel, and reduce import costs for natural gas. The carbon-neutral technology will help increase the share of biofuels in India's energy mix by harnessing its vast and untapped agro-waste. It is a major step forward for the country to achieve its sustainability goals.

Making Vehicles More Fuel-Efficient

Thermax's RTIC team developed and commercialised a first-of-its-kind T-HVAC (Thermal Heating, Ventilation, and Air Conditioning) product for mobility application. This waste heat recovery project has developed absorption technology, utilising engine exhaust heat. A 32 kW capacity of the T-HVAC unit, integrated with a 5-star premium coach, was approved by the German regulatory authority for meeting stringent homologation and roadworthiness requirements. The approval paves the way for the adoption of this technology across the European Union. T-HVAC provides the benefit of total cost of ownership, by achieving fuel savings in the range of 5-8%, thus lowering pollution. Thermax is contributing to a greener environment through its thrust on making vehicles more fuel-efficient, economically and environmentally.



atoM

The Water and Waste Solutions (WWS) business of Thermax launched 'atoM', a completely modularised system to treat sewage water efficiently in confined spaces, such as basements. It incorporates Membrane Bioreactor based technology. Engineered for automated operations, it removes nitrogen and phosphorus from wastewater and provides consistent water quality with varying inlet loads, which is suitable for recycling and reuse. The product finds application in the Urban segment, with its contemporary aesthetics, sleek design, easy installation and automated operational features making it a perfect fit in commercial and residential spaces. Thermax received its first major order for atoM from an e-commerce giant for its Indian data centre in Hyderabad.

Thermax Fuel Cells for Indian Navy

Thermax has supplied fuel cell stacks for India's home-grown Air Independent Propulsion (AIP) system. The cells are designed to significantly enhance the operational effectiveness of submarines.

➤ For more details, refer to the Highlights section on page no. 03 of the Annual Report





NATURAL CAPITAL

Thermax is committed to minimise the use of natural resources and the impact of its operations on nature. It remains committed to building its Natural Capital through resource efficiency and excellence in environmental performance. The company is constantly measuring and managing the impact of its business and manufacturing operations on the environment, and taking necessary measures to reduce energy, water and material consumption.

During 2020-21, Thermax enhanced its renewable energy portfolio and improved green energy consumption from solar and biomass i.e. 15,201 GJ or 5.2% of its total energy consumption. The company achieved energy savings of 17,464 GJ from various energy efficiency initiatives, resulting in a 30% improvement over the previous year.



15,201 GJ

Renewable Energy Consumption



2,79,312 GJ

Non-Renewable Energy Consumption



17,464 GJ

Energy Savings



2,174 tCO₂e

Emission Savings

Water Consumption

Thermax follows a 'reduce, reuse and recycle' concept at all its zero discharge manufacturing plants. All the treated effluent is used for gardening, fire hydrant system and flushing in toilets, resulting in recycling of water. Rainwater harvesting is also facilitating the company in reducing its dependence

on freshwater. The company's water harvesting initiatives in Paudh, Jhagadia, Dahej, Sri City plants, and in its two offices in Pune, led to storage, consumption and groundwater recharge of 25,253 cubic metre of rainwater during the year.



8,09,018 m³

Water Consumption



2,16,413 m³

Water Recycled



25,253 m³

Rainwater Harvested





World Environment Day marked by sapling plantation

Environmental Protection

Through 'Thermax Cares', the company is inculcating environmental consciousness into the organisational culture. It has undertaken various initiatives to encourage the employees and their families to contribute to reducing the earth's carbon and water footprint. This is being done through a series of planned "Know", "Act" and "Become" programmes, involving meaningful activities aligned with the UN SDGs.

Nurturing Biodiversity

To promote sustainable biodiversity, the company planted 4,310 tree saplings during the year. It also planted saplings at customers' sites, besides conducting competitions on 'Conserve biodiversity to preserve humanity' and 'COVID-19 versus biodiversity'.



Thermax relocated and shifted 120 matured trees to a safer place at a customer's Flue Gas Desulphurisation plant in Dhanbad. Environment Day was celebrated with the theme 'Ecosystem Restoration', and a learning module was launched on 'Decarbonising Life', to increase awareness and strengthen mitigation plans on carbon emissions.

Environmental Compliance



Thermax conforms strictly to all environmental laws, regulations and standards. All its plants comply with the permissible limits of Ambient Air Quality, with parameters like PM2.5, PM10, SOx and NOx. The stack emissions are also within the parameters, as prescribed by the Central Pollution Control Board (CPCB) and SPCBs. Waste generated is disposed of in a socially responsible and environmentally safe manner across the company's sites. Also, hazardous and non-hazardous waste is segregated and handed over to collection vendors to dispose of, recycle or reuse, as applicable.

MANAGING RISKS

Some of the major risks identified by the company, and its mitigation plans, are given below. Risk ranking undergoes periodic change, based on scores of the identified risks and the status of risk mitigation plan implementation.

Identification of Major Risks	Detailing of the Risk	Mitigation Plan
<p>Project Execution Risk</p> 	<ul style="list-style-type: none"> Loss of reputation/market share/margin erosion, due to inadequate process framework and monitoring of risks during the entire project lifecycle 	<ul style="list-style-type: none"> Robust project management structures are in place across business divisions, to monitor and control project execution risks during the project lifecycle. Multiple controls, from the proposal to execution stage, enable the company to take timely measures to mitigate potential risks.
<p>Data Governance and Cyber Security Risk</p> 	<ul style="list-style-type: none"> Inability to identify, classify, document/digitise and archive business-critical knowledge/information to ensure complete, consistent, reliable, and secure corporate data Adverse impact on company's operations due to cyberattacks and lack of firewalls, encryption, 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. 	<ul style="list-style-type: none"> Security awareness is created through training on regular basis. Archiving and purging of unused information is done, as per the timeframe decided in Data Retention policy. Role-specific access to IT equipment is created and controlled. Identity and access management, through single sign-on and multi factor authentication, is underway. Servers and databases of all hosted applications are being upgraded, with high availability. Disaster recovery for critical applications is tested.

Additional risks emanating from COVID-19 pandemic

Identification of Major Risks	Detailing of the Risk	Mitigation Plan
<p>Employee Infection at Work Sites / Availability of People</p> 	<ul style="list-style-type: none"> Manpower shortage challenges faced, owing to workforce getting COVID infections 	<ul style="list-style-type: none"> The company has designed comprehensive SOPs for manufacturing, site and office locations. Regular review is conducted to ensure adherence to COVID safety protocols. Any changes to local government rules are immediately communicated and followed. A core team was set up at every location, and employees were encouraged to provide continuous feedback for improvement of safety processes, if and where required.
<p>People Travel Challenges Impacting Operations (Domestic + International)</p> 	<ul style="list-style-type: none"> Difficulties faced in attending to customer issues due to travel restrictions 	<ul style="list-style-type: none"> Remote support capabilities, such as remote commissioning, have been developed. Selective domestic travel, in compliance with statutory and safety protocols, was undertaken to address emergencies at the customer's end.
<p>Supply Chain Issues</p> 	<ul style="list-style-type: none"> Inability to manage supplies, in line with demand and strategic business plans 	<ul style="list-style-type: none"> Detailed vendor analysis has been conducted to identify high-risk vendors. Risk mitigation plans of identified high-risk vendors were reviewed before placing any new orders. This helped minimise risk on account of disruption at the vendor's end. Additional transporters have been onboarded to increase the supply of transport vehicles.

THERMAX STAKEHOLDER ENGAGEMENT FRAMEWORK

Stakeholder	Company Responsibility	Mode of Engagement
<p>Customers</p> 	<ul style="list-style-type: none"> To execute the company's commitment to its group ethos 	<ul style="list-style-type: none"> Customer satisfaction survey, company website, brochures, customer meets, mailers, social media, exhibitions, roadshows, brochures, promotional campaigns, in-house magazine (Fireside), customer programmes (InTouch)
<p>Employees</p> 	<ul style="list-style-type: none"> To have an engaged and committed workforce to drive the organisation towards growth, with the company providing necessary growth opportunities 	<ul style="list-style-type: none"> Open forums, online and functional training, people and leadership development, communication blogs, celebrations like Technology Day, Environment Day, Safety Week
<p>Vendors and Business Partners</p> 	<ul style="list-style-type: none"> To develop mutually beneficial and long-term relationships 	<ul style="list-style-type: none"> Vendor meets, dealer conferences, site visits, selection process, vendor visits, training, vendor surveys, personal communication
<p>Owners and Shareholders</p> 	<ul style="list-style-type: none"> To provide accurate, transparent and timely information, and enable the stakeholder group to make informed investment decisions 	<ul style="list-style-type: none"> Quarterly updates, half-yearly updates, annual general meetings, press releases, investor meets and annual reports

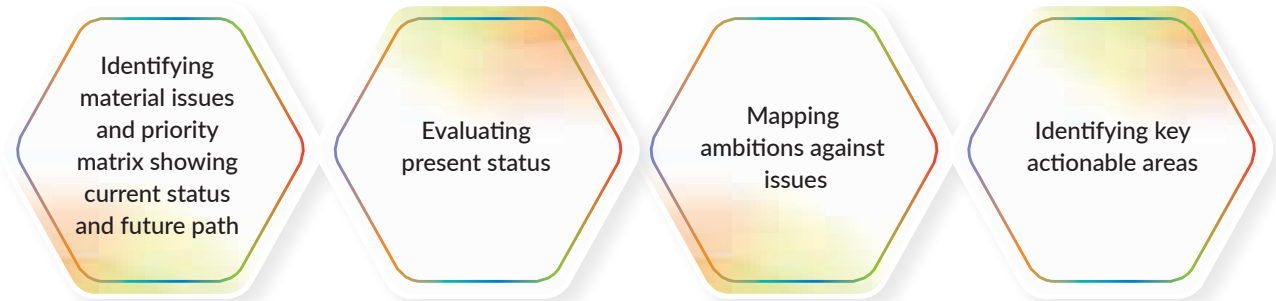
Stakeholder	Company Responsibility	Mode of Engagement
<p>Government Authorities</p> 	<ul style="list-style-type: none"> To ensure full compliance and regulatory requirements, thus setting industry benchmarks 	<ul style="list-style-type: none"> Government forums, interaction with statutory bodies
<p>Communities and Academic Groups</p> 	<ul style="list-style-type: none"> To uplift the communities impacted by the business around the manufacturing facilities and offices 	<ul style="list-style-type: none"> Meeting with local communities and NGOs, sustainability related information, education of underprivileged children, campus connect programmes, media

➤ For detailed information on how Thermax engages with its stakeholders, check Social and Relationship Capital and Human Capital section on page 48 and 46 of the Annual Report respectively.

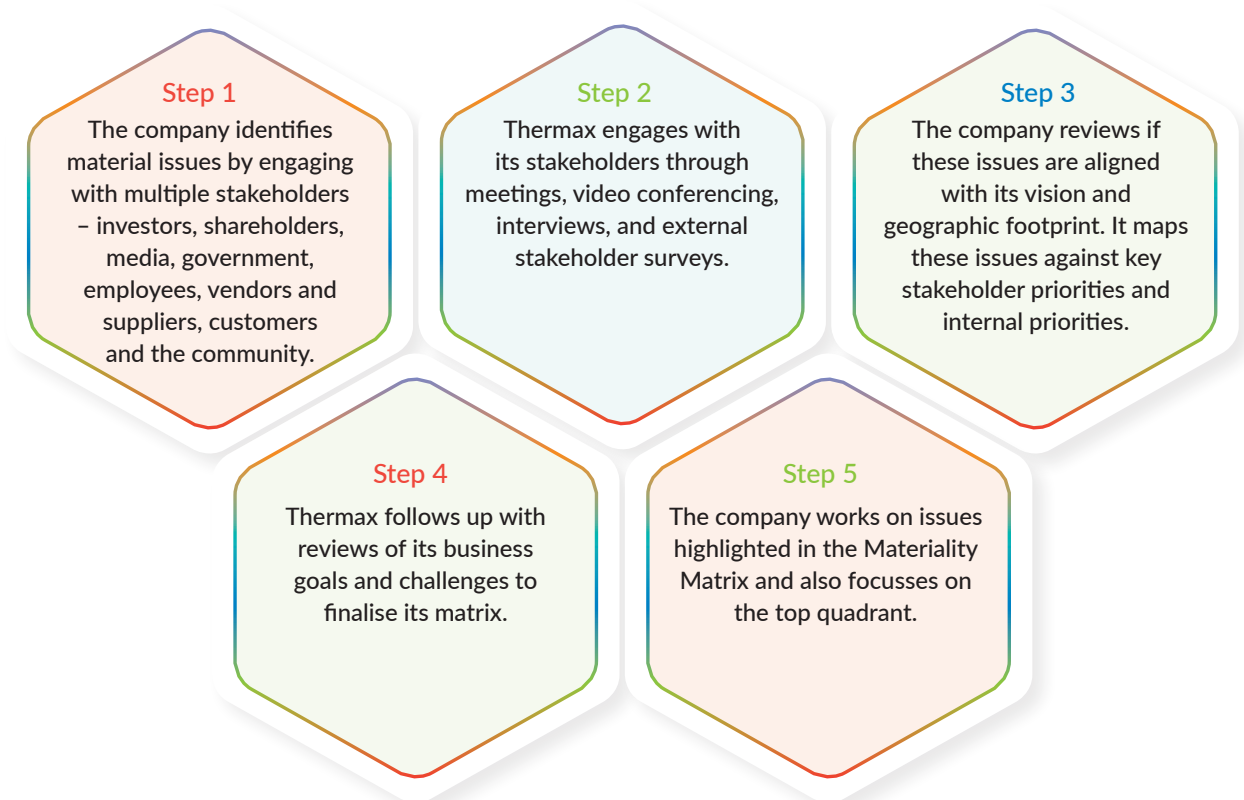


ADDRESSING MATERIAL MATTERS

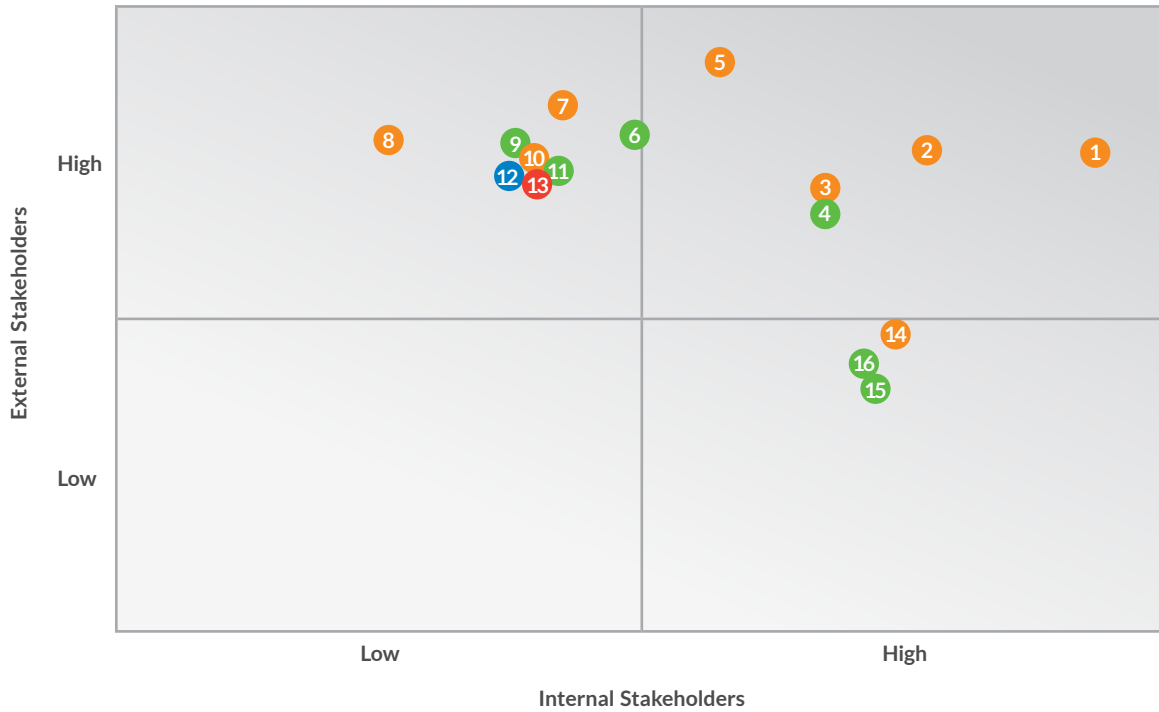
Materiality Determination Process



Identifying and Mapping Material Issues



Thermax Materiality Chart



Economic

- 3 Product Performance
- 13 Upgradation and Improvement of Designs (Eco-designs)

Environment

- 4 Waste Management
- 6 Climate Change Related Risks
- 9 Resource Usage Optimisation
- 11 Energy Management
- 15 Water Management
- 16 Emission Management

Social

- 1 Local Employment
- 2 Community Engagement
- 5 Occupational Health, Safety and Emergency Preparedness
- 7 Talent Acquisition and Retention
- 8 Training and Development
- 10 Protection of Human Rights
- 14 Responsible Supply Chain Management

Governance

- 12 Compliance and Integrity

BOARD OF DIRECTORS



Meher Pudumjee
Chairperson



Pheroze Pudumjee
Non-Executive Director



Ashish Bhandari
Managing Director and CEO



Harsh Mariwala
Independent Director



Dr. Jairam Varadaraj
Independent Director



Nawshir Mirza
Independent Director



Rajani Kesari
Independent Director



S. B. (Ravi) Pandit
Independent Director



**Dr. Valentin A.H. von
Massow**
Independent Director

MANAGEMENT EXECUTIVE COUNCIL



Ashish Bhandari
Managing Director and CEO



B.C. Mahesh
Executive Vice President
and Group Head - Power



Bill Shukla
Executive Vice President
and Group Head -
Environment Business



Hemant Mohgaonkar
Executive Vice President
and Group Head - Cooling
& Heating



Jasmeet Bhatia
Executive Vice President - HR,
IR, HSE, Administration and
Corporate Communication



Dr. Mahesh Murthy
Chief Technology Officer and
Head of Research Technology
and Innovation Centre



Pravin Karve
Chief Executive Officer -
TBWES



Prosenjit Sengupta
Executive Vice President
and Group Chief Digital
Officer



Rajendran Arunachalam
Executive Vice President and
Group Chief Financial Officer



Shekhar Kashalikar
Senior Vice President -
TBWES

CORPORATE INFORMATION

BOARD OF DIRECTORS

Meher Pudumjee

Chairperson

Pheroze Pudumjee

Non-Executive Director

M.S. Unnikrishnan

Managing Director and CEO
(Up to August 31, 2020)

Ashish Bhandari

Managing Director and CEO
(w.e.f. September 1, 2020)

Harsh Mariwala

Dr. Jairam Varadaraj

Nawshir Mirza

Rajani Kesari

S.B. (Ravi) Pandit

Dr. Valentin A.H. von Massow

EXECUTIVE COUNCIL

Ashish Bhandari

B.C. Mahesh

Bill Shukla

Hemant Mohgaonkar

Jasmeet Bhatia

Dr. Mahesh Murthy

Pravin Karve

Prosenjit Sengupta

Rajendran Arunachalam

Shekhar Kashalikar

KEY MANAGERIAL PERSONNEL

Ashish Bhandari

Managing Director and CEO

Rajendran Arunachalam

EVP and Group CFO

Kedar P. Phadke

Company Secretary and
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, Wakdevadi,
Pune - 411 003.
Ph.: 020-66051200/25542122
Fax: 020-25541226
Website: www.thermaxglobal.com

REGISTRAR AND SHARE TRANSFER AGENT

KFin Technologies Pvt. Ltd.
Selenium Tower B,
Plot No. 31 & 32, Gachibowli,
Financial District, Nanakramguda,
Serilingampally, Hyderabad - 500 032.
Tel: 040-67162222 / 79611000
Fax: 040-23001153
Toll free: 1800 309 4001
E-mail: einward.ris@kfintech.com
Website: www.kfintech.com

BANKERS

Union Bank of India
Bank of Baroda
Canara Bank
Citibank NA
ICICI Bank Ltd.
State Bank of India
HSBC
Kotak Mahindra Bank Ltd.

AUDITORS

SRBC & CO. LLP
Chartered Accountants
C-401, Panchshil Tech Park, Yerawada,
Pune - 411 006.
ICAI Firm Reg. No. 324982E/E300003

SUBSIDIARIES

Domestic

1. First Energy Pvt. Ltd.
2. Thermax Babcock & Wilcox Energy Solutions Pvt. Ltd.
3. Thermax Engineering Construction Company Ltd.
4. Thermax Instrumentation Ltd.
5. Thermax Onsite Energy Solutions Ltd.
6. Thermax Cooling Solutions Ltd.

7. Thermax Sustainable Energy Solutions Ltd.
8. Enernext Pvt. Ltd.

Overseas

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

DIRECTORS' REPORT

Dear Shareholder,

Your directors are pleased to present the Fortieth Annual Report, together with the audited financial statements of your company for the year ended March 31, 2021.

Financial Results

(Rs. in crore)

Particulars	Standalone		Consolidated	
	FY 2020-21	FY 2019-20	FY 2020-21	FY 2019-20
Total revenue	3,131.00	3,215.00	4,791.00	5,731.00
Profit before finance cost and depreciation and tax	358.51	317.88	462.93	506.18
Finance cost and depreciation	72.56	67.84	135.21	131.65
Profit before tax and exceptional items	285.95	250.04	327.72	374.53
Exceptional items	(103.03)	(14.89)	(52.53)	NIL
Profit before tax but after exceptional items	182.92	235.15	275.19	374.53
Provision for taxation (incl. deferred tax)	41.90	73.76	68.61	162.08
Profit after tax from continuing operations	141.02	161.39	206.58	212.45
Profit after tax from discontinuing operations	-	52.60	NA	NA
Other comprehensive income	0.87	(13.16)	16.91	(8.78)
Total comprehensive income	141.89	200.83	223.49	203.67
Total equity	2,879.38	2,737.49	3,251.39	3,027.90
Earnings Per Share (EPS) (Rs.) face value per share Rs. 2/- from continuing operations	11.83	13.54	18.34	18.87
Earnings Per Share (EPS) (Rs.) face value per share Rs. 2/- from continuing and discontinuing operations	11.83	17.95	18.34	18.87

Annual Performance

Your company, on a standalone basis, posted a revenue of Rs. 3,131 crore for the financial year 2020-21, against last year's revenue of Rs. 3,215 crore. Revenue from exports was up 3% at Rs. 791 crore (Rs. 759 crore). Order booking from continuing operations stood at Rs. 3,079 crore, lower by 24% as compared to Rs. 4,058 crore in the previous year.

On a consolidated level, the group revenue was at Rs. 4,791 crore (Rs. 5,731 crore). The group's international business was lower by 15% at Rs. 1,675 crore (Rs. 1,969 crore). Consolidated order booking for FY 2020-21 reduced by 13% to Rs. 4,784 crore (Rs. 5,498 crore). Order booking in international markets at Rs. 1,363 crore was lower by 7% and accounted for 28.5% of the consolidated figure as compared to Rs. 1,470 crore last year (26.7%).

Considering the market condition and performance of step-down subsidiaries, an impairment of Rs. 97.17 crore has been recorded for Danstoker A/S (Denmark), subsidiary of Thermax Netherlands B.V. (Rs. 74.68 crore) and PT Thermax International Indonesia, subsidiary of Thermax Engineering Singapore PTE. Ltd. (Rs. 22.49 crore) - the same have been shown as exceptional items in the standalone results. During the year, the company announced a Voluntary Retirement Scheme for employees, an expense of Rs. 5.86 crore has been accounted as an exceptional item. Profit after tax and exceptional items from continuing operations stood at Rs. 141 crore, compared to Rs. 161 crore in the previous year. EPS was at Rs. 11.83 (Rs. 13.54).

COVID-19

Measures taken by the company for COVID relief are covered in the Integrated Report.

Dividend

The Board of Directors has recommended a dividend of Rs. 7/- (350%) per equity share of face value of Rs. 2/- each for the year ended March 31, 2021. The dividend is subject to the approval of members at the ensuing annual general meeting. In view of the changes made under the Income-tax Act, 1961, by the Finance Act, 2020, dividends paid or distributed by the Company shall be taxable in the hands of the Shareholders. Your company shall, accordingly, make the payment of the dividend after deduction of tax at the source.

Transfer to Reserve

The closing balance of the retained earnings of the company for FY 2020-21, after all appropriation and adjustments

was Rs. 2,313 crore. 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, 2021. There was no public/preferential rights or bonus issued during the year. The company has neither issued any shares with differential voting rights, sweat equity shares, nor has it granted any stock options.

Subsidiaries

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

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.

Information on Newly Incorporated Subsidiaries and Acquisition during the Year

The company has set up a step-down subsidiary company through a wholly owned subsidiary of the company, Thermax Onsite Energy Solutions Limited (TOESL) named Enerxnt Private Limited, which was incorporated on January 5, 2021, for starting the Bio-CNG business of TOESL.

During the year, the company has acquired the remaining 24% stake in First Energy Private Limited (FEPL) effective December 21, 2020. Accordingly, the equity shareholding of the company in FEPL stands increased from 76% to 100%. Post this acquisition, FEPL is a wholly owned subsidiary of the company.

During the year, the company has approved the voluntary liquidation of Thermax Sustainable Energy Solutions Limited (TSES), a wholly owned subsidiary of the company under the Insolvency and Bankruptcy Code, 2016, which commenced on April 5, 2021.

The company has approved the liquidation and writing off of investments in its step-down wholly owned subsidiaries Thermax Hong Kong Limited (THKL) and Thermax (Zhejiang) Cooling and Heating Engineering Company Ltd. (TZL China) on March 17, 2021.

Management Discussion and Analysis

The Management Discussion and Analysis section, highlighting the performance of the company's energy, environment and chemical segments, including details of select subsidiaries, information on the company's health, safety and environment measures, human resources, risk management and internal controls, is on page no. 20.

Corporate Governance Report

A detailed Corporate Governance Report regarding SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 which also includes disclosures required as per Sections 134 and 177 of the Companies Act, 2013, is attached as Annexure 1 on page no. 72.

A certificate from the statutory auditors of the company regarding compliance with the conditions of corporate governance as required under Schedule V of the Listing Regulations is a part of this report.

Integrated Report

An Integrated Report encompassing both financial and non-financial information enabling the company's diverse stakeholders to make well informed decisions and have a better understanding of the company's long term perspective is on page no. 1.

Secretarial Standards

The company has complied with the revised Secretarial Standards on meetings of the Board of Directors (SS-1) and Secretarial Standards on general meetings (SS-2).

Business Responsibility Report

In terms of the Listing Regulations, Business Responsibility Report describing the initiatives taken by the company from environmental, social and governance perspectives is enclosed as Annexure 2 on page no. 91.

Vigil Mechanism/Whistle Blower Policy

The company has a vigil mechanism named 'Whistle Blower Policy' to deal with instances of fraud and mismanagement if any. The details of the policy are provided in the Corporate Governance Report and also posted on the website of the company: www.thermaxglobal.com.

Employee Strength

The total number of permanent employees on the rolls of

the company as on March 31, 2021, was 3,034 compared to 3,325 employees in the previous year. At group level, the total number of permanent employees are 3,627 compared to 3,601 employees in the previous year.

Industrial Relations

The overall industrial relations at all the locations were amicable. The company has signed three years wage settlement with the union at Chinchwad which is up to April 30, 2022. The discussion on wage settlement with the union at Paudh is under discussion. The wage settlement at the Savli plant was signed for five years, and it will be in force up to March 31, 2022. During last year's COVID period, the union at Chinchwad came forward and offered salary cut of 4% for four months. Similarly, the union at Savli also deferred their settlement benefit by two months. This was a unique and rare gesture on the part of the union in any manufacturing set up.

During the year, the company approved a Voluntary Retirement Scheme for all eligible employees of the group who have completed 10 years of service with the company or aged more than 40 years. 46 employees opted for the Voluntary Retirement Scheme of the company involving a total payout of Rs. 10.96 crore over a period of five years.

Particulars of Employees

The information required pursuant to Section 197 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, duly amended, in respect of employees of the company, will be provided upon request. In terms of Section 136 of the Act, the Annual Report excluding the aforesaid information is being sent to all the members and others entitled to receive it. Any shareholder interested in obtaining such particulars may write to the company secretary.

Details of Trusts for the Benefit of Employees

a) ESOP and Welfare Trust

The company has a Thermax Employees ESOP and 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.

The company, at present, does not have any ESOP scheme under this trust.

b) Employee Welfare Trusts

The company has various Employee Welfare Trusts primarily for providing medical 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.

The relevant disclosures as required under the SEBI (Share based Employee Benefits) Regulations, 2014 on Employee Welfare Trusts are available on the company's website: www.thermaxglobal.com.

Disclosure: Anti-Sexual Harassment Policy

The company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & 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.

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

The following is a summary of sexual harassment complaints received and disposed of during the year 2020-21:

- Number of complaints received – Nil
- Number of complaints disposed of – NA

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. 96.

Corporate Social Responsibility Initiatives

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

in the Social and Relationship Capital on page no. 48.

The details of the CSR Committee and CSR Policy are available on the company's website: www.thermaxglobal.com.

The Annual Report on CSR Activities and CSR Policy is provided as Annexure 4 on page no. 98.

Directors and Key Managerial Personnel

The Board of Directors of the company as on March 31, 2021 comprised nine directors, of which six are independent directors. All independent directors of the company have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 (the Act), and the Listing Regulations.

All independent directors except Dr. Valentin von Massow have obtained registration certificates 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. Necessary application has been made to the MCA for condonation of delay for registration of Dr. Valentin von Massow with the ID databank.

Pursuant to the provisions of Rule 6 of the Companies (Appointment and Qualifications of Directors) Rules, 2014, every individual whose name is included in the data bank shall pass an online proficiency self-assessment test. However, an individual who has fulfilled the criteria prescribed in Rule 6(4) of the said Rules, is exempted from passing the online proficiency self-assessment test. In view of the same, none of the independent directors was required to take the proficiency self-assessment test. The Board, at its meeting held on May 12, 2021, has reviewed the declarations received from all the independent directors and has confirmed that the independent directors fulfil the criteria laid down by requisite regulations and are independent of the management. Based on these disclosures and confirmations, the Board is of the opinion that the directors of the company are eminent persons with integrity and have the necessary expertise and experience to continue to discharge their responsibilities as directors of the company.

Further, pursuant to the provisions of the Companies Act, 2013, the shareholders in the 36th AGM of the company held on August 8, 2017, appointed Harsh Mariwala (DIN:00210342) as an independent director of the company to hold office for five consecutive years up to November 9, 2021. Mr. Mariwala is eligible for re-appointment as an Independent Director for another term of five consecutive years. According to the provisions of the Companies Act, 2013, and based on the recommendation of the Nomination

and Remuneration Committee, the Board has recommended the re-appointment of Mr. Mariwala as an Independent Director for another term of five consecutive years with effect from November 10, 2021, up to November 9, 2026, for the approval of the members through a special resolution to be passed at the 40th AGM of the company. His brief profile and other details as required under the Companies Act, 2013 and Listing Regulations pertaining to his re-appointment, are provided in the Notice of the 40th AGM of the company and the explanatory statement under section 102 of the Companies Act, 2013, annexed to it.

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

Nawshir Mirza and Rajani Kesari are nominated as Directors on the Board of Thermax Babcock & Wilcox Energy Solutions Private Limited, a material subsidiary of the company.

During the year, M.S. Unnikrishnan, Managing Director and CEO of the company superannuated from the services of the company w.e.f. August 31, 2020. Ashish Bhandari, who was earlier appointed as Joint Managing Director, took charge as the Managing Director and CEO w.e.f. September 1, 2020.

In accordance with the provisions of the Companies Act, 2013, and the company's Articles of Association, Pheroze Pudemjee (DIN: 00019602) retires by rotation at the ensuing AGM and being eligible, offers himself for re-appointment as a Director.

Meetings

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.

Remuneration Policy

The Remuneration Policy details for selection, appointment and remuneration of directors and senior management is given in the Corporate Governance Report, and the said policy is available on the company's website: www.thermaxglobal.com.

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. The details of the

Board/Committee evaluations are given in the Corporate Governance Report.

Board Diversity

The company recognises and embraces the importance of a diverse Board in its success. It 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 sets out its approach to diversity. The policy is available on the company's website: www.thermaxglobal.com.

Directors' Responsibility Statement

In terms of Section 134(3)(c) of the Companies Act, 2013, the directors of the 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, 2021, the applicable accounting standards have been followed;
- 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, 2021, and of the profit of the company for the year ended on that date;
- c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) The annual 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.

Related Party Transactions

All related party transactions entered into during the financial year were at an 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 and a statement giving details of all related party transactions are placed before the Audit Committee for their approval on a quarterly basis. The company has developed a Related Party Transactions Manual and Standard Operating Procedures for the purpose of identification and monitoring such transactions.

The policy on Related Party Transactions as approved by the Board is available on the company's website: www.thermaxglobal.com.

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

Standalone and Consolidated Financial Statements

The financial statements for the year ended March 31, 2021, 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 as prescribed by SEBI. 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. 286.

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.

Public Deposits

The company had no unpaid/unclaimed deposit(s) as on March 31, 2021. The company has not accepted any fixed deposits during the year.

Particulars of Loans, Guarantees or Investments

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

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.

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 has 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 addressed through mitigating actions on a continuing basis.

Committees of the Board

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

Auditors

Statutory Auditors

M/s. SRBC & Co. LLP, Chartered Accountants, were appointed 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 Annual General Meeting.

As required under the Listing Regulations, M/s. SRBC & Co. LLP, the auditors have confirmed that they hold a valid

certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

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.

Cost Auditors

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

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 2021-22. The Secretarial Audit Report for FY 2020-21 is attached as Annexure 7 on page no. 102.

The observations of the secretarial auditors in their report are self-explanatory and therefore, the directors do not have any further comments to offer on the same.

Annual Return

The company shall place an annual return filed with the Registrar of Companies for the financial year 2020-21 on its website: www.thermaxglobal.com. Since the Annual General

Meeting is proposed to be held on August 6, 2021, the company shall upload a copy of the Annual Return for FY 2020-21, 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. 4.

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, government authorities and joint venture partners. 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 25, 2021

Corporate Governance Report

1. Thermax's Philosophy on Corporate Governance

Thermax believes in following, in letter and spirit, high standards of corporate governance so that the company's performance will 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 sustained growth and financial performance.

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

Empowered by the Board, the company's key management officials implement policies and guidelines related to corporate governance. The corporate governance framework is guided by the core values of the company and is based on the principles as below.

Further, this year, the company has added ESG (Environmental, Social, Governance) since these three elements are at the heart of what Thermax stands for, apart from energy. It has been practiced for many years and will continue to strengthen the value system of the

company as it continues to become greener, embody the social compact and uphold the standards of governance in all that it does.

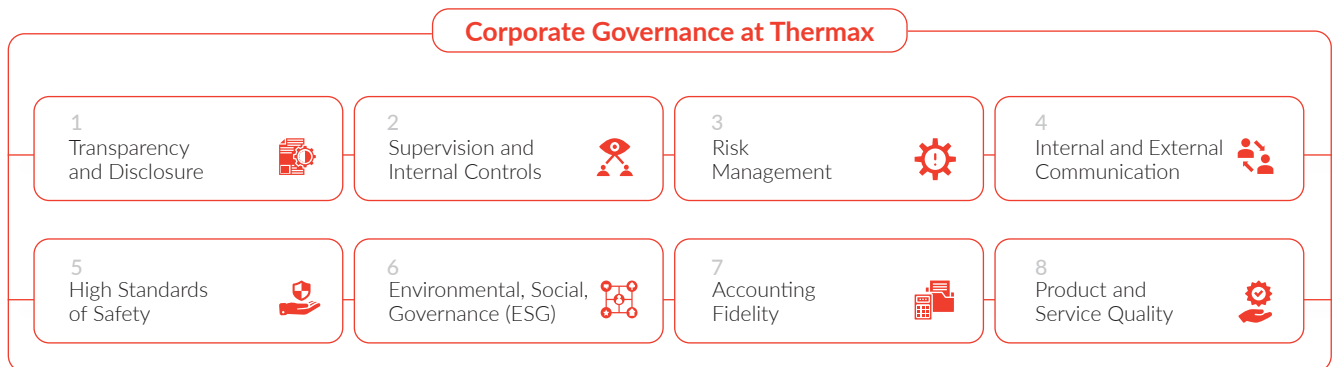
2. Board of Directors

The Board of the company comprises nine directors – two non-executive promoter directors, six independent directors and the executive director.

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 the company comprises nine directors - one non-executive and non-independent chairperson, one non-executive director, one executive director and six independent directors (out of whom one is a woman independent director). This is in conformity with the requirement of Regulation 17 of the Listing Regulations. The Board periodically evaluates the need for change in its size and composition.

The table on the next page gives the composition of the Board and inter alia the directorships held by each of the directors of the company at the end of the financial year 2020-21.



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 except*	1	1	2	6,000
INDEPENDENT					
Dr. Valentin A. H. von Massow	None	1	0	0	-
Dr. Jairam Varadaraj	None	10	1	7	-
Nawshir Mirza	None	2	2	2	189
Harsh Mariwala	None	6	0	1	-
S. B. (Ravi) Pandit	None	4	0	1	-
Rajani Kesari	None	2	0	1	-
EXECUTIVE					
Ashish Bhandari ^	N.A.	3	0	1	-

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

Includes only Audit Committee and Stakeholders' Relationship Committee

^ M.S. Unnikrishnan ceased to be the Managing Director and Chief Executive Officer effective August 31, 2020, upon completion of tenure. Ashish Bhandari was appointed as the Joint Managing Director effective June 18, 2020, and later as the Managing Director and Chief Executive Officer effective September 1, 2020

* During the year, the company has paid Rs. 10,90,600/- to Meher Pudumjee as rent for premises taken on lease. The company has paid Rs. 10,90,600/- to Pheroz Pudumjee, as rent for premises taken on lease and maintained Rs. 18,00,000/- as the security deposit

The company has also paid Rs. 13,00,000/- as rent for premises taken on lease and given security deposit of Rs. 35,00,000/- to Anu Aga (promoter and relative of Meher Pudumjee, Chairperson of the company).

Attendance and Remuneration of each Director during the Financial Year 2020-21

Name of the Director	Whether attended last AGM held on August 12, 2020	Total Attendance at Board Meetings	Sitting Fees*	Salary and Perquisites	Commission †	Total Remuneration
(Amount in Rs.)						
Meher Pudumjee	Yes	6	7,00,000	NA	40,50,000	47,50,000
Dr. Valentin A. H. von Massow	Yes	5	7,00,000	NA	29,33,676@	36,33,676
Pheroz Pudumjee	Yes	6	10,00,000	NA	18,00,000	28,00,000
Dr. Jairam Varadaraj	Yes	5	9,00,000	NA	13,50,000	22,50,000
Nawshir Mirza	Yes	6	7,00,000	NA	31,50,000	38,50,000
Harsh Mariwala	Yes	5	4,00,000	NA	18,00,000	22,00,000
S. B. (Ravi) Pandit	Yes	6	5,50,000	NA	13,50,000	19,00,000
Rajani Kesari	Yes	6	6,50,000	NA	13,50,000	20,00,000
M.S. Unnikrishnan #	Yes	2	NA	14,81,54,035	-	14,81,54,035
Ashish Bhandari #	Yes	5	NA	5,64,06,586	1,75,00,000	7,39,06,586

NA = Not applicable

* Sitting fees also include payments for Board appointed committee meetings

† The commission proposed for the year ended March 31, 2021, will be paid, subject to deduction of tax and as per the provisions of the Companies Act, 2013

© Euro 34,200 (rate as on March 31, 2021 is Rs. 85.78 per Euro)

M.S. Unnikrishnan ceased to be the Managing Director and Chief Executive Officer effective August 31, 2020, upon completion of tenure. Ashish Bhandari was appointed as the Joint Managing Director effective June 18, 2020, and later as the Managing Director and Chief Executive Officer effective September 1, 2020

The non-executive directors are entitled to reimbursement of expenses incurred in the performance of duties as directors.

B. Number of Meetings of the Board held during the Year and the Dates of Meetings

The Board met six times during the financial year 2020-21 on the dates - June 18, 2020, August 12, 2020, October 31, 2020, November 4, 2020, February 3, 2021, and March 12, 2021. The maximum time gap between any two sequential meetings was not more than 120 days.

C. 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 he/she occupies 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 The Ministry of Corporate Affairs or any such authority and the same forms part of this report.

D. Details of Directorships held in Listed Entities as on March 31, 2021

Sr. No.	Name of the Director	Name of Listed Entity	Category
1	Meher Pudumjee	Thermax Limited	Chairperson & Non-Executive Director
2	Pheroze Pudumjee	Thermax Limited	Non-Executive Director
3	Ashish Bhandari	Thermax Limited	Executive Director
4	Nawshir Mirza	Thermax Limited	Independent Director

5	Jairam Varadaraj	Elgi Equipments Limited	Managing Director
		Precot Meridian Limited	Independent Director
		Magna Electro Castings Limited	Independent Director
		Elgi Rubber Company Limited	Non-Executive Director
		Thermax Limited	Independent Director
6	Dr. Valentin von Massow	Thermax Limited	Independent Director
7	Harsh Mariwala	Marico Limited	Chairman & Non-Executive Director
		Kaya Limited	Chairman & Managing Director
		Zensar Technologies Limited	Independent Director
		JSW Steel Limited	Independent Director
		Thermax Limited	Independent Director
8	S.B. (Ravi) Pandit	KPIT Technologies Limited	Whole-Time Director
		Thermax Limited	Independent Director
9.	Rajani Kesari	Thermax Limited	Independent Director

E. Disclosure of the Relationship Between Directors Inter se

Meher Pudumjee and Pheroze Pudumjee are related to each other.

F. Familiarisation Programme Imparted to Independent Directors

Through this 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, significant developments, reports and internal policies to enable them to familiarise with the company's 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. Quarterly updates on relevant statutory, regulatory changes and landmark judicial pronouncements encompassing important laws are regularly circulated to the directors. Site visits to various plant locations are organised for the independent directors to enable them to understand and acquaint themselves with the operations of the company. The details of such familiarisation programme for independent directors are put upon the company's website and can be accessed at: www.thermaxglobal.com.

G. Board Independence

Our definition of 'independence' of directors is derived from Section 149(6) of the Companies Act, 2013 and Regulation 16 of the 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, supported by a certificate from M/s. SVD & Associates, Practising Company Secretary, Pune, as per the requirement of Regulation 25(8) of the Listing Regulations, the Board confirms that the independent directors fulfil the conditions as specified under Schedule V of the Listing Regulations, 2015, and

are independent of the management.

All independent directors except Dr. Valentin A.H. von Massow 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. Necessary application has been made to the MCA for condonation of delay for registration of Dr. Valentin A.H. von Massow with ID databank.

H. Independent Directors' Meeting

During the year under review, the independent directors met once on February 3, 2021, where all independent directors were present *inter alia* to review the performance of the Board, 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. The meeting was chaired by the Nomination and Remuneration Committee Chairman.

I. 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 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.

J. Board Support

The company secretary is responsible for collation, review and distribution of all papers submitted to the Board and Committees thereof for consideration. The company secretary is also responsible for preparation of the agenda and convening of the Board and Committee meetings. The company secretary attends all the meetings of the Board and its Committees, in the capacity of Secretary of the Committees. The company secretary advises/assures the Board and its Committees on compliance and governance principles and ensures appropriate recording of minutes of the meetings. With a view to leverage technology and reduce paper consumption, the company has adopted a web-based application for transmitting Board/Committee agenda and pre-reads. 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 the Board/Committee agenda and pre-reads in electronic form.

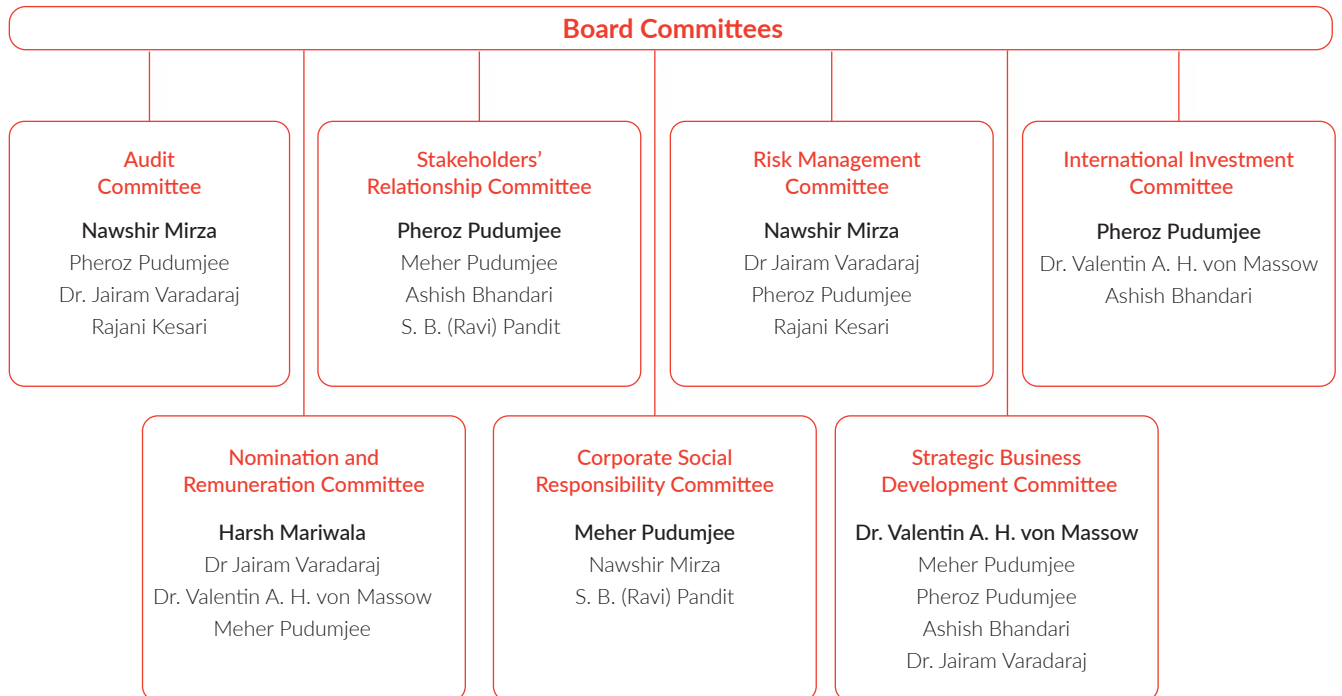
K. Core Skills/ Expertise/ Competencies Available with the Board

In terms of the requirement of Listing Regulations, 2015, 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:

Name of the 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	✓	✓	-	✓	✓	-	-	✓	✓
Ashish Bhandari	✓	✓	✓	✓	✓	✓	✓	✓	✓
Harsh Mariwala	-	✓	✓	✓	✓	✓	-	✓	-
Dr. Valentin A.H. von Massow	✓	-	-	✓	-	-	-	-	-
Nawshir Mirza	✓	✓	✓	✓	✓	✓	✓	✓	-
S.B. (Ravi) Pandit	-	✓	✓	✓	✓	✓	-	-	✓
Dr. Jairam Varadaraj	-	✓	-	✓	✓	✓	-	✓	-
Rajani Kesari	✓	✓	✓	✓	✓	✓	-	-	-

3. Board Committees

The members of the committees are co-opted by the Board. The Board constitutes the committees and defines their terms of reference. The Board at present has seven committees. The composition of the Board Committees is as under:



A. Audit Committee

The Audit Committee (“the committee”) comprises three independent directors and a non-executive director as on March 31, 2021

1. Nawshir Mirza - Chairman
2. Pheroz Pudumjee

3. Dr. Jairam Varadaraj

4. Rajani Kesari

The committee met five times during the financial year 2020-21, which is more than the requirement of the Companies Act, 2013, and the Listing Regulations.

Attendance details of the committee are as follows:

Name of the Member	Audit Committee Meeting dates					Held during the Tenure	Attended	% of Attendance
	June 4, 2020	June 16, 2020	August 11, 2020	November 3, 2020	February 2, 2021			
Nawshir Mirza						5	5	100%
Pheroz Pudumjee						5	5	100%
Dr. Jairam Varadaraj						5	5	100%
Rajani Kesari						5	5	100%

The constitution of the committee meets the requirements of Section 177 of the Companies Act, 2013, and Regulation 18 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

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 SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

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 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 SEBI (LODR) Regulations, 2015. The charter is available on the company’s website: www.thermaxglobal.com.

The terms of the charter broadly include:

- 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 the 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
 - Structure the internal audit function and to approve 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
- Overseeing the processes that ensure the integrity of financial statements
 - Overseeing the processes for compliance with laws and regulations to ensure their effectiveness

- 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
- Review compliance with the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 2015
- Verify internal control system to prevent insider trading are adequate and are operating effectively

Attendance details of the committee are as follows:

Name of the Member	Nomination & Remuneration Committee Meetings			Held during the Tenure	Attended	% of Attendance
	June 17, 2020	November 2, 2020	February 2, 2021			
Harsh Mariwala				3	3	 100%
Dr. Jairam Varadaraj				3	3	 100%
Dr. Valentin A.H. von Massow				3	3	 100%
Meher Pudumjee				3	3	 100%

The constitution of the committee meets the requirements of Section 178 of the Companies Act, 2013, and Regulation 19 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

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

B. Nomination & Remuneration Committee

The Nomination and Remuneration Committee ("the committee") comprises three independent directors and one non-executive director as on March 31, 2021.

1. Harsh Mariwala - Chairman
2. Dr. Jairam Varadaraj
3. Dr. Valentin A.H. von Massow
4. Meher Pudumjee

The committee met thrice during the financial year 2020-21, which is more than the requirement of the Companies Act, 2013, and the Listing Regulations.

- Evaluate the need for EDs and recommend their appointment
- Identify all critical positions in the company among the EDs and senior management and review the 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 meeting 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 related to human resources, including diversity

Details of Remuneration

• 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 Nomination & Remuneration Committee (NRC) of the Board has framed a policy on selection and the 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 year 2020-21. 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 NRC 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 NRC, 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 NRC, the Board has approved payment of remuneration to the directors.

• Managing Director & CEO

The company's Board at present comprises one Executive Director, namely, Ashish Bhandari, who was appointed as Managing Director & CEO effective September 1, 2020, for a period of five years. The remuneration of the managing director is governed by the agreement dated February 4, 2020, between the company and Ashish Bhandari, which has been approved by the Board of Directors and the shareholders. The remuneration broadly comprises fixed and variable components, i.e. salary, allowances, perquisites and other benefits. The variable component comprises a performance bonus. The NRC has recommended a remuneration policy for the 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:

- The clarity of the relationship between remuneration and performance
- Balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the company and its goals
- Responsibilities required to be shouldered by the Managing Director & CEO as per industry benchmarks and current trends
- 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, 2021:

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

Attendance details of the committee are as follows:

Name of the Member	Stakeholders' Relationship Committee Meetings				Held during the Tenure	Attended	% of Attendance
	June 18, 2020	August 7, 2020	November 4, 2020	February 1, 2021			
Pheroze Pudumjee					4	4	 100%
Meher Pudumjee					4	4	 100%
Ashish Bhandari*	NA	A			3	2	 67%
M.S. Unnikrishnan*		A	NA	NA	2	1	 50%
S.B. (Ravi) Pandit					4	4	 100%

N.A. - Not Applicable A - Absent

* On completion of tenure as the Managing Director and Chief Executive Officer, M.S. Unnikrishnan ceased to be a member of the committee effective August 31, 2020. Further, Ashish Bhandari was inducted as the member of the committee effective June 18, 2020.

The constitution of the committee meets the requirements of Section 178 of the Companies Act, 2013, and Regulation 20 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

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 the 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 Private Limited (*erstwhile Karvy Fintech Private 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

The Board has empowered the Stakeholder Relationship Committee to, *inter alia*, approve share transfers to reduce the lead-time for processing transfer of shares lodged. The committee has delegated powers to the RTA to approve share transfer, transmission, and transposition.

Summary of Complaints during FY 2020-21

Nature	Opening Balance	Received	Resolved	Closing Balance
Non-receipt of dividend	Nil	0	0	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	0	0	Nil

Shares Transferred to IEPF

In accordance with the provisions of Section 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 the shareholders whose shares were due to be transferred to IEPF authority and whose email id was registered with the company. Simultaneously, an advertisement was published in the newspapers.

In terms of the provisions of Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016/Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001, total 7,451 shares of 19 shareholders of the company were transferred on September 29, 2020, to the IEPF.

Compliance Officer

Kedar P. Phadke, Company Secretary is the Compliance Officer for complying with the requirements of the Securities Laws and the Listing Agreements with the Stock Exchanges.

D. Corporate Social Responsibility (CSR) Committee

The CSR Committee (“the committee”) comprises two independent directors and a non-executive director as members as on March 31, 2021:

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

The committee met once during the financial year 2020-21 on April 23, 2020, where all the members were present.

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:













- To formulate and recommend to the Board a CSR policy which shall indicate the activities to be undertaken by the company as specified under Schedule VII of the Companies Act, 2013,
- To recommend the amount of expenditure to be incurred on the CSR activities and
- To monitor the CSR policy of the company from time to time
- Any other matter that may be referred to by the Board from time to time or as may be necessary for compliance with the Companies Act, 2013, or rules made thereunder or any other statutory laws of India

E. Risk Management Committee

The Risk Management Committee (“the committee”) comprises three independent directors and a non-executive director as on March 31, 2021:

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

Attendance details of the committee are as follows:

Name of the Member	Risk Management Committee Meeting		Held during the Tenure	Attended	% of Attendance
	July 1, 2020	November 19, 2020			
Nawshir Mirza			2	2	 100%
Pheroze Pudumjee			2	2	 100%
Dr. Jairam Varadaraj			2	2	 100%
Rajani Kesari			2	2	 100%

The constitution of the committee meets the requirements of Regulation 21 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

The purpose of the risk management committee is to assist the Board in fulfilling 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 detailed 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

Board is to review and guide the strategic initiatives of the company.

The committee comprises two independent directors, two non-executive directors and an executive director as on March 31, 2021:

1. Dr. Valentin A.H. von Massow - Chairman
2. Pheroz Pudumjee
3. Meher Pudumjee
4. Dr. Jairam Varadaraj
5. Ashish Bhandari

F. Strategic Business Development Committee

The primary objective of the Strategic Business Development Committee ("the committee") of the

Attendance details of the committee are as follows:

Name of the Member	Strategic Business Development Committee Meetings			Held during the Tenure	Attended	% of Attendance
	August 10, 2020	October 19, 2020	January 5, 2021			
Dr. Valentin A.H. von Massow				3	3	 100%
Pheroz Pudumjee				3	3	 100%
Meher Pudumjee				3	3	 100%
Dr. Jairam Varadaraj				3	3	 100%
Ashish Bhandari *				3	3	 100%
M.S. Unnikrishnan *		NA	NA	1	1	 100%

N.A. - Not Applicable

* On completion of tenure as the Managing Director and Chief Executive Officer, M.S. Unnikrishnan ceased to be a member of the committee effective August 31, 2020. Further, Ashish Bhandari was inducted as the member of the committee effective June 18, 2020.

The broad terms of reference of the committee are:

- Review and recommend corporate strategy, including corporate brand and M&A
- 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

G. International Investment Committee

The International Investment Committee ("the committee") comprises an independent director, a non-executive director and an executive director as on March 31, 2021:

1. Pheroz Pudumjee – Chairman
2. Dr. Valentin A.H. von Massow
3. Ashish Bhandari

Attendance details of the committee are as follows:

Name of the Member	International Investment Committee Meetings			Held during the Tenure	Attended	% of Attendance
	August 11, 2020	October 16, 2020	February 2, 2021			
Pheroz Pudumjee				3	3	 100%
Dr. Valentin A.H. von Massow				3	3	 100%
Ashish Bhandari *				3	3	 100%
M.S. Unnikrishnan *		NA	NA	1	1	 100%

N.A. - Not Applicable

* On completion of tenure as the Managing Director and Chief Executive Officer, M.S. Unnikrishnan ceased to be a member of the committee effective August 31, 2020. Further, Ashish Bhandari was inducted as the member of the committee effective June 18, 2020.

The broad terms of reference of the committee are:

- Monitor and review the performance with respect to the purpose and intent of business objectives
- Review human resources development and requirements
- Review of business operations and strategy implementation of new ventures/businesses
- Approval of appointment of Board members
- Formulate strategies with respect to overseas initiatives (including setting up of a company/office and acquisition/takeover/amalgamation)
- Review annual performance of international operations
- Review the strategic business plan annually

4. Annual General Meeting

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

Financial Year	Date	Venue	Time
2017-2018 (37 th AGM)	August 8, 2018	Yashwantrao Chavan Academy of Development Administration, MDC (Auditorium) Building, Raj Bhavan Complex, Baner Road, Pune-411 007	4.00 p.m.
2018-2019 (38 th AGM)	August 8, 2019	Yashwantrao Chavan Academy of Development Administration, MDC (Auditorium) Building, Raj Bhavan Complex, Baner Road, Pune-411 007	4.00 p.m.
2019-2020 (39 th AGM)	August 12, 2020	Through Video Conferencing	4.00 p.m.

B. Postal Ballot

No special resolution was passed by the company during the year through postal ballot. 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	a. Re-appointment of Dr. Jairam Varadaraj as an independent director b. Re-appointment of Nawshir Mirza as an independent director c. Re-appointment of Dr. Valentin A.H. von Massow as an independent director

5. Means of Communication

- The company publishes the quarterly and yearly financial results in prominent English and regional language newspapers. The same are also displayed on its website.
- The company's corporate website: www.thermaxglobal.com 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.

- c) Transcripts of teleconferences with analysts are available on the website of the company
- d) The official news releases of the company are displayed on its website

6. Shareholder Information

A. 40th Annual General Meeting for the FY 2020-21

Date and time	Friday, August 6, 2021 at 4.00 p.m.
Venue	Through Video Conferencing

B. Financial Calendar

The financial results for FY 2020-21 were announced on:

Financial Results	As Indicated	Actual Date
Quarter ended June 2020	August 12, 2020	August 12, 2020
Quarter ended September 2020	November 4, 2020	November 4, 2020
Quarter ended December 2020	February 3, 2021	February 3, 2021
Year ended March 2021	May 12, 2021	May 25, 2021

For FY 2021-22, the indicative announcement dates are:

Results for the quarter ended June 2021	August 5, 2021
Results for the quarter ended September 2021	November 12, 2021
Results for the quarter ended December 2021	February 4, 2022
Results for the year ended March 2022	May 19, 2022
Record date for payment of dividend subject to approval of shareholders	July 23, 2021
Dividend payment date	August 12, 2021

Listing on Stock Exchanges	Stock Code
National Stock Exchange of India Ltd. (NSE)	THERMAX EQ
BSE Ltd. (BSE)	500411
International Security Identification No. for Equity Shares (ISIN) in NSDL and CDSL	INE 152A01029
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 the financial year 2021-22 on the basis number of beneficial accounts maintained by them, as on March 31, 2021.

C. Stock Data

(Amount in Rs. per share)

Month	MKT QUOTE - NSE		MKT QUOTE - BSE	
	High	Low	High	Low
April 2020	765.00	684.00	765.00	685.00
May 2020	739.90	692.00	738.55	695.00
June 2020	796.00	701.60	795.30	703.25
July 2020	790.45	724.85	789.90	723.70
August 2020	837.00	728.00	837.55	729.00
September 2020	804.90	716.00	799.75	716.40
October 2020	790.95	703.95	790.00	705.90
November 2020	910.00	744.15	909.80	740.00
December 2020	966.50	874.00	974.95	875.00
January 2021	1,030.00	902.00	1,025.00	885.05
February 2021	1,436.90	957.35	1,435.00	957.35
March 2021	1,465.40	1,303.05	1,464.35	1,302.80

D. Registrar and Share Transfer Agent

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

E. Share Transfer System

In terms of Regulation 40(1) of SEBI Listing Regulations, as amended from time to time, securities can be transferred only in dematerialised form with effect from April 1, 2019, except in case of request received for transmission or transposition of securities. Further, SEBI has fixed March 31, 2021, as the cut-off date for re-lodgement of transfer deeds and the shares that are re-lodged for transfer shall be issued only in demat mode. Members holding shares in physical form are requested to consider converting their holdings to dematerialised form. Transfers of equity shares in electronic form are effected through the depositories with no involvement of the company.

F. Distribution of Shareholding and Shareholding Pattern

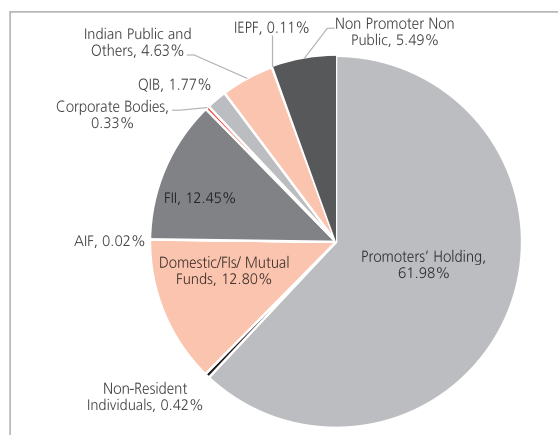
Distribution of Shareholding as on 31/03/2021

Sr. No.	Category (Shares)	No. of Holders	% to Holders	No. of Shares	% to Equity
1	1-5000	31,798	98.62	38,69,763	3.25
2	5001- 10000	136	0.42	4,95,938	0.42
3	10001- 20000	86	0.27	6,04,300	0.51
4	20001- 30000	39	0.12	4,63,314	0.39
5	30001- 40000	15	0.05	2,65,757	0.22
6	40001- 50000	14	0.04	3,13,735	0.26
7	50001- 100000	48	0.15	17,81,780	1.50
8	100001 & Above	107	0.33	11,13,61,713	93.46
	Total	32,243	100.00	11,91,56,300	100.00

Category of Equity Shareholders as on March 31, 2021

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.	1,52,50,101	12.80
2 Foreign Institutional Investors (FI)	1,48,38,284	12.45
3 Corporate bodies	3,94,277	0.33
4 Non-Resident Individuals	4,95,800	0.42
5 Indian public and others	55,16,077	4.63
6 IEPF	1,25,853	0.11
7 Qualified Institutional Buyer (QIB)	21,09,067	1.77
8 Alternative Investment Fund (AIF)	30,096	0.02
(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

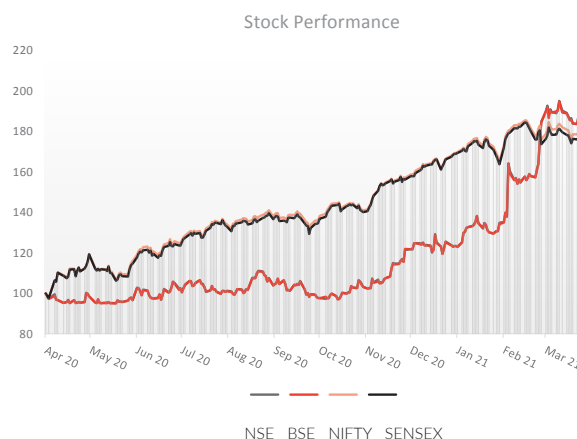
Shareholding Pattern as on March 31, 2021



G. Details of Dematerialisations

The company's equity shares are under compulsory demat trading for all categories of investors. A total of 11,89,26,390 shares have been dematerialised as on March 31, 2021, representing 99.8% of the total equity capital.

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 2020-21 i.e. April 1, 2020.

H. 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.

I. 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.

J. Plant Locations

Domestic	
Pune <ul style="list-style-type: none"> 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, District- 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, District 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 Inetrnational 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

K. Address for Correspondence

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

Shareholders, holding shares in dematerialised form, should address their queries such as a 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

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 SEBI (LODR) (Amendment) Act, 2018, has been uploaded on the website of the company: www.thermaxglobal.com.

B. D&O Insurance for Directors

In line with the requirements of Regulation 24(10) of the SEBI Listing Regulations, the company has taken Directors and Officers Insurance (D&O) for all its directors and members of the senior management 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. Whistle Blower 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 or nhm@nawshirmirza.com for reporting or sending a written complaint to the chairperson or the managing director. 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 was adopted on the Board meeting held on June 18, 2020. The policy is available on the website of the company: www.thermaxglobal.com.

F. Insider Trading Policy

The policy provides the framework to deal with the securities of the company. The Insider Trading Policy was amended in line with SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2019. The policy is available on the website of the company: www.thermaxglobal.com.

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: www.thermaxglobal.com.

- H. Policy for determining material subsidiaries is disclosed on the website of the company: www.thermaxglobal.com.
- I. The company has complied with the Corporate Governance requirements as per the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.
- J. The company has not raised funds through preferential allotment or qualified institutional placement as specified under Regulation 32(7A).
- K. There was no recommendation that has been proposed by the committees, which has not been approved by the Board.

L. 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 statutory auditors are as follows:

(Amount in Rs.)

Payment to Statutory Auditors and its Network Firms	March 31, 2021
As Auditor	
Audit and limited review fee	3,18,04,897
In Other Capacity	
Other services	68,52,847
Reimbursement of expenses	3,24,729
Total	3,89,82,473

M. 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	Nil

8. Non-Mandatory Requirements

The company has adopted the following discretionary practices as specified under Regulation 27(1) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015:

A. The Board

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 Chairman and CEO

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

C. Reporting of Internal Auditor

The chief internal auditor of the company reports directly to the Audit Committee.

ANNEXURE-A

To,
The Shareholders of Thermax Limited

Sub: Compliance with Code of Conduct

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

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

Pune, May 25, 2021

Ashish Bhandari
Managing Director & CEO

Certification by Chief Executive Officer and Chief Financial Officer

To,
The Board of Directors,
Thermax Limited, Pune.

Dear Sirs,

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 year ended March 31, 2021 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 violate 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.

For Thermax Limited

Ashish Bhandari
Managing Director & CEO

Rajendran Arunachalam
Group CFO

Date: May 25, 2021
Place: Pune

Certificate from Company Secretary in Practice

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 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, 2021 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. However, as required under Rule 6 of Companies (Appointment and Qualification of Directors) Rules, 2014, the name of Valentin Albrecht Herwart von Massow, Independent Director, is not included in the Independent Directors’ databank and we are informed that an application for condonation of this delay has been made to the Ministry of Corporate Affairs.

Sr. No.	Name of the Director	DIN	Date of appointment as the Director in the Company
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

Ensuring the eligibility 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

UDIN: F006156C000360499

Place: Pune

Date: May 25,2021

Note: We have relied on the documents and evidences provided by electronic mode, in view of prevailing pandemic situation of COVID-19, for the purpose of issuing this certificate.

Business Responsibility Report

Section A: General Information About the Company

1	Corporate Identity Number (CIN) of the company	L29299PN1980PLC022787
2	Name of the company	Thermax Limited
3	Registered address	D-13, MIDC, Industrial Area, R. D. Aga Road, Chinchwad, Pune 411019
4	Website	www.thermaxglobal.com
5	E-mail id	cservice@thermaxglobal.com
6	Financial year reported	FY 2020-21
7	Sector(s) that the company is engaged in (industrial activity code-wise)	25131: boilers and heaters, absorption chillers/heat pumps, power plants, solar equipment and related services 37003: air pollution control equipment/systems, water and wastewater, recycling plant and related services 20119: ion exchange resins and performance chemicals, construction chemicals, oil field chemicals and related services
8	List three key products/services that the company manufactures/provides (as in the balance sheet)	1. Energy Segment – 74.8% (boilers & heaters, absorption chillers/heat pumps, power plants, solar equipment and related services) 2. Environment Segment – 16.4% (air pollution control equipment/systems, water & waste recycling plant, ion exchange resins & performance chemicals and related services) 3. Chemical Segment – 8.8% (boiler and water chemicals, ion exchange resins, performance chemicals, construction chemicals, oil field chemicals and related services)
9	Total number of locations where the company undertakes business activity	International - 4 manufacturing locations National - 10 manufacturing locations
	Number of international locations (provide details of major 5)	The company has manufacturing facilities in Germany, Denmark, Poland and Indonesia
	Number of national locations	Pune (2), Shirwal, Solapur, Savli, Paudh, Jhagadia, Mundra SEZ, Dahej and Sri City
10	Markets served by the company – local/state/national/international	National and international

Section B: Financial Details of the Company

1	Paid up capital	Rs. 22.52 crore
2	Total revenue	Rs. 4,791 crore
3	Total profit after taxes	Rs. 206.6 crore
4	Total spending on Corporate Social Responsibility (CSR) as a percentage of profit before tax pursuant to Section 198 (%)	2% (Rs. 7.84 crore)
5	List of activities in which expenditure in the above 4 have been incurred	<p>Thermax created a formal structure named 'Thermax Foundation' to conceive and implement its CSR programme. The company has been focussing predominantly in the area of education of economically underprivileged children. Apart from education, Thermax addresses social discrimination through affirmative action, skill development and employability initiatives. The primary areas in which the expenditure has been incurred include:</p> <ol style="list-style-type: none"> 1. The School Project 2. Akanksha Alumni Project 3. iTeach Project to Support Teach for India Alumni 4. CSR at Thermax Factory Locations and COVID-19 Crisis Support

Section C: Other Details

1	Does the company have any subsidiary company/companies?	Yes, Thermax has 30 subsidiaries in India and abroad as on March 31, 2021
2	Do the subsidiary company/companies participate in the BR initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	Yes, 8 domestic subsidiaries and 4 international subsidiaries
3	Do any other entity/entities (e.g. suppliers, distributors etc.) that the company does business with, participate in the BR initiatives of the company? If yes, then indicate the percentage of such entity/entities [Less than 30%, 30-60%, more than 60%]	No

Section D: BR Information

1	Details of the director/directors responsible for BR	
A.	Details of the director/directors responsible for the implementation of the BR policy/policies	
1	DIN Number	05291138
2	Name	Ashish Bhandari
3	Designation	Managing Director & CEO
B.	Details of the BR head	
No.	Particulars	Details
1	DIN NUMBER (If applicable)	--
2	Name	Jasmeet Bhatia
3	Designation	Executive Vice President, HR, IR, HSE Administration and Corporate Communication
4	Telephone Number	020 - 66051200
5	E-mail id	Jasmeet.Bhatia@thermaxglobal.com

1. Principle-wise (as per NVGs) BR Policy/Policies

A. Details of compliance (Reply in Y/N)											
No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9	
1	Do you have a policy/policies for....	Yes									
2	Has the policy being formulated in consultation with the relevant stakeholders?	Yes									
3	Does the policy conform to any national/ international standards? If yes, specify (50 words)	Policies are prepared to ensure adherence to applicable laws and in line with international standards such as ISO, ILO (International Labour Organisation), and OSHAS									
4	Has the policy been approved by the Board? If yes, has it been signed by MD/owner/CEO/ appropriate Board Director?	Yes	The policies have been signed by appropriate authorities								
5	Does the company have a specified committee of the Board/ director/ official to oversee the implementation of the policy?	The Board has appointed a BR director to oversee policy implementation. Thermax has a well-established internal governance structure to ensure the implementation of various policies, internal regulations and procedures. We have internally mapped all policies, internal regulations and procedures to business functions responsible for implementation.									
6	Indicate the link for the policy to be viewed online	Copies will be made available on www.thermaxglobal.com									
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes									
8	Does the company have an in-house structure to implement the policy/ policies?	Yes									
9	Does the company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Yes									
10	Has the company carried out an independent audit/ evaluation of the working of this policy by an internal or external agency?	Yes, all our policies and procedures are continuously evaluated by internal auditors									

2. Governance Related to BR

A. Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assess the BR performance of the company. [Within 3 months, 3-6 months, annually, more than 1 year]	Annually by the Board Quarterly by the CEO
B. Does the company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	Yes The BRR is a part of the Annual Report and is available on the Thermax website: www.thermaxglobal.com

Section E: Principle-wise Performance

Principle 1 – Ethics, Transparency and Accountability

Company’s Philosophy on Corporate Governance

Refer to the Business Model on page no. 18 and Corporate Governance Report on page no. 72.

Whistle Blower Policy / Vigil Mechanism

Refer to the Human Capital inputs and outputs in the Business Model section on page no. 18.

Shareholder Complaints Redressal Mechanism

The company has not received any complaints from shareholders as on March 31, 2021.

Principle 2 – Product Life Cycle Sustainability

Sustainable Product Innovation

Refer to the Intellectual Capital section on page no. 52 and Manufactured Capital section on page no. 44.

Resource Used – Energy Consumption

Refer to the Natural Capital section on page no. 54.

Sustainable Sourcing

Refer to the Social and Relationship Capital section on page no. 48.

Recyclable Products and Waste

All the manufacturing facilities of Thermax have an Environment Management System (EMS) in place and are ISO 14001:2015 certified. Waste management practices

are in line with EMS where the waste is segregated into hazardous and non-hazardous categories. Hazardous waste is disposed of as per legal requirements. E-waste is recycled through a Central Pollution Control Board (CPCB) registered recycler. Other types of wastes, wherever possible, are recycled or reused.

Principle 3 – Employee Well-being

Diversity in Employment

Refer to the Human Capital section on page no. 46 and inputs and outputs in the Business Model section on page no. 18.

Employee Association Recognised by the Management

Thermax has a union of its permanent workmen at Chinchwad, Paudh and Savli locations, and all of them are members of the union at their respective locations.

Safety Training

Refer to the Human Capital section on page no. 46.

Principle 4 – Stakeholder Engagement

Refer to the Engaging with Stakeholders section on page no. 58 and Addressing Material Issues section on page no. 60.

Principle 5 – Human Rights

Refer to the Human Capital inputs and outputs in the Business Model section on page no. 18.

Principle 6 – Environment

Refer to the Natural Capital section on page 54. There was no pending show cause notice from SPCB/CPCB as on March 31, 2021.

Principle 7 – Policy Advocacy

Thermax is a member of various chambers of trade and associations, where the senior management of the company represents Thermax and engages in discussions across various topics. Some of these associations include:

- All India Management Association
- Indo German Chamber of Commerce
- CII's National Committee for Capital Goods & Engineering
- Maratha Chamber of Commerce Industry and Agriculture
- Bombay Management Association
- Boilers and Pressure Vessels Sectional Committee, MED01, BIS

Principle 8 – Equitable Development

Refer to the Social and Relationship Capital section on page no. 48.

Principle 9 – Customer Value

Refer to the Communication and Engagement with Stakeholders section on page no. 58.

Refer to the Social and Relationship Capital inputs and outputs in the Business Model section on page no. 18 for:

- % of complaints resolved
- No. of complaints relating to unfair trade practices, irresponsible advertising or anti-competitive behaviour against the company

Energy Conservation, Technology Absorption And Foreign Exchange Earnings & Outgo

[Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014]

A. Conservation of Energy

(i) Steps taken for conservation of energy

During the year, the following measures were taken for energy and resource conservation:

a. Electricity

The company continued its efforts to utilise energy optimally at its manufacturing facilities and office locations in India. Energy conservation measures adopted across the company have made energy usage more efficient.

At Chinchwad, energy efficiency initiatives such as efficient inverter based welding machine for operations and energy efficient water pump for a chiller were implemented. At Sri City, energy conservation measures include pressure optimisation of hydro-pneumatic and compressed air system for process use, occupancy sensor in common and washroom areas and use of natural daylight in stores. Other energy efficiency actions comprise switching to energy efficient LED (Light Emitting Diodes) lighting, use of mechanical ventilators, use of digital timer in oven for switch operation and load balancing and sequential operation in transformer.

b. Fuel

Various initiatives have been implemented at Paudh and Jhagadia plants such as optimisation of process operations of fluidised bed dryer, heat recovery from boiler blow down water and installed x plate on boiler burner. All these initiatives have resulted in saving 268 MT of furnace oil and 26,764 SCM of natural gas.

All these measures including solar rooftop installations have resulted in annual saving of Rs. 193 lakh.

c. Water

The company continued its efforts to conserve water resources by recycling a major portion of its

wastewater, harvesting rainwater and reducing its water consumption as well as controlling water losses in all domestic manufacturing and office locations of the company. These efforts at factory locations of Chinchwad, Savli, Paudh, Solapur, Jhagadia, Shirwal, Sri City and Dahej have resulted in saving 2,16,413 m³ of water during the year.

(ii) Steps taken by the company for utilising alternate sources of energy

The company continues its efforts to utilise alternate sources of energy at plant and office locations. The company has expanded solar rooftop capacity by 83 kWp at Environment House and Thermax House in Pune, this year. The total solar rooftop capacity has reached to 1.24 MWp at Savli, Jhagadia, Sri City plants and Pune offices. This total installed capacity generated 6.63 lakh units in a year.

B. Technology Absorption

1. Efforts, in brief, made towards technology absorption

- The project launched for methanol production from Indian coal closely working with Indian Institute of Technology (IIT), Delhi and NITI Aayog has reached the stage of near completion of construction activities. The project is funded by the Department of Science and Technology, Ministry of Science & Technology, Government of India. Thermax has worked on some novel processes for the conversion of Indian coal to methanol.
- Thermax has developed Capacitive Deionisation (CDI) technology as an alternative to RO based water treatment. All indigenous technology includes developing advanced electrochemical materials, coating process and unique power electronics and embedded controls. The control system is IoT enabled.
- Thermax has developed a Thermal Activated Cooler (TAC) for mobility application which has been integrated on a European coach bus. The system

was approved by the European Union for roadworthiness, providing validation and acceptance to waste heat recovery based Heating, Ventilation, and Air Conditioning (HVAC) technology by European bus OEMs.

- Thermax has continued its efforts on the development of fuel cell systems for stationary applications after testing its first fuel cell prototype for telecom towers.
- Thermax has partnered with Pune based M/s. Primove Engineering Pvt. Ltd., for utilising biomass to generate Bio-CNG. Bio-CNG is a valuable biofuel that can be used in transport vehicles.
- As a part of Zero Liquid Discharge (ZLD) solution, Thermax has developed Mechanical Vapour Recompression (MVR) evaporator system and a few units are under execution stage on the field.

2. Benefits derived as a result of the above efforts – product improvement, cost reduction, product development, import substitution etc.

- The fuel cell systems offer a viable solution as a backup power generator for telecom towers. In addition, indigenous development makes the product cost-effective.
- CDI provides cost effective solution to the drinking water segment with reduced wastage of water. It is also effective in the removal of multiple contaminants, mainly arsenic and fluoride.
- TAC integrated bus provides direct benefit to the end user in terms of better fuel economy and thus reduces the total cost of ownership. Additionally, lesser fuel burned for air conditioning due to TAC contributes to a green environment by reducing CO₂ and carbon footprint.
- Fuel cell systems integrated with CHP (Combined Heat and Power) will provide clean power solution to the commercial sector.
- Mechanical Vapour Recompression (MVR) is a thermal evaporation system that provides an efficient solution under the ZLD category, besides Multi Effect Evaporation (MEE) systems developed earlier.
- The Bio-CNG technology provides an effective environment friendly solution to pollution created by combusting biomass in northern India apart from generating transport fuel from biomass.

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:

Technology Imported	Year of Import	If Technology has been Fully Absorbed	If not Absorbed, Reasons and Future Plan of Action
Wet & Dry Flue Gas Desulfurisation (FGD)	2015	In the process of absorption	The company bagged two orders in FY 2019-20. Wet FGD technology will be absorbed to a great extent by the time these orders are executed and commissioned with assistance from the technology partner

4. Expenditure on R&D

(Amount in Rs. crore)

Particulars	Current Year 2020-21	Previous Year 2019-20
a. Capital	0.21	1.60
b. Recurring	26.56	28.25
c. Total	26.77	29.85
d. Total R&D expenditure as a percentage of turnover	0.6%	0.72%

5. Foreign exchange earnings and outgo

The company's operations in export markets are elaborated in the Management Discussion and Analysis of the report.

During the year, the company had net foreign exchange inflow of Rs. 610 crore as against a net inflow of Rs. 898 crore in the previous year.

For and on behalf of the Board

Meher Pudumjee
Chairperson
[DIN 00019581]
Pune, May 25, 2021

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: www.thermaxglobal.com.

The company has been focussing 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).

2. Composition of the CSR committee

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	1	1
2	Ravi Pandit	Committee Member & Independent Director	1	1
3	Nawshir Mirza	Committee Member & Independent Director	1	1

- | | | |
|----|--|---|
| 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 details of impact assessment of CSR projects carried out in pursuance of Sub-Rule (3) of Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report) | NA |
| 5. | Details of the amount available for set off in pursuance of Sub-Rule (3) of Rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, and amount required for set off for the financial year, if any | NA |

Sr. No.	Financial Year	Amount Available for Set off from Preceding Financial Years (in Rs.)	Amount Required to be Set off for the Financial Year, if any (in Rs.)
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Nil

6. Average net profit of the company as per Section 135(5): **Rs. 352.60 crore**
7. (a) Two percent of average net profit of the company as per Section 135(5): **Rs. 7.05 crore**
 (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: **NA**
 (c) Amount required to be set off for the financial year, if any: **NA**
 (d) Total CSR obligation for the financial year (7a+7b- 7c): **Rs. 7.05 crore**
8. (a) CSR amount spent or unspent for the financial year

Total Amount Spent for the Financial Year (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount Transferred to Unspent CSR Account as per Section 135(6)		Amount Transferred to Any Fund Specified Under Schedule VII as per Second Proviso to Section 135(5)		
	Amount	Date of Transfer	Name of the Fund	Amount	Date of Transfer
7.06 crore	Nil		Nil		

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	
Sr. No.	Name of the Project	Item from the List of Activities in Schedule VII to the Act	Local Area (Yes/No)	Location of the Project	Project Duration	Amount Allocated for the Project (in Rs.)	Amount Spent in the Current Financial Year (in Rs.)	Amount Transferred to Unspent CSR Account for the Project as per Section 135(6) (in Rs.)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State District						Name	CSR Registration Number
Nil											

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

(1) Sr. No.	(2) Name of the Project	(3) Item from the List of Activities in Schedule VII to the Act	(4) Local Area (Yes/No)	(5) Location of the Project		(6) Amount Spent for the Project (in Rs.)	(7) Mode of Implementation - Direct (Yes/No)	(8) Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Registration Number
1	Akanksha Schools (The School Project)	Education	Yes	Maharashtra	Pune	5,40,00,000	No	Thermax Foundation	CSR00009825
2	iTeach (Alumni Project)	Education	Yes	Maharashtra	Pune	9,91,000	No	Thermax Foundation	
3	Srotosvihini Trust	COVID Relief	Yes	Gujarat	Savli	4,00,000	No	Thermax Foundation	
4	COVID Relief	COVID Relief	No	PMCARES, CM AP, Purchase of N95 Masks for Police		1,52,09,000	No	Thermax Foundation	
Total						7,06,00,000			

(d) Amount spent on administrative overheads: Nil

(e) Amount spent on impact assessment, if applicable: **NA**

(f) Total amount spent for the financial year: (8b+8c+8d+8e): **Rs. 7.06 crore**

(g) Excess amount for set off, if any

Sr. No.	Particulars	Amount (in Rs.)
1	Two percent of the average net profit of the company as per section 135(5)	7.05 crore
2	Total amount spent for the financial year	7.06 crore
3	Excess amount spent for the financial year [(ii)-(i)]	0.01 crore
4	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-
5	Amount available for set off in succeeding financial years [(iii)-(iv)]	0.01 crore

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

Sr. No.	Preceding Financial Year	Amount Transferred to Unspent CSR Account Under Section 135(6) (in Rs.)	Amount Spent in the Reporting Financial Year (in Rs.)	Amount Transferred to Any Fund Specified Under Schedule VII as per Section 135(6), if any			Amount Remaining to be Spent in Succeeding Financial Years (in Rs.)
				Name of the Fund	Amount (in Rs.)	Date of transfer	
Nil							

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sr. No.	Project ID	Name of the Project	Financial Year in which the Project was Commenced	Project Duration	Total Amount Allocated for the Project (in Rs.)	Amount Spent on the Project in the Reporting Financial Year (in Rs.)	Cumulative Amount Spent at the End of the Reporting Financial Year (in Rs.)	Status of the Project - Completed /Ongoing

Nil

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

- Date of creation or acquisition of the capital asset(s)
- Amount of CSR spent for creation or acquisition of the capital asset
- Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.
- Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset)

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

Ashish Bhandari

(Chief Executive Officer & Managing Director)

Meher Pudumjee

(Chairperson, CSR Committee)

Secretarial Audit Report

For the Financial Year Ended March 31, 2021

[Pursuant to Section 204(1) of the Companies Act, 2013, and 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 secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on March 31, 2021, complied with the statutory provisions listed hereunder, and also that the company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the company for the financial year ended on March 31, 2021, 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) Regulations, 2014;
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(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 client;**
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(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 except that;

- i) *The corporate announcement made to Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) on June 19, 2020, for intimating the appointment of an additional director of the company does not include a statement to the effect that he is not debarred from holding the office of director by virtue of any SEBI order or any other such authority as required by circulars issued by BSE and NSE on June 20, 2018, for enforcement of SEBI orders issued in that regard.*

We further report that,

The Board of Directors of the company is duly constituted with proper balance of executive directors, non-executive directors and independent directors *except that it consists of a director whose name has not been included in the independent directors' data bank as required under Rule 6 of Companies (Appointment and Qualification of Directors) Rules, 2014, and we are informed that an application for condonation of this delay has been made to Ministry of Corporate Affairs. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.*

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further Information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously 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. The company has received a notice under sub-Section 1 of section 206 of the Act dated October 21, 2020, from Registrar of Companies (ROC) seeking clarification on various matters stipulated therein based on a complaint by one of the company's vendor, alleging tax evasion. The company has replied to the said notice and has been providing the requisite data and necessary clarification to the office of ROC in the said matter.
2. M.S. Unnikrishnan ceased to be the Managing Director (MD) & Chief Executive Officer (CEO) of the company from the close of business hours of August 31, 2020. Ashish Bhandari was appointed as the MD & CEO of the company effective September 1, 2020, for a period of five years.
3. The company acquired the balance 24% stake in First Energy Private Limited (FEPL) effective December 21, 2020, making it a wholly owned subsidiary of the company.
4. Thermax Onsite Energy Solutions Limited (TOESL), a wholly owned subsidiary of the company incorporated its subsidiary by the name of Enerxnt Private Limited (EPL) on January 5, 2021. EPL has thus become a step-down subsidiary of the company effective January 5, 2021.

For SVD & Associates

Company Secretaries

Sridhar Mudaliar

Partner

FCS No: 6156

CP No: 2664

UDIN: F006156C000360576

Place: Pune

Date: May 25, 2021

Note: This report is to be read with letter of even date by the secretarial auditors, which is attached 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 - 411019

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 to 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 the audit evidence and information obtained from the company's management is adequate and appropriate for us to provide a basis for our opinion.
4. We have relied on the documents and evidences provided by electronic mode, in view of prevailing pandemic situation of COVID-19.
5. Wherever required, we have obtained the management's representation about the compliance of laws, rules and regulations and 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
CP No: 2664
UDIN: F006156C000360576

Place: Pune

Date: May 25, 2021

Secretarial Audit Report

For the Financial Year Ended March 31, 2021

[Pursuant to section 204(1) of the Companies Act, 2013, and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Thermax Babcock & Wilcox Energy Solutions Private Limited
Dhanraj Mahal, 2nd Floor,
Chhatrapati Shivaji Maharaj Marg,
Near Regal Cinema, Colaba
Mumbai - 400039

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Thermax Babcock & Wilcox Energy Solutions Private Limited (CIN: U29253MH2010PTC204890)** (hereinafter called "the company"). Secretarial audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company, and the information provided by the company, its officers, agents and 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 March 31, 2021, complied with the statutory provisions listed hereunder and also that the company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records made available to us and maintained by the company for the financial year ended on March 31, 2021, according to the provisions of:

1. The Companies Act, 2013, (the Act) and the rules made there under;

2. The Securities Contracts (Regulation) Act, 1956, (SCRA) and the rules made thereunder; **(Not applicable to the company)**
3. The Depositories Act, 1996, and the Regulations and Bye-laws framed thereunder; **(Not applicable to the company)**
4. Foreign Exchange Management Act, 1999, and the rules and regulations made thereunder; **(Not applicable to the company)**
5. The following regulations and guidelines prescribed under the Securities and Exchange Board of India, 1992, (SEBI Act); **(Not applicable to the company)**
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **(Not applicable to the company)**
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; **(Not applicable to the company)**
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **(Not applicable to the company)**
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **(Not applicable to the company)**
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable to the company)**
 - (f) The Securities and Exchange Board of India (Registration to an Issue and Share Transfers Agents) Regulations, 1993; **(Not applicable to the company)**
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable to the company)**

- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
(Not applicable to the company)

6. Other laws specifically applicable to company have substantially complied with.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to board and general meetings;
- (ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited read with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
(Not applicable to the company)

During the period under review, the company has complied with the provisions of the Act, rules, regulations, guidelines, standards etc. mentioned above.

We further report that The Board of Directors of the company is duly constituted with proper balance of executive directors and non-executive directors. The changes in the composition of the Board of Directors that took place during

the period under review were carried out in compliance with the provisions of the Act. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. All the decisions are carried through majority.

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

For Anurag Vyas & Associates
Company Secretaries

Anurag S. Vyas
UDIN: A041824C000207770

Date: April 29, 2021
Place: Pune

Note: This report is to be read with our letter of even date which is attached as "ANNEXURE-A" and forms an integral part of this report.

ANNEXURE-A

To,
The Members,
**Thermax Babcock & Wilcox Energy
Solutions Private Limited**

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

1. Maintenance of secretarial records is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. Due to the lockdown situation arises out of COVID-19 pandemic; we are not able to verify original physical records kept with the office of the company. Hence we have relied upon the copies of documents received through emails from the officers of the company.
3. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the sample test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
4. We have not verified the correctness and appropriateness of financial records and books of accounts of the company.
5. Wherever required, we have obtained the management representation about compliance of laws, rules and regulations and happenings of events etc.
6. The compliance of provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on sample test basis.
7. The Secretarial Audit Report is neither an assurance as to the future viability of the company nor of efficacy or effectiveness with which the management has conducted the affairs of the company.

For Anurag Vyas & Associates

Company Secretaries

Anurag S. Vyas

UDIN: A041824C000207770

Date: April 29, 2021

Place: Pune

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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 2021, the Statement of Profit and Loss, including the Statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the standalone Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder,

and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Emphasis of Matters

We draw attention to note 41 to the standalone financial statements which describes the management's evaluation of impact of uncertainties related to COVID-19 and its consequential effects on the carrying value of its trade receivables, contract balances and inventories as at March 31, 2021 and the operations of the Company. Our opinion is not modified in respect of this matter.

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, 2021. 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
<p><u>(a) Revenue recognition for Engineering, Procurement and Construction contracts</u></p>	
<p>(refer note 21(c) of the standalone financial statements)</p>	
<p>The Company's significant portion of business is undertaken through Engineering, Procurement and Construction (EPC) contracts. Revenue from these contracts is recognized over a period of time in accordance with the requirements of Ind AS 115, Revenue from Contracts with Customers.</p> <p>We consider the accounting for such contracts to be an area posing a significant risk of material misstatement and accordingly a key audit matter, as due to the nature of the contracts, revenue is accounted over a period of time (using input method) which requires identification of contractual obligations, significant judgement with regards to determining contract costs incurred till date compared to estimated total contract costs, the Company's rights to receive payments for performance completed till date, changes in scope and consequential revised contract price and recognition of the liability for loss making contracts/onerous obligations. Revenues and profits for the year under audit, may deviate significantly on account of changes in such judgements and estimates.</p> <p>Furthermore, for the financial year 2020-21, the effects of the coronavirus pandemic (COVID-19) on the project business, such as delays in project execution due to access restrictions at customer sites including short-term interruptions to supply chains as well as the invocation of force majeure, contractual penalties for delays in delivery or any material changes in such contracts and the underlying accounting treatment were of key significance for our audit.</p> <p>Revenue from such contracts amounted to Rs. 1600.31 crores for the year.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • We understood the Company's policies and processes, control mechanisms and methods in relation to the revenue recognition for these contracts and evaluated the design and operative effectiveness of the financial controls from the above through our test of control procedures • We evaluated management's estimates and assumptions for a selected (risk-based method) sample contracts (including contracts impacted by COVID-19) and inspected the underlying documents which form the basis of revenue recognition under the input method. We evaluated the management's process to recognize revenue over a period of time, determine cost estimates, status of the projects and tested the arithmetical accuracy of the same. • Amongst others, for a sample of contracts, we performed the following procedures: <ul style="list-style-type: none"> • Provision for liquidated damages: Our procedures involved discussions with management and project teams to understand the status of the project and on-going discussions with the customers in terms of likelihood of imposing any contractual penalties and analyzed the above through inspection of the relevant documents and correspondences • Contingency provisions: We understood the management's estimate and rationale for provision movement during the year. We analyzed the movement throughout the life of the contract and discussed progress to date with individual project teams to determine whether the remaining contingency was sufficient to cover residual risks of those projects • Assessment of costs-to-complete: We performed procedures on balance cost estimation, tested the historical accuracy of previous forecasts and discussed variances with project teams. We tested that the costs incurred were accrued at year-end and tested the assumptions for balance costs-to-complete • We understood the management's assessment of the impact due to the lockdown and other restrictions caused by COVID-19 on project execution as well as the afore-mentioned procedures

Key audit matter	How our audit addressed the key audit matter
	<ul style="list-style-type: none"> We 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 of such EPC contracts in the standalone financial statements
<p><u>b) Impairment of investment in subsidiaries :</u> (refer notes 5, 6(a) and 40 of the standalone financial statements)</p>	
<p>During the current 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 including impact due to uncertainties arising out of COVID-19. 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.</p>	<p>Our audit procedures for investment balances included the following:</p> <ul style="list-style-type: none"> 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 for which audited financial statements 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.
<p><u>c) Impairment of trade receivables and contract assets:</u> (refer note 7 and note 9(b) of the standalone financial statements)</p>	
<p>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 as the Company has devised a model to recognize impairment through ECL using</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> We evaluated the management's key data sources and assumptions used in the ECL model to determine impairment provisions including any updates to such assumptions due to COVID-19

Key audit matter	How our audit addressed the key audit matter
<p>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 behaviour 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. The timing of future cash flows may also vary to some extent due to COVID-19. As at the March 31, 2021, the Company recorded an impairment provision of Rs 287.17 crores for its receivables and unbilled revenue.</p>	<ul style="list-style-type: none"> • 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's 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 information included in the Chairman's statement, Managing Director's statement, Business Responsibility Report and Director's Report including annexure to the Director's Report of the Annual Report of the Company, 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 identified above and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the 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, 2021 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, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) The matter described in 'Emphasis of Matter' paragraph above, in our opinion, may not have an adverse effect on the functioning of the Company;
- (f) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164(2) of the Act;
- (g) With respect to the adequacy of the internal financial controls with reference to standalone financial statements and the operating effectiveness of such controls, refer to our separate report in "Annexure 2" to this Report;
- (h) In our opinion, the managerial remuneration for the year ended March 31, 2021 has been paid/ provided by the Company to its directors in accordance with the provisions of section 197 read with

Schedule V to the Act;

- (i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – refer note 32(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 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.

For SRBC & COLLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/ E300003

per Tridevlal Khandelwal

Partner

Membership Number: 501160

UDIN: 21501160AAAABN1384

Place: Pune

Date: May 25, 2021

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

Re: Thermax Limited ("the Company")

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.
- (ii) The inventories have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification. Inventories lying with third parties have been confirmed by them as at March 31, 2021 and no material discrepancies were noticed in respect of such confirmations.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act 2013 ('the Act'). Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence, not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, provisions of section 185 and 186 of the Act in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the Company.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014, as amended. Accordingly, the provisions of clause 3(v) of the Order are not applicable to the Company and hence, not commented upon.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Act, related to the manufacture of 'chemicals' and 'other machinery', and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, duty of custom, goods and services tax, cess and other statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, duty of custom, goods and services tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues of income-tax, sales-tax, service tax, duty of custom, duty

Name of the statute	Nature of dues	Forum where the dispute is pending	Period to which amount related	Disputed dues, not deposited**^
Central Excise Act, 1944	Excise Duty Excise Duty	Supreme Court	FY 1991-99	- [net of deposit Rs 5.31]
		Appellate Tribunal	FY 2006-07 to 2012-13, 2017-18	144.06 [net of deposit Rs 5.65]
Income Tax Act, 1961	Income tax	High Court	AY 2005-06	- [net of advance Rs 3.30]
		Commissioner of Income Tax (Appeals)	AY 2014-15, AY 2015-16 and AY 2016-17	8.28 [net of advance Rs 24.03]
Central Sales Tax and Local Sales tax	Sales tax and Value Added Tax	High Court	FY 2000-01, 2001-02, 2010-11 to 2014-15	43.47 [net of deposit Rs 0.20]
		Appellate Tribunal	FY 2006- 07, 2013- 14	0.01
		Appellate Authority upto Commissioner Level	FY 2004 -05, 2006 - 07, 2007 - 08, 2009- 10 to 2016-17	18.60 [net of deposit Rs 0.37]
Finance Act, 1994	Service Tax	Appellate Tribunal	FY 2012-13 to 2017-18	2.66 [net of deposit Rs 0.16]
Custom Act, 1962	Custom duty	Supreme Court	FY 2005-06	- [net of deposit Rs 0.56]
		Appellate Authority upto Commissioner Level	FY 2005-06	0.60 [net of deposit Rs 0.02]

*net of advances/ deposits paid under protest

^excluding the interest and penalty thereon

of excise, value added tax and cess on account of any dispute, are as follows:

- (ix) According to the information and explanations given by the management, the Company has not raised any money way of initial public offer/ further public offer/ debt instruments and term loans hence, reporting under clause (ix) is not applicable to the Company and hence, not commented upon.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the standalone financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

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

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

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

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

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Act and hence, reporting requirements under clause 3(xv) are not applicable to the Company.

(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company and

hence, reporting requirements under clause 3(xvi) are not applicable to the Company.

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/ E300003

per Tridevlal Khandelwal

Partner

Membership Number: 501160

UDIN: 21501160AAAABN1384

Place: Pune

Date: May 25, 2021

Annexure 2 as referred to in paragraph 2(g) under the heading ‘Report on Other Legal and Regulatory Requirements’ of our report of even date

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls with reference to standalone financial statements of Thermax Limited (“the Company”) as of March 31, 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls with reference to these standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by 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, 2021, based on the internal control over financial reporting criteria

established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/ E300003

per Tridevlal Khandelwal

Partner

Membership Number: 501160

UDIN: 21501160AAAABM8088

Place: Pune

Date: May 25, 2021

Standalone Balance Sheet

as at March 31, 2021

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

Particulars	Note No.	As at March 31, 2021	As at March 31, 2020
ASSETS			
I Non-current assets			
Property, plant and equipment	4 (a)	675.92	653.66
Capital work-in-progress	4 (a)	20.26	55.42
Right-of-use assets	4 (b)	77.96	79.28
Intangible assets	4 (c)	16.80	15.14
Intangible assets under development	4 (c)	3.10	-
Investments in subsidiaries	5	604.94	653.37
Financial assets:			
(a) Investments	6 (a)	183.23	118.99
(b) Trade receivables	7 (a)	100.87	92.13
(c) Loans	8 (a)	11.61	232.50
(d) Other assets	9 (a)	0.05	0.05
Deferred tax assets (net)	10	53.28	40.38
Income tax assets (net)		124.78	84.17
Other assets	11 (a)	75.30	61.68
Total non-current assets		1,948.10	2,086.77
II Current assets			
Inventories	12	245.94	255.01
Financial assets:			
(a) Investments	6 (b)	114.94	637.14
(b) Trade receivables	7 (b)	823.52	753.36
(c) Cash and cash equivalents	13 (a)	181.93	86.84
(d) Bank balances other than (c) above	13 (b)	1,204.85	143.28
(e) Loans	8 (b)	78.83	90.41
(f) Other assets	9 (b)	144.82	109.14
Income tax assets (net)		0.68	0.68
Other assets	11 (b)	288.86	247.21
Total current assets		3,084.37	2,323.07
Total Assets		5,032.47	4,409.84
EQUITY AND LIABILITIES			
III Equity			
Equity share capital	14	23.83	23.83
Other equity	15	2,855.55	2,713.66
Total equity		2,879.38	2,737.49
IV Non-current liabilities			
Financial liabilities:			
(a) Trade payables	16 (a)	44.32	45.58
(b) Other liabilities	17 (a)	9.25	7.15
Provisions	18 (a)	11.79	11.13
Other liabilities	19 (a)	50.87	8.43
Total non-current liabilities		116.23	72.29
V Current liabilities			
Financial liabilities:			
(a) Borrowings	20	140.75	72.38
(b) Trade payables	16 (b)		
Total outstanding dues of micro and small enterprises		169.56	108.78
Total outstanding dues of creditors other than micro and small enterprises		671.70	493.81
(c) Other liabilities	17 (b)	69.86	72.62
Other liabilities	19 (b)	856.05	754.05
Provisions	18 (b)	105.84	88.62
Income tax liabilities (net)		23.10	9.80
Total current liabilities		2,036.86	1,600.06
Total Equity and Liabilities		5,032.47	4,409.84
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 SRBC & COLLP

Chartered Accountants
ICAI Firm Reg No. 324982E/E300003

per Tridevjal Khandelwal

Partner
Membership No. 501160

Place: Pune
Date: May 25, 2021

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

Meher Pudumjee

Chairperson
DIN: 00019581

Rajendran Arunachalam

Executive Vice President and Group Chief
Financial Officer

Place: Pune
Date: May 25, 2021

Ashish Bhandari

Managing Director and CEO
DIN: 05291138

Kedar Phadke

Company Secretary

Standalone Statement of Profit and Loss

for the year ended March 31, 2021

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

Particulars	Note No.	Year ended March 31, 2021	Year ended March 31, 2020
A. Continuing operations			
INCOME			
Revenue from operations	21	3,131.48	3,215.08
Other income	22	140.40	104.40
Total Income (I)		3,271.88	3,319.48
EXPENSES			
Cost of raw materials and components consumed	23	1,632.07	1,760.38
Purchase of traded goods		80.20	99.53
Decrease/(Increase) in inventories of finished goods, work-in-progress and traded goods	24	8.18	(12.80)
Employee benefits expense	25	453.79	430.94
Finance cost	26	8.57	5.23
Depreciation and amortisation expense	27	63.99	62.61
Other expenses	28 (a)	739.13	723.55
Total expenses (II)		2,985.93	3,069.44
Profit before exceptional items and tax (III) = (I-II)		285.95	250.04
Exceptional items (IV)	40	(103.03)	(14.89)
Profit before tax from continuing operations (V) = (III - IV)		182.92	235.15
Tax expense of continuing operations	10		
Current tax (including write back of tax balance for earlier years)		55.11	61.51
Deferred tax		(13.21)	12.25
Total tax expense of continuing operations (VI)		41.90	73.76
Profit for the year from continuing operations (VII) = (V - VI)		141.02	161.39
B. Discontinued operations			
Profit before tax from discontinued operations (VIII)	29	-	90.49
Tax expense of discontinued operations	10		
Current tax		-	17.88
Deferred tax		-	20.01
Total tax expense of discontinued operations (IX)	10	-	37.89
Profit for the year from discontinued operations (X) = (VIII - IX)		-	52.60
Profit for the year from continuing and discontinued operations (VII + X)		141.02	213.99
Other comprehensive income (OCI)			
A. Items that will be reclassified subsequently to profit or loss	31		
Net loss on cash flow hedge		(0.05)	(3.56)
Less: Income tax effect		0.01	0.78
		(0.04)	(2.78)
B. Items that will not be reclassified subsequently to profit or loss	31		
Re-measurement gain/(loss) of defined benefit plan		1.22	(12.88)
Less: Income tax effect		(0.31)	2.50
		0.91	(10.38)
Net other comprehensive income for the year (net of tax)		0.87	(13.16)
Total comprehensive income for the year		141.89	200.83
Earning per equity share (Basic and Diluted) [Nominal value per share Rs. 2/- each (March 31, 2020: 2/-)]	30		
From continuing operations		11.83	13.54
From discontinued operations		-	4.41
From continuing and discontinued operations		11.83	17.95
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 SRBC & COLLP

Chartered Accountants
ICAI Firm Reg No. 324982E/E300003

per Tridevial Khandelwal

Partner
Membership No. 501160

Place: Pune
Date: May 25, 2021

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

Meher Pudumjee

Chairperson
DIN: 00019581

Rajendran Arunachalam

Executive Vice President and Group Chief
Financial Officer

Place: Pune
Date: May 25, 2021

Ashish Bhandari

Managing Director and CEO
DIN: 05291138

Kedar Phadke

Company Secretary

Standalone Statement of Changes in Equity

for the year ended March 31, 2021

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

3 Equity Share Capital

Particulars	Note No.	March 31, 2021	March 31, 2020
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					Total	Other reserves	Total other equity
	General reserve	Capital reserve	Capital redemption reserve	Retained earnings	Securities premium		Cash flow hedge reserve	
As at April 1, 2019	429.14	1.92	50.34	2,166.68	61.13	2,709.21	2.81	2,712.02
Profit for the year (including profit from discontinued operations)	-	-	-	213.99	-	213.99	-	213.99
Other Comprehensive Income (net)	-	-	-	(10.38)	-	(10.38)	(2.78)	(13.16)
Total comprehensive income	-	-	-	203.61	-	203.61	(2.78)	200.83
Dividends paid	-	-	-	(166.82)	-	(166.82)	-	(166.82)
Dividend distribution tax paid	-	-	-	(32.37)	-	(32.37)	-	(32.37)
As at March 31, 2020	429.14	1.92	50.34	2,171.10	61.13	2,713.63	0.03	2,713.66
Profit for the year	-	-	-	141.02	-	141.02	-	141.02
Other Comprehensive Income (net)	-	-	-	0.91	-	0.91	(0.04)	0.87
Total comprehensive income	-	-	-	141.93	-	141.93	(0.04)	141.89
Dividends paid	-	-	-	-	-	-	-	-
Dividend distribution tax paid	-	-	-	-	-	-	-	-
As at March 31, 2021	429.14	1.92	50.34	2,313.03	61.13	2,855.56	(0.01)	2,855.55

For SRBC & COLLP
Chartered Accountants
ICAI Firm Reg No. 324982E/E300003

per Tridevlal Khandelwal
Partner
Membership No. 501160

Place: Pune
Date: May 25, 2021

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

Meher Pudumjee
Chairperson
DIN: 00019581

Rajendran Arunachalam
Executive Vice President and Group Chief
Financial Officer

Place: Pune
Date: May 25, 2021

Ashish Bhandari
Managing Director and CEO
DIN: 05291138

Kedar Phadke
Company Secretary

Standalone Cash Flow Statement

for the year ended March 31, 2021

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

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
A) Cash flows from operating activities		
Profit before tax (after exceptional item)		
Continuing operations	182.92	235.15
Discontinued operations	-	90.49
Adjustments to reconcile profit before tax to net cash flows		
Depreciation on Property, plant and equipment and right-of-use assets	55.16	59.43
Amortization on intangible assets	8.83	9.79
Provision for impairment allowance of financial assets (net)	20.53	34.04
Provision on account of impairment of certain assets	97.17	14.89
Interest expense	4.68	4.58
Unrealized foreign exchange (gain)/loss	2.58	(8.60)
Unwinding of discount	3.89	3.08
Interest income	(72.41)	(22.58)
Dividend income	(30.80)	(14.83)
Liabilities no longer required written back	(6.92)	(5.63)
(Profit)/Loss on sale/ discard of assets (net)	(0.13)	1.55
Fair value gain on financial instrument at fair value through profit and loss (net)	(9.81)	(39.13)
Working capital adjustments		
(Increase) in trade receivables	(101.17)	(114.47)
Decrease in inventories	9.07	25.69
(Increase)/Decrease in other financial assets	(33.90)	426.05
(Increase)/Decrease in other assets	(44.07)	91.83
Increase/(Decrease) in trade payables	243.46	(222.61)
Increase/(Decrease) in other liabilities	144.44	(204.36)
Increase in provisions	14.01	20.56
Increase/(Decrease) in other financial liabilities	3.91	(19.29)
Cash generated from operations	491.45	365.63
Direct taxes paid (net of refunds received)	(82.44)	(112.45)
Net cash flow (used in)/ from operating activities	409.01	253.18
B) Cash flows from/(used in) investing activities		
Purchase of Property, plant and equipment, right-of-use assets and intangible assets (net of disposal)	(66.43)	(89.29)
Redemption/(Investment) in subsidiaries	(48.74)	2.91
Loan (given to)/repaid by subsidiaries (Net)	224.50	(297.12)
Investment in fixed deposits	(1,026.59)	(113.07)
Net Sale of other investments	472.02	32.60
Interest and dividend received	70.07	30.71
Consideration towards sale of B&H business (Net)	-	334.87
Net cash flows (used in)/from investing activities	(375.16)	(98.40)

Standalone Cash Flow Statement

for the year ended March 31, 2021

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

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
C) Cash flows (used in) financing activities		
(Repayment)/Proceeds from borrowings (net)	68.37	(33.84)
Interest paid	(4.68)	(4.58)
Dividend paid and tax thereon	-	(199.19)
Payment of lease liability	(0.77)	(0.98)
Net cash flows (used in) financing activities	62.92	(238.59)
Net increase/(decrease) in cash and cash equivalents	96.77	(83.81)
Cash and cash equivalents at the beginning of the year	83.43	167.24
Cash and cash equivalents at the end of the year	180.20	83.43

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

	March 31, 2021	March 31, 2020
Cash and cash equivalents	181.93	86.84
Book overdraft (Refer note 17 (b))	(1.73)	(3.41)
Cash and cash equivalents at the end of the year	180.20	83.43

For SRBC & COLLP
Chartered Accountants
ICAI Firm Reg No. 324982E/E300003

per Tridevlal Khandelwal
Partner
Membership No. 501160

Place: Pune
Date: May 25, 2021

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

Meher Pudumjee
Chairperson
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Rajendran Arunachalam
Executive Vice President and Group Chief
Financial Officer

Place: Pune
Date: May 25, 2021

Ashish Bhandari
Managing Director and CEO
DIN: 05291138

Kedar Phadke
Company Secretary

Notes to Standalone Financial Statements

for the year ended March 31, 2021

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

1 Corporate Information

Thermax Limited ('the Company') offers solutions to energy, environment and chemical sectors. 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 authorized to issue these standalone financial statements on May 25, 2021. The CIN of the Company is L29299PN1980PLC022787.

2. Significant accounting policies

2.1. Basis of preparation, measurement and consolidation

(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.

(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

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

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

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

2.2.2. Others

Several other amendments and interpretations apply for the first time in the year ended March 31, 2021, but do not have an impact on the standalone financial statements of the Company.

2.3 Summary of significant accounting policies

a. Current and non-current classification

All assets and liabilities have been classified as current and non-current as per the Company's

Notes to Standalone Financial Statements

for the year ended March 31, 2021

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

normal operating cycle and other criteria set out in the Schedule III to the Act. Based on the nature of products and services and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

b. Foreign currencies

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

Transactions and balances

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

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

c. Fair value measurement

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

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

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

The principal or the most advantageous market must be accessible by the Company. The fair value of an

asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

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

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

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

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

- Disclosures for significant judgements, estimates and assumptions (note 3)
- Quantitative disclosures of fair value measurement hierarchy (note 37)

Notes to Standalone Financial Statements

for the year ended March 31, 2021

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

- Financial instruments (including those carried at amortized cost) (note 37)

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 recognized in the Statement of profit and loss.

e. 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 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.

f. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in the Statement of profit and loss in the period in which the expenditure is incurred.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in

Notes to Standalone Financial Statements

for the year ended March 31, 2021

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

accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the Statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of profit and loss when the asset is derecognized.

Research and development costs

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible 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 amortization and accumulated impairment losses, if any. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized 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. Amortization is recognized 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 amortization 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

g. Inventories

Raw materials, components, stores and spares are valued at lower of cost and estimated net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a weighted average basis.

Finished goods and work in progress are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost is determined on a weighted average basis.

Traded goods are valued at lower of cost and net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale. Write down of inventories are calculated based on an analysis of foreseeable changes in demand, technology, market conditions and ageing of inventories.

h. Revenue recognition

i. Revenue from Contracts with customers

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenue is recognized when it has approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable.

Notes to Standalone Financial Statements

for the year ended March 31, 2021

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

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 recognized over a period of time if any of the following criteria is met:

- (a) The customer simultaneously consumes the benefits as the Company performs, or
- (b) The customer controls the work-in-progress, or
- (c) The Company's performance does not create an asset with alternative use to the Company and the Company has right to payment for performance completed till date

The Company recognizes revenue over time as it performs because of continuous transfer of control to the customer. For all project contracts, this continuous transfer of control to the customer is supported by the fact that the customer typically controls the work in process as evidenced either by contractual termination clauses or by the rights of the Company to payment for work performed to date plus a reasonable profit to deliver products or services that do not have an alternative use.

The Company uses cost-based measure of progress (or input method) for contracts because it best depicts the transfer of control to the customer which occurs as it incurs costs on contracts. Under the cost-based measure of progress, the extent of progress towards completion is measured based on the ratio of costs incurred to date to the total estimated costs at completion of the performance obligation. Revenues, including estimated profits, are recorded proportionally as costs are incurred.

The Company estimates variable consideration amount which it expects to be entitled under the contract and includes it in the transaction price to the extent it is highly probable that a significant reversal of cumulative revenue recognized will not occur and when the uncertainty associated with it is subsequently resolved. The estimates of variable consideration and determination of whether to include estimated amounts in the transaction price are based largely on an assessment of the anticipated performance and all

Notes to Standalone Financial Statements

for the year ended March 31, 2021

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

information (historical, current and forecasted) that is reasonably available.

Costs associated with bidding for contracts are charged to the Statement of profit and loss when they are incurred. Costs that relate directly to a contract and are incurred in securing the contract are included as part of the contract costs if they can be separately identified and measured reliably and it is probable that the contract will be obtained.

Contract modification, when approved by both the parties to the contract, are considered as modification, if it creates new or changes the existing enforceable rights and obligations. Most of the contract modifications are not distinct from the existing contract due to the significant integration service provided under the contract prior to modifications and are therefore, accounted for as part of the existing contract. The effect of a contract modification is recognized as an adjustment to revenue on a cumulative catch-up basis.

When it becomes probable that the total contract costs will exceed the total contract revenue, the Company recognizes the expected losses from onerous contract as an expense immediately.

Penalties for any delay or improper execution of a contract are recognized as a deduction from revenue. In the balance sheet, such provisions are presented on net basis of the contract receivables.

- **Revenue from Sale of goods**

If the criteria for revenue under over-a-period of time as mentioned above are not met, the Company recognizes revenue at a point-in-time. The point-in-time is determined when the control of the goods 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 recognized at the time the product is sold. The Company does not provide any extended warranties.

- **Revenue from Sale of services**

Revenue in respect of operation and maintenance contract, awarded on a standalone basis or included in long term contracts and identified as a separate performance obligation, is recognized on a time proportion basis under the contracts.

Contract balances

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

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

For all debt instruments measured at amortized cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the

Notes to Standalone Financial Statements

for the year ended March 31, 2021

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

expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortized cost of a financial liability. Interest income is included in finance income in the Statement of profit and loss.

iii. Dividend

Revenue is recognized 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.

i. Financial instruments

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

Financial assets

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

i. Debt instruments at amortized cost

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

- (a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- (b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of EIR. The EIR amortization is included

in finance costs/income in the Statement of profit and loss. The losses arising from impairment are recognized in the Statement of profit and loss.

ii. Debt instrument at FVTPL

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

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

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 recognized in the OCI. There is no recycling of the amounts from OCI to the Statement of profit and loss, even on the sale of the investment. However, the 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 group of similar financial assets) is primarily derecognized when

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

Notes to Standalone Financial Statements

for the year ended March 31, 2021

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

all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss and credit risk exposure on the financial assets that are debt instruments measured at amortized costs e.g. loans, deposits, trade receivables, contractual receivables and bank balances. The Company follows 'simplified approach' for recognition of impairment allowance. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

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

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

Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, payables, or as derivatives designated as hedging

instruments in an effective hedge, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

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

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

Derecognition

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

Offsetting of financial instruments

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

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j. Derivative financial instruments and hedge accounting Initial recognition and subsequent measurement

The Company uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to the Statement of profit and loss, except for the effective portion of cash flow hedges, which is recognized in OCI and later reclassified to profit or loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

For the purpose of hedge accounting, hedges are classified as

- Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the

hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

(i) Fair value hedges

The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognized in the Statement of profit and loss as finance costs. The Company has not undertaken Fair value hedges.

(ii) Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognized in OCI in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the Statement of profit and loss. The Company uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. The ineffective portion relating to foreign currency contracts is recognized in the Statement of profit and loss.

Amounts recognized in OCI are transferred to the Statement of profit and loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognized or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognized in OCI are transferred to the initial carrying amount of the non-financial asset or liability. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognized in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

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k. 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.

l. Government Grants

Government grants are recognized where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in 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.

m. Share capital

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

n. Income tax

Current tax

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

Current income tax relating to items recognized outside profit or loss is recognized either in OCI or in equity. Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to

situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

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

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

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

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

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

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

The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses

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the approach that better predicts the resolution of the uncertainty.

The Company applies significant judgement in identifying uncertainties over income tax treatments.

o. Borrowing costs

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

p. Leases

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

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. Right-of-use assets and lease liabilities

includes these options when it is reasonably certain that they will be exercised.

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

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at present value of the future lease payments. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

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

As a practical expedient, Ind AS 116 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The 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.

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Company as a lessor

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

q. Impairment of non-financial assets

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

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

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

r. Non-current assets held for sale and discontinued operations

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. 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. Management must be committed to the sale/ distribution expected within one year from the date of classification.

Non-current assets held for sale and disposal groups are measured at the lower of their carrying amount and the fair value less costs to sell. Assets and liabilities classified as held for sale are presented separately in the balance sheet.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations,
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or;
- Is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the Statement of profit and loss.

s. Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a

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separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of profit and loss net of any reimbursement.

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

Warranty provisions

Provisions for warranty-related costs are recognized when the product is sold or service provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty related costs is revised annually.

Provision for onerous contracts

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

Decommissioning liability

The Company records a provision for decommissioning costs of its manufacturing facilities. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognized as part of the cost of the particular asset. The unwinding of the discount is expensed as incurred and recognized in the Statement of profit and loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

t. Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the

provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

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

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

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

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

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

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

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

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

Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits at the earlier of the following dates:

(a) when the Company can no longer withdraw the offer of these benefits; and

(b) when the entity recognizes cost for a restructuring that is within the scope of Ind AS 37 and involves payment of termination benefits.

In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

u. 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.

v. 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.

w. 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).

x. Dividends

Dividend to equity shareholders is recognized as a liability in the period in which the dividends are approved by the equity shareholders.

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

3. Significant accounting judgments, estimates and assumptions

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

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adjustment to the carrying amount of assets or liabilities affected in future periods.

3.1 Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the standalone financial statements:

i. Revenue from contracts with customers

A significant portion of the Company's business relates to EPC contracts which is accounted using cost-based input method, recognizing revenue as the performance on the contract progresses. This requires management to make judgement with respect to identifying contracts for which revenue need to be recognised over a period of time, depending upon when the customer consumes the benefit, when the control is passed to customer, whether the asset created has an alternative use and whether the 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.

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. The management has determined that some of the segments exhibit similar economic characteristics and meet other aggregation criteria and accordingly aggregated into three reportable segments i.e. energy, environment and chemical.

iv. Non-current assets held for disposal and discontinued operations

As part of organisational restructuring, the Board of Directors of the Company at its meeting held on February 8, 2019, had approved the transfer of its Boiler & Heater (B&H) business to Thermax Babcock & Wilcox Energy Solutions Private Limited (TBWES) on a going concern basis through slump sale. This was also approved by the Shareholders on March 27, 2019. The B&H business was transferred to TBWES w.e.f. October 01, 2019. Accordingly, the results of B&H business have been classified as discontinued operations in the standalone financial results in accordance with Ind AS 105 upto the date of such transfer. The management considered the business to meet the criteria to be classified as held for distribution under Ind AS 105.

For more details on discontinued operations, refer note 29.

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

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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 recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. This requires an estimate of the amount of LDs payable under a claim which involves a number of management judgments and assumptions regarding the amounts to be recognized.

- **Project cost to complete estimates:** At each reporting date, the Company is required to estimate costs to complete on fixed-price

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

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

- **Provision for onerous contracts:** The Company provides for future losses on 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 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.

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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 and gratuity increases are based on expected future inflation rates. Further details about gratuity obligations are given in note 34.

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 37 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 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 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 categorizes the receivables due from Public Sector Undertakings (PSUs) and Non-PSUs and follows a wider aged

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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 recognized 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(e) and 2.3(f) above for further details.

viii. Deferred taxes

At each balance sheet date, the Company assesses whether the realization of future tax benefits is sufficiently probable to recognize deferred tax assets. This assessment requires the use of significant estimates with respect to assessment of future taxable income. The recorded amount of total deferred tax assets could change if estimates of projected future taxable income or if changes in current tax regulations are enacted. Refer note 10 for further information on potential tax benefits for which no deferred tax asset is recognized.

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for the year ended March 31, 2021

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

4 (a) Property, Plant and Equipment

Particulars	Freehold land	Leasehold land	Buildings	Plant and equipment	Office equipment	Computer	Furniture and fixtures	Vehicles	Total	Capital work in progress
Gross carrying amount as at April 1, 2019*	7.36	40.23	470.96	424.65	24.42	38.76	32.33	11.32	1,050.03	29.17
Additions	-	-	11.40	21.32	1.23	6.89	2.23	4.83	47.90	74.15
Disposals/ Transfers/ Adjustment	-	(40.23)	(2.21)	(16.31)	(3.64)	(1.56)	(2.06)	(1.80)	(67.81)	(47.90)
Gross carrying amount as at March 31, 2020	7.36	-	480.15	429.66	22.02	44.09	32.50	14.35	1,030.12	55.42
Additions	0.21	-	3.58	57.82	1.50	11.63	0.17	2.04	76.94	41.79
Disposals/ Transfers/ Adjustments	-	-	(0.36)	(1.57)	(0.80)	(2.56)	(1.26)	(2.34)	(8.89)	(76.95)
Gross carrying amount as at March 31, 2021	7.57	-	483.37	485.91	22.71	53.16	31.41	14.05	1,098.18	20.26
Accumulated depreciation as at April 1, 2019*	-	4.16	92.21	193.08	11.70	30.05	15.62	5.24	352.06	-
Charge for the year [^]	-	-	16.29	26.84	1.48	3.26	1.93	1.50	51.30	-
Disposals/ Transfers/ Adjustments	-	(4.16)	(1.25)	(13.89)	(2.96)	(1.46)	(1.72)	(1.46)	(26.90)	-
Accumulated depreciation as at March 31, 2020	-	-	107.25	206.03	10.22	31.85	15.83	5.29	376.46	-
Charge for the year	-	-	15.23	28.07	1.40	4.56	1.79	2.39	53.44	-
Disposals/ Transfers/ Adjustments	-	-	(0.36)	(1.37)	(0.48)	(2.38)	(1.27)	(1.80)	(7.65)	-
Closing accumulated depreciation as at March 31, 2021	-	-	122.12	232.73	11.14	34.03	16.35	5.88	422.25	-
Net Block as at March 31, 2021	7.57	-	361.25	253.18	11.57	19.13	15.06	8.17	675.92	20.26
Net Block as at March 31, 2020	7.36	-	372.90	223.63	11.80	12.24	16.67	9.06	653.66	55.42

*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 / amortisation above, for information purpose only

Capital work in progress majorly includes expenditure towards extension of manufacturing facilities.

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 32 B (c) i).

[^] Excludes Rs. 6.24 pertaining to discontinued operations.

Notes to Standalone Financial Statements

for the year ended March 31, 2021

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

4 (b) Right- of- use assets

Particulars	Leasehold Land*	Building	Vehicles	Total
Gross carrying amount as at April 1, 2019	-	-	-	-
Additions	37.01	8.10	-	45.11
Disposals/ Transfers/ Adjustment	40.23	-	-	40.23
Gross carrying amount as at March 31, 2020	77.24	8.10	-	85.34
Additions	-	-	0.91	0.91
Disposals/ Transfers/ Adjustments	0.12	(0.36)	-	(0.24)
Gross carrying amount as at March 31, 2021	77.36	7.74	0.91	86.01
Accumulated depreciation as at April 1, 2019	-	-	-	-
Charge for the year	0.92	0.98	-	1.90
Disposals/ Transfers/ Adjustments	4.16	-	-	4.16
Accumulated depreciation as at March 31, 2020	5.08	0.98	-	6.06
Charge for the year	0.95	0.77	-	1.72
Disposals/ Transfers/ Adjustments	0.12	-	0.15	0.27
Closing accumulated depreciation as at March 31, 2021	6.15	1.75	0.15	8.06
Net Block as at March 31, 2021	71.21	5.99	0.76	77.96
Net Block as at March 31, 2020	72.16	7.12	-	79.28

* 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 32 (B)(c) for further disclosure on leases.

Notes to Standalone Financial Statements

for the year ended March 31, 2021

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

4 (c) Intangible assets

Particulars	Computer Software	Technical know-how#	Total	Intangible assets under development
Gross carrying amount as at April 1, 2019*	44.00	76.56	120.56	-
Additions	9.64	-	9.64	9.64
Disposals/ Transfers/ Adjustments	-	-	-	(9.64)
Gross carrying amount as at March 31, 2020	53.64	76.56	130.20	-
Additions	10.49	-	10.49	3.10
Disposals/ Transfers/ Adjustments	(2.76)	(3.64)	(6.40)	-
Gross carrying amount as at March 31, 2021	61.37	72.92	134.29	3.10
Accumulated amortisation as at April 1, 2019*	41.55	64.10	105.65	-
Charge for the year^	2.87	6.54	9.41	-
Disposals/ Transfers/ Adjustments	-	-	-	-
Accumulated amortisation as at March 31, 2020	44.42	70.64	115.06	-
Charge for the year	4.87	3.96	8.83	-
Disposals/ Transfers/ Adjustments	(2.76)	(3.64)	(6.40)	-
Closing accumulated amortisation as at March 31, 2021	46.53	70.96	117.49	-
Net Block as at March 31, 2021	14.84	1.96	16.80	3.10
Net Block as at March 31, 2020	9.22	5.92	15.14	-

*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 / amortisation above, for information purpose only

^ Excludes Rs. 0.38 pertaining to discontinued operations.

Includes internally developed assets of net block Rs. 0.33 (March 31, 2020 Rs 3.17).

4 (d) Capitalisation of expenses

During the year, the Company has capitalized 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 capitalized by the Company.

Particulars	March 31, 2021	March 31, 2020
Salaries and wages	0.04	0.10
Raw material and components	-	0.16
Others	0.04	0.74
Total	0.08	1.00

Notes to Standalone Financial Statements

for the year ended March 31, 2021

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

5 Investments in Subsidiaries

Particulars	Face value per share / unit	Number of shares / units		Amount	
		March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Investments in equity instruments :					
Investments valued at cost (fully paid)					
Equity shares in Subsidiaries (Unquoted)					
Thermax Engineering Construction Company Limited	Rs. 10	4,500,000	4,500,000	4.50	4.50
Thermax Instrumentation Limited	Rs. 10	9,000,000	9,000,000	6.06	6.06
Thermax Onsite Energy Solutions Limited	Rs. 10	42,280,000	18,650,000	42.28	18.65
Thermax Europe Limited	GBP 1	200,000	200,000	1.17	1.17
Thermax International Limited	USD 1	1,695,000	1,695,000	8.22	8.22
Thermax (Zhejiang) Cooling and Heating Engineering Co Ltd.^	USD 1	-	15,470,000	-	47.51
Thermax Netherlands B.V.	Eur 1	30,750,000	27,900,000	216.56	192.35
Rifox-Hans Richter GmbH Spezialarmaturen	Eur 1	716,469	716,469	12.04	12.04
Thermax SDN. BHD	RM 1	500,002	500,002	0.87	0.87
Thermax Engineering Singapore Pte. Ltd.	USD 1	22,984,356	22,984,356	153.71	153.71
First Energy Private Limited*	Rs. 10	13,466,365	10,234,437	20.94	20.94
Thermax Sustainable Energy Solutions Limited #	Rs. 10	4,750,000	4,750,000	-	-
Thermax do Brasil - Energia e Equipamentos Ltda. #	Real 1	1,087,130	1,087,130	-	-
Thermax Hong Kong Limited. #	HKD 1	5,983,833	5,983,833	-	-
Thermax Babcock & Wilcox Energy Solutions Private Limited	Rs. 10	628,222,500	628,222,500	374.31	374.31
Thermax Cooling Solutions Limited	Rs. 10	20,000,000	20,000,000	10.20	10.20
Thermax Thailand Limited	THB 100	150,000	-	0.90	-
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	1,747,300	1,747,300	7.87	7.87
Total value of investments (A)				859.63	858.40
Less: Impairment in value of investments					
Thermax (Zhejiang) Cooling and Heating Engineering Co Ltd.^				-	47.51
Thermax Netherlands B.V. (refer note 40)				201.06	126.38
First Energy Private Limited				20.94	20.94
Thermax Cooling Solutions Limited				10.20	10.20
Thermax Engineering Singapore Pte. Ltd. (refer note 40)				22.49	-
Total Impairment in value of investments (B)				254.69	205.03
Investments in subsidiaries (net) (A-B)				604.94	653.37
Aggregate amount of quoted investments				-	-
Aggregate amount of unquoted investments				859.63	858.40
Aggregate amount of impairment in the value of investments				254.69	205.03

Deemed cost is considered to be Rs. Nil as on April 1, 2015.

^ During the year, Company has written off investment in Thermax (Zhejiang) Cooling and Heating Engineering Co Ltd. of Rs. 47.51 on account of liquidation and adjusted the equivalent impairment provision against the said investment.

* During the year, the Company acquired remaining 24% stake in First Energy Private Limited and it has become a wholly owned subsidiary.

Notes to Standalone Financial Statements

for the year ended March 31, 2021

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

6 (a) Non-current Investments

Particulars	Face value per share /unit	Number of shares/units		Amount	
		March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Investments in equity shares:					
Investments at Fair value through Profit and Loss					
Quoted equity shares (fully paid up)					
Metroglobal Limited	Rs. 10	2	2	**	**
Sanghvi Movers Limited	Rs. 2	16,453	16,453	0.16	0.08
Quoted equity shares (partly paid up)					
Parasrampur Synthetic Limited (paid up Rs. 2.50 per share)	Rs. 10	125,000	125,000	**	**
Unquoted equity shares (fully paid up)					
GSL (India) Limited	Rs. 10	17,539	17,539	**	**
Sicom Limited #	Rs. 10	10,000	10,000	-	-
Total Investment in equity shares				0.16	0.08
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	4,000,000	4,000,000	-	-
First Energy Private Limited (8%, Redeemable)	Rs. 10	11,999,999	11,999,999	-	-
Thermax Babcock & Wilcox Energy Solutions Private Limited (8%, Cumulative, Redeemable)	Rs. 10	52,700,000	52,700,000	64.07	59.86
Total investment in preference shares				64.07	59.86
Investments in mutual funds					
Investments at Fair value through Profit and Loss					
Unquoted					
Aditya Birla Sun Life Fixed Term Plan - Series OY (1218 Days) - Direct Growth	Rs. 10	-	20,000,000	-	23.85
SBI Debt Fund Series C - 7 (1190 Days) - Direct - Growth	Rs. 10	-	15,000,000	-	17.77
SBI Debt Fund Series C - 27 (1260 Days) - Direct - Growth	Rs. 10	15,000,000	15,000,000	18.97	17.43
Bharat Bond FOF - April 2025 - Direct Plan Growth	Rs. 10	48,827,114	-	49.97	-
IDFC Corporate Bond Fund Direct Plan-Growth	Rs. 10	32,759,683	-	50.06	-
Total investments in Mutual Funds				119.00	59.05
Total Non-Current Investments					
Aggregate amount of quoted investments (Book value)				0.16	0.08
Aggregate amount of quoted investments (Market value)				0.16	0.08
Aggregate amount of unquoted investments				183.07	118.91
Aggregate amount of impairment in the value of investments				-	-

** represents amount less than a lakh rupees

Deemed cost is considered to be Nil as on April 1, 2015.

Investments at fair value through profit or loss reflect investment in unquoted equity and debt securities. Refer note 37 for determination of their fair values.

Notes to Standalone Financial Statements

for the year ended March 31, 2021

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

6 (b) Current Investments

Particulars	Face value per share /unit	Number of shares/units		Amount	
		March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Investments in Mutual Funds :					
Investments at Fair value through Profit and Loss					
Aditya Birla Sun Life Money Manager Fund Growth- Regular	Rs. 100	-	4,866,314	-	130.98
Aditya Birla Sun Life Overnight Fund-Growth-Regular Plan	Rs. 1,000	45,064	-	5.00	-
Aditya Birla Sun Life Fixed Term Plan - Series OY (1218 Days) - Direct Growth	Rs. 10	20,000,000	-	25.39	-
Axis Overnight Fund Direct - Growth	Rs. 1,000	-	238,487	-	25.17
Axis Overnight Fund Regular - Growth	Rs. 1,000	46,017	-	5.00	-
DSP Overnight Fund - Direct - Growth	Rs. 1,000	-	234,053	-	25.01
DSP Overnight Fund - Regular - Growth	Rs. 1,000	-	531,025	-	56.68
HDFC Overnight Fund - Direct Plan - Growth Option	Rs. 1,000	-	97,110	-	28.83
HDFC Overnight Fund - Regular Plan - Growth	Rs. 1,000	-	33,846	-	10.00
HDFC Ultra Short Term Fund - Regular - Growth	Rs. 10	25,548,049	-	30.26	-
ICICI Prudential Money Market Fund - Growth	Rs. 100	-	4,673,316	-	129.69
IDFC Overnight Fund Direct Plan-Growth	Rs. 1,000	-	93,844	-	10.00
IDFC Overnight Fund Regular Plan-Growth	Rs. 1,000	-	237,787	-	25.30
Kotak Overnight Fund Direct - Growth	Rs. 1,000	6	65,684	**	7.00
Kotak Overnight Fund Growth (Regular Plan)	Rs. 1,000	-	394,371	-	42.01
Nippon India Overnight Fund Direct Growth Plan	Rs. 100	-	752,587	-	8.07
SBI Overnight Fund Direct Growth	Rs. 1,000	-	30,748	-	10.00
SBI Magnum Ultra Short Duration Fund - Regular - Growth	Rs. 1,000	32,499	-	15.20	-
SBI Debt Fund Series C - 7 (1190 Days) - Direct - Growth	Rs. 10	15,000,000	-	18.91	-
Tata Overnight Fund - Regular Plan - Growth	Rs. 1,000	46,144	-	5.00	-
UTI Liquid Cash Plan - Regular Growth Plan	Rs. 1,000	-	396,606	-	128.40
UTI Treasury Advantage Fund - Regular Growth Plan	Rs. 1,000	38,883	-	10.17	-
Total investments in Mutual Funds				114.94	637.14
Total value of Investments				114.94	637.14
Aggregate amount of quoted investments and market value thereof				-	-
Aggregate amount of unquoted investments				114.94	637.14
Aggregate amount of impairment in the value of investments				-	-

** represents amount less than a lakh rupees

Investments at fair value through profit or loss reflect investment in unquoted equity and debt securities. Refer note 37 for determination of their fair values.

Notes to Standalone Financial Statements

for the year ended March 31, 2021

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

7 Trade receivables

(a) Non-current trade receivables

Particulars	As at March 31, 2021	As at March 31, 2020
Trade receivables from:		
i) Related parties (note 35)	-	-
ii) Others	100.87	92.13
Total	100.87	92.13
Sub-classification of trade receivables		
Secured, considered good	-	-
Unsecured, considered good	126.42	111.36
Trade Receivables which have a significant increase in credit risk	-	-
Trade Receivables - credit impaired	-	-
	126.42	111.36
Less: Impairment allowance	(25.55)	(19.23)
Total	100.87	92.13

(b) Current trade receivable

Particulars	As at March 31, 2021	As at March 31, 2020
Trade receivables from:		
i) Related parties (note 35)	64.97	69.48
ii) Others	758.55	683.88
Total	823.52	753.36
Sub-classification of trade receivables		
Secured, considered good	84.89	95.25
Unsecured, considered good	939.76	869.69
Trade Receivables which have a significant increase in credit risk	20.62	19.04
Trade Receivables - credit impaired	31.83	28.08
	1,077.10	1,012.06
Less: Impairment allowance*	(253.58)	(258.70)
Total	823.52	753.36

No trade or other receivables are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade receivables due from firms or private companies respectively in which any director is a partner, a director or a member.

*Includes provision of Rs. 20.62 (March 31, 2020 : Rs 19.04) 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 30 to 90 days.

Notes to Standalone Financial Statements

for the year ended March 31, 2021

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

(c) The following table summarises the change in impairment allowance measured using the life time expected credit loss model (Pursuant to Ind As 109):

Particulars	Provision on Trade receivables		Provision on Unbilled revenue (Refer Note 9 (b))	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
At the beginning of the year	277.93	275.79	8.75	10.12
Less: Bad debts/write off	20.04	16.21	-	-
	257.89	259.58	8.75	10.12
Provision made during the year	63.83	72.87	0.49	0.23
Utilized/reversed during the year	(42.59)	(54.52)	(1.20)	(1.61)
At the end of the year	279.13	277.93	8.04	8.75

Also refer note 35 for impairment provision on related party balances.

8 Loans

(a) Non-current loans

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good		
At amortized cost		
Loans to employees	3.05	2.80
Security deposits*	8.56	8.70
Loans to related parties (note 35)	-	221.00
Total	11.61	232.50

(b) Current loans

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good		
At amortized cost		
Loans to employees	0.80	1.13
Loans to related parties (note 35)#	76.00	86.14
Security deposits*	2.03	3.14
Total	78.83	90.41

*Includes lease deposits given to directors of Rs. 0.18 (March 31, 2020 Rs. 0.18). The maximum amount due from directors during the year amounted to Rs. 0.18 (March 31, 2020 Rs. 0.18). This also includes deposits given to various other parties for rent, utilities etc. Refer note 35.

#Loans to related party is disclosed net of impairment allowance of Rs. 4.12 (March 31, 2020: Rs. 3.62).

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 33(a).

Notes to Standalone Financial Statements

for the year ended March 31, 2021

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

9 Financial assets

(a) Other non current assets

Particulars	As at March 31, 2021	As at March 31, 2020
Bank deposits with maturity of more than 12 months	0.05	0.05
Total	0.05	0.05

Above bank deposits are pledged as margin money.

(b) Other current assets

Particulars	As at March 31, 2021	As at March 31, 2020
Derivative instruments at fair value through OCI		
Cash flow hedges		
Foreign exchange forward contracts	0.95	1.99
Derivative instruments at fair value through profit or loss		
Derivative not designated as hedges		
Foreign exchange forward contracts	2.75	2.43
At amortized cost		
Export incentive receivable	10.09	24.48
Unbilled revenue (Contract assets)^	103.58	61.74
Others**	27.45	18.50
Total	144.82	109.14

Financial assets at fair value through other comprehensive income reflect the change in fair value of foreign exchange forward contracts, designated as cash flow hedges to hedge highly probable forecast sales and purchases in various foreign currencies.

^Unbilled revenue is disclosed net of impairment allowance of Rs. 8.04 (March 31, 2020: Rs. 8.75) for contract assets.

** Includes Rs. Nil (March 31, 2020: 14.05) recoverable from group companies.

10 Income taxes

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

Statement of profit and loss

Particulars	March 31, 2021	March 31, 2020
Current tax		
Continuing operations	55.11	61.51
Discontinued operations	-	17.88
Deferred tax		
Continuing operations	(13.21)	12.25
Discontinued operations	-	20.01
Income tax expense reported in the Statement of profit and loss	41.90	111.65

Notes to Standalone Financial Statements

for the year ended March 31, 2021

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

Other comprehensive income

Particulars	March 31, 2021	March 31, 2020
Deferred tax related to items recognised in other comprehensive income during the year		
Net gain or loss on revaluation of cash flow hedge	(0.01)	(0.78)
Net gain or loss on remeasurements of defined benefit plans	0.31	(2.50)
Deferred tax credited in other comprehensive income	0.30	(3.28)

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

Particulars	March 31, 2021	March 31, 2020
Accounting profit before tax (before exceptional items) for continuing operations	285.95	250.04
Accounting profit before tax (before exceptional items) for discontinued operations	-	90.49
At India's statutory income tax rate (as per Income Tax Act, 1961) of 25.17%	71.97	85.71
- Dividend income	(7.75)	(3.73)
- Fair value gain on FVTPL investments	(2.47)	-
- Utilisation of capital losses of current year	(12.50)	-
- Deferred taxes of earlier periods recognized in current period	(1.91)	-
- Taxes from prior periods	(8.00)	-
- Deferred Tax asset written down due to rate change	-	36.35
- Others (includes adjustment for fair valuation of investments and other permanent differences)	2.55	(6.68)
Effective tax	41.90	111.65
Income tax expense reported in the Statement of profit and loss for continuing operations	41.90	73.76
Income tax expense reported in the Statement of profit and loss for discontinued operations	-	37.89
Total income tax expense reported in the Statement of profit and loss	41.90	111.65

Deferred tax Statement of profit and loss

Particulars	March 31, 2021	March 31, 2020
Deferred tax relates to the following :		
Accelerated depreciation for tax purposes	4.15	(16.28)
Employee benefit obligations	(1.90)	0.76
Provision for doubtful debts and liquidated damages	0.08	30.22
Fair value gains on investment classified as fair value through profit and loss	(14.40)	3.20
Temporary differences in accounting treatment as required by Income tax standards	(0.18)	(0.01)
Items allowed on payment basis / temporary disallowances	(0.74)	(0.60)
Others	(0.22)	(5.04)
Deferred tax (income)/expense in the Statement of profit and loss	(13.21)	12.25
Deferred tax (income)/expense reported in the Statement of profit and loss for continuing operations	(13.21)	12.25

Notes to Standalone Financial Statements

for the year ended March 31, 2021

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

Balance sheet

Particulars	As at March 31, 2021	As at March 31, 2020
Deferred tax relates to the following :		
Accelerated depreciation for tax purposes	(49.59)	(45.44)
Revaluation of cash flow hedges	-	(0.01)
Employee benefit obligations	14.61	13.02
Provision for doubtful debts and liquidated damages	76.51	76.59
Items allowed on payment basis / temporary disallowances	6.49	5.75
Fair value gains on investment classified as fair value through profit and loss	-	(14.40)
Temporary differences in accounting treatment as required by Income tax standards	2.19	2.01
Others (includes impact on account of temporary differences on accretion of interest on investments)	3.07	2.86
Net deferred tax assets	53.28	40.38

Reconciliation of deferred tax assets (net)

Particulars	March 31, 2021	March 31, 2020
Opening balance as at April 1	40.38	49.35
Tax income during the period recognised in profit or loss	13.21	(12.25)
Tax expense during the period recognised in other comprehensive income	(0.31)	3.28
Closing balance as at March 31	53.28	40.38

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. 24.46 (March 31, 2020: Rs. 2.84) on impairment losses of Rs. 97.17 (March 31, 2020: Rs. 11.27).

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

The Company has tax losses (of capital in nature) of Rs. 74.24 (March 31, 2020: Rs. Nil) 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. 16.99 (March 31, 2020: Rs. Nil)

Notes to Standalone Financial Statements

for the year ended March 31, 2021

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

11 Other assets

(a) Other non-current assets

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good		
Advance to suppliers	0.60	0.28
Capital advance (includes advance to related party Rs. 3.40 (March 31, 2020: Nil)) (note 35)	12.45	2.50
Advance to related parties (note 35)	3.88	0.72
Balances with government authorities	57.85	57.40
Prepayments	0.52	0.78
Total	75.30	61.68

(b) Other current assets

Particulars	As at March 31, 2021	As At March 31, 2020
Unsecured, considered good		
Advance to suppliers	69.29	47.16
Advance to employees	4.31	3.58
Advance to related parties (note 35)	48.90	32.73
Prepayments	11.80	13.16
Balances with government authorities	137.04	140.19
Prepaid employee benefits (note 34)	4.47	3.52
Others*	13.05	6.87
Total	288.86	247.21

*Others includes interest on tax refunds, recovery of other expenses etc.

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 35.

12 Inventories (Valued at lower of cost and net realizable value)

Particulars	As at March 31, 2021	As at March 31, 2020
Raw materials, components and bought-outs*	125.35	126.18
Work-in-progress	83.70	90.65
Finished goods	28.32	26.94
Stores and spares	2.66	2.72
Traded goods	5.91	8.52
Total	245.94	255.01

*includes goods in transit Rs. 2.20 (March 31, 2020 Rs. 2.90)

For the year ended March 31, 2021 Rs. (4.23) (March 31, 2020 Rs. 2.77) 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.

Notes to Standalone Financial Statements

for the year ended March 31, 2021

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

13 (a) Cash and cash equivalents

Particulars	As at March 31, 2021	As at March 31, 2020
Balances with banks		
- in current accounts	70.51	34.90
- in deposits with original maturity of less than three months*	110.00	51.10
Cheques, drafts on hand	1.06	0.48
Cash on hand	0.36	0.36
Total	181.93	86.84

*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.

There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period and previous periods.

Out of cash and cash equivalents balance as at March 31, 2021, Rs. 37.05 held as security against import commitments.

13 (b) Other bank balances

Particulars	As at March 31, 2021	As at March 31, 2020
Bank deposits with original maturity more than three months and remaining maturity less than twelve months*	1,203.96	142.31
Unpaid dividend account (restricted)	0.89	0.97
Total	1,204.85	143.28

*Includes deposits placed with banks amounting to Rs. Nil (March 31, 2020: 10.85) against grant received and Rs. 2.06 (March 31, 2020 : Rs Nil) pledged as margin money.

13 (c) Changes in liabilities arising from financing activities

Particulars	Borrowings	Unpaid dividend	Lease obligation
As on April 1, 2019	40.00	0.98	-
Cash flow	32.38	-	-
New leases	-	-	7.12
Other	-	(0.01)	-
As on March 31, 2020	72.38	0.97	7.12
Cash flow	68.37	(0.14)	(0.77)
New leases	-	-	0.91
Other	-	0.06	(0.35)
As on March 31, 2021	140.75	0.89	6.91

Notes to Standalone Financial Statements

for the year ended March 31, 2021

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

14 Share capital

Particulars	As at March 31, 2021	As at March 31, 2020
Authorized shares (Nos)		
375,000,000 (March 31, 2020: 375,000,000) equity shares of Rs. 2/- each	75.00	75.00
	75.00	75.00
Issued, subscribed and fully paid share capital (Nos)		
119,156,300 (March 31, 2020: 119,156,300) 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

Particulars	No. of shares	Rs.
Equity share of Rs. 2 each issued, subscribed and fully paid		
As at April 1, 2019	119,156,300	23.83
Changes during the year	-	-
As at March 31, 2020	119,156,300	23.83
Changes during the year	-	-
As at March 31, 2021	119,156,300	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.

(c) Equity share capital held by holding company

Particulars	As at March 31, 2021	As at March 31, 2020
Holding company		
RDA Holdings Private Limited	12.87	12.87
64,328,500 (March 31, 2020: 64,328,500) equity shares of Rs. 2/- each fully paid		

Notes to Standalone Financial Statements

for the year ended March 31, 2021

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

(d) Details of equity shares held by shareholders holding more than 5% of the aggregate shares in the Company

Particulars	As at March 31, 2021	As at March 31, 2020
RDA Holdings 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		
%	7.36	6.94
No. of shares	8,771,354	8,272,216
Nalanda India Equity Fund Ltd.		
%	6.86	2.82
No. of shares	8,176,668	3,359,826

(e) 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 6,541,440 (March 31, 2020: 6,541,440) equity shares representing 5.49% (March 31, 2020: 5.49%) of equity share in the Company.

(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.

Notes to Standalone Financial Statements

for the year ended March 31, 2021

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

(15) (a) Other equity

Particulars	As at March 31, 2021	As at March 31, 2020
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
Retained earnings		
Opening balance	2,171.10	2,166.68
Add: Profit for the year (including discontinued operations of Rs. Nil, March 31, 2020 Rs.52.60)	141.02	213.99
Less: Final Dividend paid	-	(83.41)
Less: Tax on final dividend	-	(15.22)
Less: Interim Dividend paid	-	(83.41)
Less: Tax on interim dividend	-	(17.15)
Movement during the year	141.02	14.80
Items of other comprehensive income recognised directly in retained earnings:		
Re-measurement (loss)/gain on defined benefit plans, net of tax Rs. 0.31 (March 31, 2020 Rs. 2.50)	0.91	(10.38)
Net surplus in the Statement of profit and loss	2,313.03	2,171.10
Total Reserves and Surplus	2,855.56	2,713.63
Other Reserves		
Cash flow hedge reserve		
Opening balance	0.03	2.81
Add: Movement during the year (net)	(0.05)	(3.56)
Less: Tax on Movement during the year	0.01	0.78
Closing balance	(0.01)	0.03
Total	2,855.55	2,713.66

Capital redemption reserve

Pertains to reserve created towards redemption of debentures and can be utilised in accordance with the provisions of 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, 2021

(All amounts are in Rupees Crores 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.

15) (b) Distribution made and proposed

Particulars	As at March 31, 2021	As at March 31, 2020
Cash dividend on equity shares declared and paid:		
Final dividend for the year 2019-20: Nil per share (2018-19: Rs. 7 per share)	-	83.41
Dividend Distribution Tax on the above	-	15.22
Interim dividend for the year 2019-20: Rs. 7 per share	-	83.41
Dividend Distribution Tax on the above	-	17.15
	-	199.19
Proposed dividend on equity shares:		
Proposed dividend for the year 2020-21: Rs. 7/- per share (2019-20: Rs. Nil per share)	83.41	-

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.

The Company has taken a set off of Rs. Nil (March 31, 2020 Rs 1.93) for Dividend Distribution Tax paid by one of the subsidiary of the company

16 Trade payables

(a) Non current trade payables

Particulars	As at March 31, 2021	As at March 31, 2020
Trade payables :		
(i) Related parties (note 35)	13.71	11.06
(ii) Others	30.61	34.52
Total	44.32	45.58

There are no non-current outstanding dues of micro and small enterprises

Notes to Standalone Financial Statements

for the year ended March 31, 2021

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

(b) Current trade payables

Particulars	As at March 31, 2021	As at March 31, 2020
Total outstanding dues of micro and small enterprises (note 16 (c))	169.56	108.78
Total outstanding dues of creditors other than micro and small enterprises		
(i) Related parties (note 35)	82.96	52.68
(ii) Others	588.74	441.13
Total	841.26	602.59

For terms and conditions with related parties, refer note 35.

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

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

Sr. No.	Particulars	As at March 31, 2021	As at March 31, 2020
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*	169.45	108.52
	- Interest due thereon	0.11	0.26
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	0.18	0.21
iii)	The amount of payment made to the supplier beyond the appointed day during the year	226.37	70.55
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	1.93	0.55
v)	The amount of interest accrued and remaining unpaid at the end of each accounting year	2.04	0.81
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	0.97	0.38

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.

Notes to Standalone Financial Statements

for the year ended March 31, 2021

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

17 Financial liabilities

(a) Other non current liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
At amortised cost		
Trade deposits	0.64	1.11
Lease obligation	5.30	6.04
Liability towards employee separation scheme (Refer note 40)	3.31	-
Total	9.25	7.15

b) Other current liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Derivative instruments at fair value through OCI		
Cash flow hedges		
Foreign exchange forward contracts	0.98	12.89
Derivative instruments at fair value through profit or loss		
Derivative not designated as hedges		
Foreign exchange forward contracts	2.44	6.76
At amortized cost		
Current maturities of lease obligation	1.61	1.08
Employee related payables	52.96	38.49
Payables for PPE and intangible assets	3.73	5.81
Book overdraft	1.73	3.41
Unpaid dividend	0.89	0.97
Liability towards employee separation scheme (Refer note 40)	1.32	-
Other payables *	4.20	3.21
Total	69.86	72.62

* includes dealer deposits, security deposits, etc.

18 Provisions

(a) Non-current provisions

	As at March 31, 2021	As at March 31, 2020
Provision for warranties	3.69	3.90
Provision for decommissioning liability	8.10	7.23
Total	11.79	11.13

Notes to Standalone Financial Statements

for the year ended March 31, 2021

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

(b) Current provisions

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for employee benefits		
Provision for leave encashment	43.23	40.37
	43.23	40.37
Other provisions		
Provision for onerous contracts	10.06	12.65
Provision for warranties	52.55	35.60
	62.61	48.25
Total	105.84	88.62

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. 5.62 higher or lower (March 31, 2020 Rs. 3.95).

Provision for onerous contracts

A provision for expected loss on construction contracts is recognised when it is probable that the contracts costs will exceed total contract revenue. For all other contracts, provision is made when the unavoidable costs of meeting the obligation under the contract exceed the estimated economic benefits. The timing of cash outflows in respect of such provision is over the contract period.

Movement in provisions

Particulars	Provision for onerous contracts	Provision for warranties	Provision for decommissioning liability
As at April 1, 2020			
Balance at the beginning	12.65	39.50	7.23
Additional provision recognised	1.37	26.24	-
Unused amounts reversed	-	(10.22)	-
Unwinding of discount	-	3.02	0.87
Utilised during the year	(3.96)	(2.30)	-
As at March 31, 2021	10.06	56.24	8.10

Details of provisions :

Current	10.06	52.55	-
Non-Current	-	3.69	8.10
Total	10.06	56.24	8.10

Notes to Standalone Financial Statements

for the year ended March 31, 2021

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

19 Other liabilities

(a) Other non-current liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Customer advances (Contract liabilities)	50.87	8.43
Total	50.87	8.43

(b) Other current liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Unearned revenue (Contract liabilities)	254.71	271.75
Customer advances (Contract liabilities)		
(i) Related Parties (note 35)	13.46	2.95
(ii) Others	572.74	461.28
Statutory dues and other liabilities*	15.14	18.07
Total	856.05	754.05

* mainly includes tax deducted at source, GST, provident fund, ESIC, government grant received for a research project etc.

For terms and conditions with related parties, refer note 35.

20 Borrowings

Current borrowings

Particulars	As at March 31, 2021	As at March 31, 2020
Secured loans from banks	3.75	31.38
Unsecured loans from banks	137.00	41.00
Total	140.75	72.38

Secured loans pertains to bills discounted by suppliers amounting to Rs. 3.75 (March 31, 2020: Rs. 31.38) that are payable by the Company within 60 to 190 days from the invoice date.

These loans are secured by hypothecation of present and future stock of all inventories, stores and spares not related to plant and equipment, book debts and other moveable assets.

Unsecured loans pertains to packing credit of Rs. 137 (March 31, 2020: Rs. 41) carries an interest rate of 1.90% to 3.50% (March 31, 2020 4.5% to 4.65%) due for repayment within 177-360 days (March 31, 2020: 90-149 days) from date of disbursement or expected shipment date whichever is earlier.

Notes to Standalone Financial Statements

for the year ended March 31, 2021

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

21 Revenue from operations

(a) Revenue from contracts with customers:

Particulars	March 31, 2021	March 31, 2020
Revenue from projects and products	2,706.23	2,810.22
Revenue from services	382.67	387.01
Total revenue from contracts with customers (a)	3,088.90	3,197.23

(b) Other operating income

Particulars	March 31, 2021	March 31, 2020
Export incentives	7.57	23.96
Sale of Scrap	9.94	8.26
Commission income	1.80	2.46
Exchange fluctuation gain/(loss) (net)*	20.79	(19.66)
Royalty income	2.48	2.83
Total other operating income (b)	42.58	17.85
Total revenue from operations (a+b)	3,131.48	3,215.08

* Includes mark to market gain on forward contracts not subjected to hedge accounting Rs.4.64 (March 31, 2020: gain Rs. 4.34)

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

i) Revenue by category of contracts:

Particulars	March 31, 2021	March 31, 2020
Over a period of time basis	1,600.31	1,716.81
At a point-in-time basis	1,488.60	1,480.42
Total revenue from contracts with customers	3,088.90	3,197.23

Revenue by geographical market:

Particulars	March 31, 2021	March 31, 2020
Within India	2,298.41	2,438.23
Outside India*	790.50	759.00
Total revenue from contracts with customers	3,088.90	3,197.23

*includes deemed export of Rs. 16.39 (March 31, 2020: Rs. 28.85)

Notes to Standalone Financial Statements

for the year ended March 31, 2021

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

Revenue by segment:

Particulars	March 31, 2021			
	Energy	Environment	Chemical	Total
Revenue from contracts with customers				
External Revenue	1,934.77	795.36	392.22	3,122.35
Inter segment	0.96	27.65	4.84	33.45
Total revenue from contracts with customers	1,933.81	767.71	387.38	3,088.90
Other operating income	41.00	(1.23)	2.81	42.58
Total revenue from operations	1,974.81	766.48	390.19	3,131.48
	March 31, 2020			
Revenue from contracts with customers				
External Revenue	2,142.57	717.12	392.71	3,252.39
Inter segment	3.93	46.25	4.99	55.16
Total revenue from contracts with customers	2,138.64	670.86	387.72	3,197.23
Other operating income	8.51	4.86	4.48	17.85
Total revenue from operations	2,147.15	675.72	392.21	3,215.08

ii) Contract balances:

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

Particulars	As at March 31, 2021	As at March 31, 2020
Trade receivables (note 7)	924.39	845.49
Unbilled revenue (Contract asset) (note 9(b))	103.58	61.74
Unearned revenue (Contract liability) (note 19(b))	254.71	271.75
Customer advances (Contract liability) (note 19)	637.07	472.66

Contract assets primarily relate to the Company's rights to consideration for work completed but not billed at the reporting date from projects and customised contracts. The Contract assets are transferred to Trade receivables on completion of milestones and its related invoicing.

The contract liabilities relate to unearned revenue and customer advances where performance obligations are yet to be fulfilled as per the contracts. The fulfilment of the performance obligations will extinguish these liabilities and revenue will be recognised, with no impact on the Company's cash positions on specific projects.

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

Particulars	As at March 31, 2021	As at March 31, 2020
Unearned revenue	196.05	106.12
Customer advance	296.86	315.91

Notes to Standalone Financial Statements

for the year ended March 31, 2021

(All amounts are in Rupees Crores 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 unbilled and unearned balances during the reporting period is presented in the table below

Particulars	March 31, 2021	March 31, 2020
Opening unbilled revenue (refer note 9(b))	61.74	383.09
Opening unearned revenue (refer note 19(b))	271.75	188.89
(A)	(210.01)	194.20
- Transfer of contract assets to receivable from opening unbilled revenue	(52.09)	(374.72)
- Increase in revenue as a result of changes in the measure of progress from the opening unearned revenue	196.05	106.12
- Transfer of contract assets to receivables	(1,487.47)	(1,747.69)
- Increase in revenue as a result of changes in the measure of progress	1,404.26	1,610.69
- Others*	(1.87)	1.39
(B)	58.88	(404.21)
Closing unbilled revenue (refer note 9(b))	103.58	61.74
Closing unearned revenue (refer note 19(b))	254.71	271.75
(A + B)	(151.13)	(210.01)

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

v) Performance obligations

Performance obligation in a project or a group of projects which are contracted at or near same time with the same or related parties and negotiated simultaneously, are combined for the purpose of evaluation. The Company has estimated that multiple commitments pertaining to engineering procurement and commissioning of such projects is a single performance obligation which is spread over different accounting periods.

Performance obligation for products are evaluated on standalone basis, recognised at a point in time. Generally, performance obligations for such contracts have an original expected duration of one year or less.

There are no major contracts with customers which have significant financing component included within them and therefore there is no difference between the timing of satisfaction of performance obligation vis a vis the timing of the payment.

Remaining performance obligations:

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

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.

Particulars	March 31, 2021	March 31, 2020
Amount of revenue yet to be recognised for contracts in progress	1,897.15	2,046.56

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

Notes to Standalone Financial Statements

for the year ended March 31, 2021

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

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

Particulars	March 31, 2021	March 31, 2020
Interest income from financial assets carried at amortized cost		
Loan to subsidiary	19.19	13.53
Bank deposits	49.01	4.84
Interest income from financial assets at fair value through profit and loss		
Loan to subsidiary (preference shares)	4.21	4.21
Other interest income	8.13	5.95
Dividend income from investments designated at fair value through profit and loss	-	5.50
Dividend income from equity investments carried at cost	30.80	9.33
Fair value gain on financial instrument at fair value through profit and loss (net)	9.81	39.13
Liabilities no longer required written back	6.92	5.84
Miscellaneous income^^	12.33	16.07
Total	140.40	104.40

^^Includes rent income of Rs 4.85 (March 31, 2020; Rs 3.01); refer note 32 B (c)

23 Cost of raw material and components consumed

Particulars	March 31, 2021	March 31, 2020
Inventories at the beginning of the year	126.18	115.37
Add: Purchases	1,631.24	1,771.35
	1,757.42	1,886.72
Inventories at the end of the year	(125.35)	(126.18)
	1,632.07	1,760.54
Less: capitalised during the year (refer note 4 (d))	-	(0.16)
Total	1,632.07	1,760.38

Notes to Standalone Financial Statements

for the year ended March 31, 2021

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

24 Decrease/(Increase) in inventories of finished goods, work-in-progress and traded goods

Particulars	March 31, 2021	March 31, 2020
Inventories at the beginning of the year		
Work-in-progress	90.65	87.00
Finished goods	26.94	17.42
Traded goods	8.52	8.89
	126.11	113.31
Less: inventories at the end of the year		
Work-in-progress	83.70	90.65
Finished goods	28.32	26.94
Traded goods	5.91	8.52
	117.93	126.11
Total	8.18	(12.80)

25 Employee benefits expense

Particulars	March 31, 2021	March 31, 2020
Salaries and wages	401.70	373.66
Contribution to provident and other funds	27.79	26.55
Gratuity expense (note 34)	6.60	6.61
Staff welfare expenses	17.74	24.22
	453.83	431.04
Less: capitalised during the year (refer note 4 (d))	(0.04)	(0.10)
Total	453.79	430.94

26 Finance costs

Particulars	March 31, 2021	March 31, 2020
Interest expense	4.68	2.15
Unwinding of discount	3.89	3.08
Total	8.57	5.23

27 Depreciation and amortization expense

Particulars	March 31, 2021	March 31, 2020
Depreciation of property, plant and equipment (note 4 (a))	53.44	51.30
Depreciation of right-of-use assets (note 4 (b))	1.72	1.90
Amortization of intangible assets (note 4 (c))	8.83	9.41
Total	63.99	62.61

Notes to Standalone Financial Statements

for the year ended March 31, 2021

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

28 (a) Other expenses

Particulars	March 31, 2021	March 31, 2020
Consumption of stores and spare parts	36.54	42.94
Power and fuel	27.03	30.40
Freight and forwarding charges (net)	58.59	56.55
Site expenses and contract labour charges	362.27	306.87
Drawing, design and technical service charges	9.68	9.50
Sales commission	12.77	14.60
Advertisement and sales promotion	4.98	11.21
Rent (note 32 B (ii))	7.57	10.42
Rates and taxes	9.74	12.13
Insurance	6.45	4.53
Repairs and maintenance:		
Plant and machinery	12.95	16.99
Buildings	2.37	3.90
Others	28.99	27.39
Travelling and conveyance	23.92	52.17
Legal and professional fees (includes payment to auditor; refer note 28 (b))	52.69	55.38
Director sitting fees	0.56	0.44
Provision for impairment allowance of financial assets (net)	20.53	16.98
Warranty expenses (net)	22.09	18.89
Loss on sale/ discard of assets (net)	(0.13)	1.56
CSR expenditure (note 28 (c))	7.06	7.47
Miscellaneous expenses (includes printing, communication, postage, security expense, etc.)	32.52	23.97
	739.17	724.29
Less: capitalised during the year (refer note 4 (d))	(0.04)	(0.74)
Total	739.13	723.55

(b) Payment to auditors

Particulars	March 31, 2021	March 31, 2020
As auditor		
Audit and limited review fee	1.36	1.26
In other capacity		
Taxation matters	-	-
Other services	0.12	0.14
Reimbursement of expenses	0.02	0.07
Total	1.50	1.47

(c) Corporate Social Responsibility (CSR)

Particulars	March 31, 2021	March 31, 2020
Gross amount required to be spent by the Company during the year	7.05	7.46
Total	7.05	7.46

Notes to Standalone Financial Statements

for the year ended March 31, 2021

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

Amount spent during the year

Particulars	In Cash	Yet to spent in cash	Total
During the year ended March 31, 2021			
a. Construction/ acquisition of any asset			-
b. On purposes other than (a) above^	7.06	-	7.06
	7.06	-	7.06
During the year ended March 31, 2020			
a. Construction/ acquisition of any asset			-
b. On purposes other than (a) above^	7.47	-	7.47
	7.47	-	7.47

^The amount is contributed to Thermax Foundation, India (refer note 35)

29 Discontinued Operation

As part of organisational restructuring the Board of Directors and Shareholders of the Company, approved the transfer of Boiler & Heater (B&H) business of Thermax Limited to Thermax Babcock & Wilcox Energy Solutions Private Limited (TBWES), a wholly owned subsidiary on a going concern basis through slump sale. The B&H business was transferred to TBWES w.e.f. October 01, 2019. Accordingly, the results of B&H business were classified as discontinued operations in the standalone financial statements in accordance with Ind AS 105 upto the date of such transfer. The financial parameters in respect of discontinued operations are stated below:

a) Financial performance and cash flow information

Particulars	September 30, 2019^
Revenue including other income (excluding sales made to continuing operations Rs. 139.88)	949.56
Expenses*	859.07
Profit before income tax	90.49
Income Tax	37.89
Profit after income tax	52.60
Other comprehensive income	(2.44)
Total comprehensive income	50.16
Net cash flow from operating activities	(60.50)
Net cash flow from investing activities	(1.53)
Net cash flow from financing activities	(68.65)
Net cash generated from discontinued operation	(130.68)

^ Upto the date of slump sale

* The Company had continued to charge depreciation on asset held as part of disposal, as these were proposed to be transferred to wholly owned subsidiary.

Refer note 32 A (d) for contingent liabilities pertaining to discontinued operations.

Notes to Standalone Financial Statements

for the year ended March 31, 2021

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

30 Earnings per share

Particulars	March 31, 2021	March 31, 2020
Net profit after tax attributable to the Equity shareholders		
Continuing Operations	141.02	161.39
Discontinued Operations	-	52.60
Total	141.02	213.99
Weighted average number of Equity shares of Rs.2/- each	119,156,300	119,156,300
Basic and diluted Earning per share (Rs.)		
Continuing Operations	11.83	13.54
Discontinued Operations	-	4.41
Total	11.83	17.95

31 Components of Other Comprehensive Income (OCI)

The disaggregation of changes to OCI by each type of reserve in equity is shown below:

For the year ended March 31, 2021

Particulars	Cash flow hedge reserve	Retained Earnings	Total
Foreign exchange forward contracts	(0.04)	-	(0.04)
Reclassified to Statement of profit or loss (Net)	-	-	-
Re-measurement gains on defined benefit plans	-	0.91	0.91
Total	(0.04)	0.91	0.87

For the year ended March 31, 2020

Particulars	Cash flow hedge reserve	Retained Earnings	Total
Foreign exchange forward contracts	(4.39)	-	(4.39)
Reclassified to Statement of profit or loss (Net)	1.61	-	1.61
Re-measurement gains on defined benefit plans	-	(10.38)	(10.38)
Total	(2.78)	(10.38)	(13.16)

32 Contingent liabilities and commitments

A Contingent liabilities

a) Taxes *

Particulars	March 31, 2021	March 31, 2020
Excise, Customs Duty and Service tax	159.02	158.97
Sales tax	62.45	61.38
Income tax demands disputed in appellate proceedings	28.05	24.36
References/appeals preferred by the Income tax department in respect of which, should the ultimate decision be unfavourable to the Company	3.30	9.87
Others	0.10	0.10

* Excluding of interest and penalty thereon.

Notes to Standalone Financial Statements

for the year ended March 31, 2021

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

b) Guarantees on behalf of subsidiaries

Particulars	March 31, 2021	March 31, 2020
Counter corporate guarantees issued to banks (Also refer note 33)	167.09	418.48
Indemnity bonds, letter of support/comfort and corporate guarantees (Also refer note 33)	2,031.57	2,074.39

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

Particulars	March 31, 2021	March 31, 2020
Liability for export obligations	3.91	6.60
Claims against the Company not acknowledged as debt*	207.75	3.33

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 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 is considered for the subject matters. Pending resolution of the matters, it is not practicable to estimate the timing of cash outflows, if any.

B Capital and other commitments

- Liability in respect of partly paid shares Rs. 0.09 (March 31, 2020 Rs.0.09).
- Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for is Rs. 23.71 (March 31, 2020 Rs. 26.84).

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).

Particulars	March 31, 2021	March 31, 2020
Lease rental received for the year *	4.85	3.01

* Lease rental received excludes Rs. Nil (March 31, 2020 : Rs. 0.20) Pertaining to discounted operations.

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 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.

Notes to Standalone Financial Statements

for the year ended March 31, 2021

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

Carrying amounts of lease liabilities and the movements during the year.

Particulars	March 31, 2021	March 31, 2020
At the beginning of the year	7.12	8.10
Additions	0.91	-
Others	(0.35)	-
Accretion of interest	-	-
Payments made	(0.77)	(0.98)
As at March 31, 2021	6.91	7.12
Current portion	1.61	1.08
Non-current portion	5.30	6.04
Total*	6.91	7.12

* Pertains to offices and vehicles taken on lease

Details of amounts recognised in statement of profit and loss

Particulars	March 31, 2021	March 31, 2020
Depreciation expense of right-of-use assets	1.72	1.90
Interest expense on lease liabilities	-	-
Expense relating to short-term leases*	9.66	12.58
Expense relating to leases of low-value assets (included in other expenses)	0.78	0.97
Total amount recognised in statement of profit or loss*	12.16	15.45

Excludes Rs. Nil (March 31, 2020 Rs. 8.53) pertaining to discontinued operations.

*Included in rent, travel and conveyance and staff welfare.

33 Disclosure required under Section 186(4) of Companies Act, 2013

- a) Loans to related parties include loan given to a subsidiary. The particulars of which are disclosed below as required by Sec 186(4) of Companies Act 2013.

Name of the party	Rate of interest (p.a.)	Due date and amount payable	Purpose	March 31, 2021 Amount	March 31, 2020 Amount
Thermax Babcock & Wilcox Energy Solutions Private Limited	SBI Base rate plus 1% , currently 8.30% (March 31, 2020: 9.45%)	The principal amount is repayable by September 30, 2021 (March 31, 2020: repayable within a period of one year, subject to mutual extension). The interest is payable on a quarterly basis by the 15th day of the next month.	The loan has been granted to the subsidiary for funding for business acquisitions, working capital requirements etc.	76.00	301.00
First Energy Private Limited*	SBI Base rate plus 1%,currently 8.30% (March 31, 2020: 9.45%)	The loan shall be repaid within a period of one year	The loan has been granted to the subsidiary for working capital requirements.	4.12	3.62

*Before impairment allowance of Rs. 4.12 (March 31, 2020: Rs. 3.62).

Notes to Standalone Financial Statements

for the year ended March 31, 2021

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

b) Bank guarantees issued favouring end customers on behalf of the subsidiaries. Details are as below:

Name of the party	As at March 31, 2021		As at March 31, 2020	
	Foreign currency (million)	Amount	Foreign currency (million)	Amount
Thermax Instrumentation Limited	-	6.82	-	12.88
Thermax Instrumentation Limited	-	-	USD 1.3	9.83
Thermax Onsite Energy Solutions Limited	-	6.15	-	4.23
Thermax Babcock & Wilcox Energy Solutions Private Limited	USD 7.28	51.85	-	-
Thermax Babcock & Wilcox Energy Solutions Private Limited	-	102.27	-	391.54
Total		167.09		418.48

c) The Company has issued letter of support/comfort and corporate guarantees on behalf of subsidiaries. Details are given below:

Name of the party	As at March 31, 2021		As at March 31, 2020	
	Foreign currency (million)	Amount	Foreign currency (million)	Amount
Thermax Instrumentation Limited	-	70.00	-	42.00
Thermax Engineering Construction Company Limited	-	69.00	-	69.00
Thermax Babcock & Wilcox Energy Solutions Private Limited	-	1,615.00	-	1,615.00
Thermax Cooling Solutions Limited	-	35.00	-	35.00
Thermax Engineering Singapore Pte. Ltd.	USD 10	73.12	USD 10	75.65
Danstoker A/S	USD 8.9	65.07	USD 7.2	54.47
Thermax (Zhejiang) Cooling & Heating Engineering Company Ltd.	-	-	USD 6	45.39
PT Thermax International Indonesia	USD 11.4	83.35	USD 11.4	86.24
Rifox-Hans Richter GmbH Spezialarmaturen	EUR 0.45	3.86	EUR 0.45	3.75
Thermax Denmark ApS	EUR 2	17.17	EUR 5.75	47.89
Total		2,031.57		2,074.39

The above guarantees have been issued for the purpose of various banking facilities for the subsidiaries.

34 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

Notes to Standalone Financial Statements

for the year ended March 31, 2021

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

of Trustees aim to keep annual contributions relatively stable at a level such that no plan deficits (based on valuation performed) will arise.

I Changes in the net benefit obligation and fair value of plan assets are as follows :

Particulars	Present value of obligation	Fair value of plan assets	Net amount
April 1, 2019	58.91	(66.21)	(7.30)
Current service cost	8.02	-	8.02
Interest expense/(income)	6.19	(7.60)	(1.41)
Total amount recognised in Profit or Loss*	14.21	(7.60)	6.61
Experience adjustments	4.67	-	4.67
Actuarial loss from change in financial assumptions	8.59	-	8.59
Demographic adjustments	(1.29)	-	(1.29)
Return on plan assets (income)	-	0.91	0.91
Total amount recognised in Other Comprehensive (Income)/Loss*	11.97	0.91	12.88
Employer contributions	-	(15.71)	(15.71)
Benefits paid	(11.75)	11.75	-
Reclassified as a part of disposal group	(1.90)	1.90	-
March 31, 2020	71.44	(74.96)	(3.52)
Current service cost	7.59	-	7.59
Interest expense/(income)	4.33	(5.33)	(0.99)
Total amount recognised in Profit or Loss	11.93	(5.33)	6.60
Experience adjustments	2.04	-	2.04
Actuarial gain from change in financial assumptions	(1.88)	-	(1.88)
Return on plan assets (income)	-	(1.38)	(1.38)
Total amount recognised in Other Comprehensive (Income)/Loss	0.16	(1.38)	(1.22)
Employer contributions	-	(6.33)	(6.33)
Benefits paid	(15.61)	15.61	-
Transfer Out	(0.49)	0.49	-
March 31, 2021	67.42	(71.89)	(4.47)

*Includes Rs. 2.27 in Profit or Loss and Rs.0.14 in Other Comprehensive Income pertaining to discontinued operations. As the liability at the year end is computed on consolidated basis, combined disclosure for continuing and discontinued operations has been presented.

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

Particulars	March 31, 2021	March 31, 2020
Present value of funded obligation	67.42	71.44
Fair value of plan assets	(71.89)	(74.96)
Surplus of funded plan	(4.47)	(3.52)

Notes to Standalone Financial Statements

for the year ended March 31, 2021

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

III Significant assumptions

The principal actuarial assumptions were as follows :

Particulars	March 31, 2021	March 31, 2020
Discount rate	6.47%	6.04%
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 10%	5% to 10%

IV Sensitivity analysis

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

Particulars	Impact of defined benefit obligation	
	March 31, 2021	March 31, 2020
Discount rate		
1.00% increase	Decrease by 4.33	Decrease by 5.08
1.00% decrease	Increase by 4.91	Increase by 5.76
Future salary increase		
1.00% increase	Increase by 4.50	Increase by 5.26
1.00% decrease	Decrease by 4.05	Decrease by 4.73
Attrition rate		
1.00% increase	Decrease by 0.30	Increase by 0.52
1.00% decrease	Increase by 0.33	Decrease by 0.58

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, 2021	March 31, 2020
Within next 12 months	8.03	11.19
Between 2-5 years	24.39	27.67
Next 5 years	21.24	23.31

The average duration of the defined benefit plan obligation at the end of the reporting period is 8 years (March 31, 2020: 9 years)

The Company expects to contribute Rs. 2 to gratuity fund in the next year (March 31, 2020 : Rs. 2)

V The major categories of plan assets are as follows:

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

Notes to Standalone Financial Statements

for the year ended March 31, 2021

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

35 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, 2021	March 31, 2020
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 (Zhejiang) Cooling & Heating Engineering Company Ltd.^	China	NA	100%
10	Thermax Netherlands B.V.	Netherlands	100%	100%
11	Thermax Denmark ApS*	Denmark	100%	100%
12	Danstoker A/S*	Denmark	100%	100%
13	Ejendomsanp artsselskabet Industrivej Nord 13*	Denmark	100%	100%
14	Boilerworks A/S*	Denmark	100%	100%
15	Boilerworks Properties ApS Industrivej*	Denmark	100%	100%
16	Danstoker Poland S.p.Z.o.o. *	Poland	100%	100%
17	Rifox-Hans Richter GmbH Spezialarmaturen	Germany	100%	100%
18	Thermax SDN. BHD	Malaysia	100%	100%
19	Thermax Engineering Singapore Pte. Ltd.	Singapore	100%	100%
20	PT Thermax International*	Indonesia	100%	100%
21	Thermax Hong Kong Limited##	Hong Kong	100%	100%
22	Thermax Senegal S.A.R.L.*^	Senegal	100%	100%
23	First Energy Private Limited	India	100%	76%
24	Thermax Energy and Environment Philippines Corporation *	Philippines	100%	100%
25	Thermax Energy & Environment Lanka (Private) Limited *	Sri Lanka	100%	100%
26	Thermax Nigeria Limited*	Nigeria	100%	100%
27	Thermax Babcock & Wilcox Energy Solutions Private Limited	India	100%	100%
28	Thermax Cooling Solutions Limited	India	100%	100%
29	Thermax Engineering Construction FZE *	Nigeria	100%	100%
30	Thermax International Tanzania Limited	Tanzania	100%	100%
31	Thermax (Thailand) Limited	Thailand	100%	100%
32	Enernxt Private Limited*#	India	100%	NA
33	Thermax Employee ESOP and Welfare Trust**	India	-	-

* Held indirectly

^ Under liquidation

The subsidiary was liquidated on September 11, 2020.

Incorporated on January 5, 2021.

** 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.

Notes to Standalone Financial Statements

for the year ended March 31, 2021

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

B Holding Company

Sr No.	Name of the entity	Place of business/ Country of incorporation	Ownership interest	
			March 31, 2021	March 31, 2020
1	RDA Holdings Private Limited	India	53.99%	53.99%

C 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. Pheroze Pudumjee - Director
- 4 Mr. Zahaan Pudumjee - Relative of Director / Chairperson

D Key Management Personnel:

- 1 Mr. M S Unnikrishnan - Managing Director and Chief Executive Officer (Retired on August 31, 2020)
- 2 Mr. Ashish Bhandari - Managing Director and Chief Executive Officer (w.e.f April 7, 2020)
- 3 Dr Valentin A. H. von Massow - Independent Director
- 4 Dr Jairam Varadaraj - Independent Director
- 5 Mr. Nawshir Mirza - Independent Director
- 6 Mr. Harsh Mariwala - Independent Director
- 7 Mr. Sashishekar Balakrishna (Ravi) Pandit - Independent Director
- 8 Mrs. Rajani Kesari - Independent Director
- 9 Mr. Rajendran Arunachalam - Chief Financial Officer (w.e.f June 1, 2019)
- 10 Mr. Amitabha Mukhopadhyay - Chief Financial Officer (Resigned on May 31, 2019)
- 11 Mr. Kedar Phadke - Company Secretary

E Enterprises with whom transactions have taken place during the year, over which control is exercised by individuals listed in 'C' and 'D' 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

Notes to Standalone Financial Statements

for the year ended March 31, 2021

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

F Transactions with related parties for the year ended March 31, 2021:

Particulars	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 D	Total
a. Transactions during the year				
Revenue from contracts with customers	222.16	-	-	222.16
Commission income	0.16	-	-	0.16
Miscellaneous income	5.23	-	-	5.23
Interest income	19.18	-	-	19.18
Dividend income	30.80	-	-	30.80
Recovery of expenses	29.03	-	-	29.03
Purchase of raw material and components	196.50	1.21	-	197.71
Site expenses and contract labour charges	32.75	-	-	32.75
Reimbursement of expenses	11.67	-	-	11.67
Rendering of support services	3.11	-	-	3.11
Other expenses	5.75	0.02	-	5.77
Remuneration to Key Management Personnel*	-	-	23.79	23.79
Donation	-	7.06	-	7.06
Purchase of property, plant and equipment/ Capital work-in-progress	-	-	-	-
Investment in equity shares	24.53	-	-	24.53
Loans given	0.50	-	-	0.50
Loan Recovered	225.00	-	-	225.00
Impairment provision	1.13	-	-	1.13
Director's sitting fees	-	-	0.56	0.56
Commission paid	-	-	4.12	4.12
Rent paid	0.63	-	0.35	0.98

* 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, 2021
Revenue from contracts with customers	135.72
Purchase of raw material and components	29.25

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. 15.72.

Notes to Standalone Financial Statements

for the year ended March 31, 2021

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

Particulars	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 D	Total
b.Balances as at reporting date				
Trade receivables [^]	64.97	-	-	64.97
Advances given [#]	56.18	-	-	56.18
Loans given (including security deposit)*	80.12	-	0.53	80.65
Other Assets	1.79	-	-	1.79
Trade payables	96.66	0.01	-	96.67
Advances received	13.46	-	-	13.46
Guarantee /letter of comfort given on behalf of subsidiaries	2,198.66	-	-	2,198.66

[^] Before impairment provision Rs. 3.30 (March 31, 2020: Rs. 2.67)

* Before impairment provision Rs. 4.12 (March 31, 2020: Rs. 3.62)

[#] Includes capital advances of Rs. 3.40 (March 31, 2020: Rs. Nil)

Notes to Standalone Financial Statements

for the year ended March 31, 2021

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

G Transactions with related parties for the year ended March 31, 2020:

Particulars	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 D		Total	
	Continuing Operations	Discontinuing Operations	Continuing Operations	Discontinuing Operations	Continuing Operations	Discontinuing Operations	Continuing Operations	Discontinuing Operations
	a. Transactions during the year							
Revenue from contracts with customers	214.39	9.04	0.68	-	-	-	215.07	9.04
Commission income	0.22	-	-	-	-	-	0.22	-
Miscellaneous income	9.94	0.39	-	-	-	-	9.94	0.39
Interest income	13.53	-	-	-	-	-	13.53	-
Dividend income	9.33	-	-	-	-	-	9.33	-
Recovery of expenses	23.36	0.37	-	-	-	-	23.36	0.37
Purchase of raw material and components	81.93	12.28	0.35	-	-	-	82.28	12.28
Site expenses and contract labour charges	58.78	1.56	-	-	-	-	58.78	1.56
Reimbursement of expenses	11.01	1.05	-	-	-	-	11.01	1.05
Rendering of support services	3.11	-	-	-	-	-	3.11	-
Other expenses	1.61	0.03	0.01	-	-	-	1.62	0.03
Remuneration to Key Management Personnel*	-	-	-	-	6.93	-	6.93	-
Donation	-	-	7.47	-	-	-	7.47	-
Purchase of property, plant and equipment	0.86	-	-	-	-	-	0.86	-
Investment in equity shares	7.09	-	-	-	-	-	7.09	-
Redemption in Preference shares	(10.00)	-	-	-	-	-	(10.00)	-
Loans given	304.62	-	-	-	-	-	304.62	-
Loan Recovered#	9.30	-	-	-	-	-	9.30	-
Impairment provision	6.29	-	-	-	-	-	6.29	-
Director's sitting fees	-	-	-	-	0.44	-	0.44	-
Commission paid	-	-	-	-	3.72	-	3.72	-
Rent paid	0.63	-	-	-	0.51	-	1.13	-
Consideration received towards sale of B&H business	350.74	-	-	-	-	-	350.74	-

* 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. 90.06 and to Employee welfare and ESOP trusts Rs 9.16.

Notes to Standalone Financial Statements

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Transactions carried out in the capacity of agent with TBWES:

Description	March 31, 2020
Revenue from contracts with customers	178.29
Purchase of raw material and components	47.76

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. 11.07.

Particulars	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 D	Total
b. Balances as at reporting date				
Trade receivables [^]	69.48	**	-	69.48
Advances given	33.45	-	-	33.45
Loans given (including security deposit) ^{#*}	310.76	-	0.53	311.29
Other Assets	14.40	-	-	14.40
Trade payables	66.38	0.02	-	66.39
Advances received	2.95	-	-	2.95
Guarantee /letter of comfort given on behalf of subsidiaries	2,492.87	-	-	2,492.87

** represents amount less than a lakh rupees

includes interest accrued of Rs. 6.14

[^] Before impairment provision Rs. 2.67

* Before impairment provision Rs. 3.62

Notes to Standalone Financial Statements

for the year ended March 31, 2021

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

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

Particulars	March 31, 2021	March 31, 2020
Transactions during the year		
Revenue from contracts with customers		
Thermax Inc., U.S.A.	110.06	91.20
Thermax Europe Limited., U.K	47.08	32.10
Thermax Onsite Energy Solutions Limited, India	28.30	28.47
Thermax Babcock & Wilcox Energy Solutions Private Limited, India	21.29	35.41
PT Thermax International, Indonesia	13.05	33.71
Commission income		
Thermax Engineering Construction Company Limited, India	0.13	0.13
Thermax Instrumentation Limited, India	0.03	0.09
Miscellaneous income		
Thermax Instrumentation Limited, India	0.61	0.61
Thermax Babcock & Wilcox Energy Solutions Private Limited, India	4.62	9.30
Interest income		
Thermax Engineering Construction Company Limited, India	-	0.27
Thermax Babcock & Wilcox Energy Solutions Private Limited, India	19.18	13.25
Dividend income		
Thermax Engineering Construction Company Limited, India	20.00	-
Thermax Instrumentation Limited, India	10.80	-
Thermax Onsite Energy Solutions Limited, India	-	9.33
Recovery of expenses		
Thermax Instrumentation Limited, India	4.49	5.93
Thermax Babcock & Wilcox Energy Solutions Private Limited, India	12.24	13.16
Purchase of raw material and components		
Thermax Babcock & Wilcox Energy Solutions Private Limited, India	176.29	87.41
Site expenses and contract labour charges		
Thermax Engineering Construction Company Limited, India	-	1.56
Thermax Instrumentation Limited, India	32.22	58.42
Reimbursement of expenses		
Thermax Europe Limited., U.K	1.48	5.95
Thermax SDN. BHD, Malaysia	2.42	1.82
Thermax Babcock & Wilcox Energy Solutions Private Limited, India	5.14	1.75
Thermax Nigeria Limited	1.72	0.65

Notes to Standalone Financial Statements

for the year ended March 31, 2021

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

Particulars	March 31, 2021	March 31, 2020
Rendering of support services		
Thermax Energy and Environment Philippines Corporation	1.04	3.11
Other expenses:		
Thermax SDN. BHD, Malaysia	-	1.32
PT Thermax International, Indonesia	0.45	-
Thermax Denmark ApS	0.09	-
Remuneration to Key Management Personnel, excluding commission		
Mr. M. S. Unnikrishnan#	14.82	4.00
Mr. Ashish Bhandari	5.64	-
Mr. Rajendran Arunachalam	1.39	1.27
Mr. Amitabha Mukhopadhyay	-	1.26
Donation		
Thermax Foundation, India	7.06	7.47
Purchase of property, plant and equipment/Capital Work-in-progress		
Thermax Babcock & Wilcox Energy Solutions Private Ltd., India	-	0.86
Rifox-Hans Richter GmbH Spezialarmaturen	-	-
Investment in equity shares		
Thermax Onsite Energy Solutions Limited, India	23.63	-
Thermax (Thailand) Limited	0.90	-
Thermax Netherlands B.V.	24.21	-
Thermax (Zhejiang) Cooling & Heating Engineering Company Ltd.	-	7.09
(Redemption)/Investment in Preference share		
Thermax Instrumentation Limited, India	-	(10.00)
Loans given		
First Energy Private Limited	0.50	3.62
Thermax Babcock & Wilcox Energy Solutions Private Ltd., India	-	301.00
Loans recovered		
Thermax Engineering Construction Company Limited, India	-	7.50
Thermax Sustainable Energy Solutions Limited	-	1.80
Thermax Babcock & Wilcox Energy Solutions Private Ltd., India	225.00	-
Directors sitting fees		
Mrs. Meher Pudumjee	0.07	0.06
Mr. Pheroze Pudumjee	0.10	0.08
Dr Valentin A. H. von Massow	0.07	0.06

Notes to Standalone Financial Statements

for the year ended March 31, 2021

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

Particulars	March 31, 2021	March 31, 2020
Dr Jairam Varadaraj	0.09	0.07
Mr. Nawshir Mirza	0.07	0.06
Mr. Ravi Pandit	0.06	0.06
Mrs. Rajani Kesari	0.07	0.04
Commission paid		
Mrs. Meher Pudumjee	0.45	0.45
Mr. Pheroze Pudumjee	0.20	0.20
Dr Valentin A. H. von Massow	0.38	0.37
Dr Jairam Varadaraj	0.20	0.20
Mr. Nawshir Mirza	0.35	0.35
Mr. Harsh Mariwala	0.25	0.25
Mr. Ravi Pandit	0.15	0.15
Mrs. Rajani Kesari	0.15	0.15
M. S. Unnikrishnan	1.60	1.60
Rent paid		
Mrs. Meher Pudumjee	0.11	0.14
Mrs. Anu Aga	0.13	0.24
Mr. Pheroze Pudumjee	0.11	0.14
Thermax Instrumentation Limited, India	0.63	0.63

Mr. M S Unnikrishnan retired during the year, retirement benefits are included in the remuneration.

Particulars	March 31, 2021	March 31, 2020
Balances as at year end		
Trade receivables		
Thermax Inc., U.S.A.	18.36	14.96
Thermax Babcock & Wilcox Energy Solutions Private Limited, India	13.40	32.43
PT Thermax International, Indonesia	10.07	9.87
Thermax Onsite Energy Solutions Limited, India	11.42	5.25
Interest accrued		
Thermax Babcock & Wilcox Energy Solutions Private Limited, India	-	6.14
Advances given		
Thermax Instrumentation Limited, India	15.33	4.69
Thermax Babcock & Wilcox Energy Solutions Private Limited, India	35.88	22.49
Loans given (including security deposit)		
Thermax Babcock & Wilcox Energy Solutions Private Limited, India	76.00	301.00
First Energy Private Limited, India	4.12	3.62

Notes to Standalone Financial Statements

for the year ended March 31, 2021

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

Particulars	March 31, 2021	March 31, 2020
Other Assets:		
Thermax Babcock & Wilcox Energy Solutions Private Limited, India	-	14.05
First Energy Private Limited, India	0.30	-
Trade payables		
Thermax Instrumentation Limited, India	-	28.18
Thermax Babcock & Wilcox Energy Solutions Private Limited, India	-	27.01
Advances received		
Thermax Onsite Energy Solutions Limited, India	0.69	2.40
Thermax Babcock & Wilcox Energy Solutions Private Limited, India	3.14	0.36
Thermax Inc., U.S.A.	-	-
Guarantee/ Letter of comfort given on behalf of subsidiaries*	2,198.66	2,492.87

* For details of guarantee/ letter of comfort given on behalf on subsidiaries, refer note 33

J Loans and advances in the nature of loans given to subsidiaries.

Particulars	March 31, 2021	March 31, 2020
Thermax Engineering Construction Company Limited, India		
Balance outstanding	-	-
Maximum amount outstanding during the year	-	7.50
Thermax Babcock & Wilcox Energy Solutions Private Limited, India		
Balance outstanding	76.00	301.00
Maximum amount outstanding during the year	301.00	301.00
First Energy Private Limited, India		
Balance outstanding	4.12	3.62
Maximum amount outstanding during the year	4.12	3.62

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 33(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 33.

As on year ended March 31, 2021, the Company has recorded an impairment of receivables amounting to Rs. 3.30 (March 31, 2020: Rs. 2.67) and impairment of loan amounting to Rs. 4.12 relating to amounts owed by related parties (March 31, 2020: Rs. 3.62). 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.

36 Segment information

In accordance with para 4 of Ind AS 108 "Operating Segments", the Company has disclosed segment information in the consolidated financial statements.

Notes to Standalone Financial Statements

for the year ended March 31, 2021

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

37 Fair value measurements

a) Category of financial instruments and valuation techniques

(i) Financial assets

Details of financial assets carried at amortised cost

Particulars	As at March 31, 2021	As at March 31, 2020
Trade receivables	924.39	845.49
Loans	90.44	322.91
Other financial assets	141.17	104.77
Cash and cash equivalents	181.93	86.84
Bank balances other than cash and cash equivalents (includes fixed deposits with banks)	1,204.85	143.28
Total	2,542.78	1,503.29
Current assets	2,430.25	1,178.61
Non-current assets	112.53	324.68
Total	2,542.78	1,503.29

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

Details of financial assets carried at fair value through profit and loss

Particulars	As at March 31, 2021	As at March 31, 2020
Investments	298.17	756.13
Total	298.17	756.13
Current assets	114.94	637.14
Non-current assets	183.23	118.99
Total	298.17	756.13

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

Particulars	As at March 31, 2021	As at March 31, 2020
Derivative instruments		
Cash flow hedges		
Foreign exchange forward contracts	0.95	1.99
Derivative not designated as hedges		
Foreign exchange forward contracts	2.75	2.43
Total	3.70	4.42
Current assets	3.70	4.42
Non-current assets	-	-
Total	3.70	4.42

Notes to Standalone Financial Statements

for the year ended March 31, 2021

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

(ii) Financial liabilities

Details of financial liabilities carried at amortised cost

Particulars	As at March 31, 2021	As at March 31, 2020
Borrowings	140.75	72.38
Trade payable	885.58	648.17
Employee related payables	57.59	38.49
Other liabilities	18.10	21.63
Total	1,102.02	780.67
Current liabilities	1,048.45	727.94
Non current liabilities	53.57	52.73
Total	1,102.02	780.67

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

Details of derivative liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Derivative instruments		
Cash flow hedges		
Foreign exchange forward contracts	0.98	12.89
Derivative not designated as hedges		
Foreign exchange forward contracts	2.44	6.76
Total	3.42	19.65
Current liabilities	3.42	19.65
Non-current liabilities	-	-
Total	3.42	19.65

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.

Notes to Standalone Financial Statements

for the year ended March 31, 2021

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

b) Fair value hierarchy

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

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2021

Particulars	Date of Valuation	Level 1	Level 2	Level 3 *
Financial assets				
Investments				
Equity instruments	March 31, 2021	0.16	-	-
Preference shares	March 31, 2021	-	-	64.07
Mutual funds	March 31, 2021	-	233.94	-
Derivative financial assets	March 31, 2021	-	3.70	-
Financial liabilities				
Derivative financial liabilities	March 31, 2021	-	3.42	-

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2020

Particulars	Date of Valuation	Level 1	Level 2	Level 3 *
Financial assets				
Investments				
Equity instruments	March 31, 2020	0.08	-	-
Preference shares	March 31, 2020	-	-	59.86
Mutual funds	March 31, 2020	-	696.19	-
Derivative financial assets	March 31, 2020	-	4.42	-
Financial liabilities				
Derivative financial liabilities	March 31, 2020	-	19.65	-

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.

38 (a) Financial risk management

The Company's principal financial liabilities, other than derivatives, comprise trade and other payables and borrowings. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade and other receivables and cash and cash equivalents that derive directly from its operations. The Company also holds FVTPL investments and enters into derivative transactions.

Risk is inherent in the Company's activities but it is managed through a process of 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, 2021 and March 31, 2020. The management of the Company reviews and agrees policies for managing each of these risks which are summarised below:

Notes to Standalone Financial Statements

for the year ended March 31, 2021

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

I Market risk

Market risk is the risk that the value of an asset will fluctuate as a result of changes in market variables such as interest rates, foreign exchange rates and equity prices, whether those changes are caused by factors specific to the individual investment or its issuer or factors affecting all investments traded in the market.

Market risk is managed on the basis of pre-determined asset allocations across various asset categories, diversification of assets in terms of geographical distribution and industry concentration, a continuous appraisal of market conditions and trends and management's estimate of long and short term changes in fair value.

a Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not currently exposed significantly to such risk.

b Foreign currency risk

Foreign exchange risk arises when future commercial transactions and relevant assets and liabilities are denominated in a currency that is not the Company's functional currency. Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

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.

Particulars	Impact on profit before tax		Impact on other components of equity	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
USD Sensitivity				
INR/ USD - Increase by 1%	(2.19)	(1.44)	-	(1.11)
INR/ USD - Decrease by 1%	2.19	1.44	-	1.11
JPY Sensitivity				
INR/ JPY - Increase by 1%	0.07	0.03	-	-
INR/ JPY - Decrease by 1%	(0.07)	(0.03)	-	-
SEK Sensitivity				
INR/ SEK - Increase by 1%	0.04	0.15	0.02	0.09
INR/ SEK - Decrease by 1%	(0.04)	(0.15)	(0.02)	(0.09)
EURO Sensitivity				
INR/ EUR - Increase by 1%	0.01	(0.35)	(0.01)	(0.01)
	(0.01)	0.35		

Favourable impact shown as positive and adverse impact as negative.

Notes to Standalone Financial Statements

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

The exposure to other foreign currencies is not significant to the Company's financial statements.

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, 2021 and March 31, 2020 is the carrying amounts as disclosed in Note 9(a) and 13, maximum exposure relating to financial guarantees is disclosed in note 33 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.

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for the year ended March 31, 2021

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

(i) Maturities of financial liabilities

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

March 31, 2021	< 1 year	1 to 3 years	> 3 years
Non- derivative			
Borrowings	140.75	-	-
Trade Payables	841.26	44.32	-
Other financial liabilities			
Unpaid dividend	0.89	-	-
Lease obligation	1.61	3.95	1.35
Other payables	62.62	0.64	-
Liability Towards Employee Separation Scheme	2.06	2.39	1.61
Derivatives (net settled)			
Foreign exchange forward contracts	3.42	-	-
March 31, 2020	< 1 year	1 to 3 years	> 3 years
Non- derivative			
Borrowings	72.38	-	-
Trade Payables	602.59	45.58	-
Other financial liabilities			
Unpaid dividend	0.97	-	-
Lease obligation	1.08	2.25	3.79
Other payables	50.92	1.11	-
Liability Towards Employee Separation Scheme			
Derivatives (net settled)			
Foreign exchange forward contracts	19.65	-	-

38 (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 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, 2021		March 31, 2020	
	Assets	Liabilities	Assets	Liabilities
Fair Value of Foreign exchange forward contracts designated as hedging instruments	3.70	(3.42)	4.42	(19.65)

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.

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for the year ended March 31, 2021

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Particulars	March 31, 2021		March 31, 2020	
	Assets	Liabilities	Assets	Liabilities
Cash flow hedge				
Foreign exchange forward contracts	162.40	(18.93)	318.46	(35.39)
Derivatives not designated as hedges				
Foreign exchange forward contracts	450.61	(135.47)	234.29	(77.46)

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, 2021		March 31, 2020	
	Expected future sales	Expected future purchase	Expected future sales	Expected future purchase
Unrealised gain/ (loss)	0.04	(0.05)	(9.55)	11.96
Deferred tax asset/ (liability)	(0.01)	0.01	2.40	(3.01)
	0.03	(0.04)	7.14	8.95

The amounts retained in OCI at March 31, 2021 are expected to mature and affect the statement of profit and loss during the year ending March 31, 2022.

Reclassifications to profit or loss during the year gains or losses included in OCI are shown in Note 31.

39 Capital Management

The Company's objective for capital management is to maximise long term shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long- term and other strategic investment plans. The funding requirements are met through equity and operating cash flows generated. No changes were made in the objectives, policies or processes during the years ended March 31, 2021 and March 31, 2020 Capital represents equity attributable to equity holders of the Company.

Particulars	As at March 31, 2021	As at March 31, 2020
Borrowings	140.75	72.38
Trade payables	885.58	648.17
Book overdraft	1.73	3.41
Less: Cash and cash equivalents(includes deposits with maturity of more than 3 months but less than 12 months)	(1,386.78)	(230.12)
Net (surplus) / debt	(358.72)	493.84
Equity	2,879.38	2,737.49
Capital and net debt	2,520.66	3,231.33
Gearing ratio	-	1 : 6.54

Notes to Standalone Financial Statements

for the year ended March 31, 2021

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

40 Exceptional Items

Particulars	March 31, 2021	March 31, 2020
Impairment in subsidiaries *		
Thermax (Zhejiang) Cooling and Heating Engineering Co Ltd.	-	7.09
Thermax Netherlands B.V.	74.68	-
First Energy Private Limited - Equity shares	-	4.18
First Energy Private Limited - Loan	-	3.62
Thermax Engineering Singapore Pte. Ltd	22.49	-
Others		
Voluntary Retirement Scheme	5.86	-
	103.03	14.89

* Considering the current market scenario and performance of certain subsidiaries, the Company has accounted for impairment on certain investments in subsidiaries.

The Company as on October 05, 2020 announced a Voluntary Retirement Scheme (VRS) for its eligible employees.

The amount of scheme benefits payable to employees who opted for it is Rs. 5.86 (March 31,2020 : Rs Nil). The outstanding amount of scheme benefits payable to employees as on March 31, 2021 is Rs. 4.63 (March 31,2020 : Rs Nil).

41 Impact of COVID-19

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

42 Social Security code

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

For SRBC & COLLP
Chartered Accountants
ICAI Firm Reg No. 324982E/E300003

per Tridevlal Khandelwal
Partner
Membership No. 501160

Place: Pune
Date: May 25, 2021

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

Meher Pudumjee
Chairperson
DIN: 00019581

Rajendran Arunachalam
Executive Vice President and Group Chief
Financial Officer

Place: Pune
Date: May 25, 2021

Ashish Bhandari
Managing Director and CEO
DIN: 05291138

Kedar Phadke
Company Secretary

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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") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the consolidated Balance sheet as at March 31 2021, 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, 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 as at March 31, 2021, 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 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.

Emphasis of Matters

- (a) We draw attention to note 31(A)(a) of the consolidated financial statements relating to the demand orders on the Group for Rs. 1,385.47 crores (including penalty of Rs. 331.88 crores and excluding interest not presently quantified) by the Commissioner of Central Excise, Pune. The Holding Company has filed an appeal against the said orders.
- (b) We draw attention to note 41 of the accompanying consolidated financial statements which describes the management's evaluation of impact of uncertainties related to COVID-19 and its consequential effects on the carrying value of its intangible assets, trade receivables, contract balances and inventories as at March 31, 2021 and the operations of the Group.

Our opinion is not qualified in respect of the above matters.

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, 2021. 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
<p>a) Revenue recognition for Engineering, Procurement and Construction contracts (as described in note 21(c) of the consolidated financial statements)</p>	
<p>The Group's significant portion of business is undertaken through Engineering, Procurement and Construction (EPC) contracts. Revenue from these contracts is recognized over a period of time in accordance with the requirements of Ind AS 115, Revenue from Contracts with Customers.</p> <p>Due to the nature of such contracts, revenue is accounted over a period of time (using input method) which requires identification of performance obligations, significant judgement with regards to determining contract costs incurred to date compared to estimated total contract costs, the Group's rights to receive payments for performance completed till date, changes in scope and consequential revised contract price and recognition of the liability for loss making contracts/ onerous obligations. Revenues and profits for the year under audit, may deviate significantly on account of change in such judgements and estimates.</p> <p>Furthermore, for the financial year 2020-21, the effects of the coronavirus pandemic (COVID-19) on the project business, such as delays in project execution due to access restrictions at customer sites including short-term interruptions to supply chains as well as the invocation of force majeure, contractual penalties for delays in delivery or any material changes in such contracts and the underlying accounting treatment were of key significance for our audit.</p> <p>Revenue from such contracts amounted to Rs. 2795.87 crores.</p>	<p>The audit procedures performed by us and the auditors of the subsidiaries ('other auditor') included the following:</p> <ul style="list-style-type: none"> • We and other auditors understood the Group's policies and processes, control mechanisms and methods in relation to the revenue recognition for these 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 evaluated management's estimates and assumptions for a selected (risk-based method) sample contracts (including contracts impacted by COVID-19) and inspected the underlying documents which form the basis of revenue recognition under the input method. • We and other auditors evaluated the management's process to recognize revenue over a period of time, determine cost estimates, status of the projects and tested the arithmetical accuracy of the same. • Amongst others, for a sample of contracts, the procedures performed by us and other auditors included: <ul style="list-style-type: none"> • Provision for liquidated damages: The procedures involved discussions with management and project teams to understand the status of the project and on-going discussions with the customers in terms of likelihood of imposing any contractual penalties and analyzed the above through inspection of the relevant documents and correspondences. • Adequacy of contingency provisions: Understood the management's estimate and rationale for provision movement during the year. We and other auditors analyzed the movement throughout the life of the contract, and discussed progress to date with individual project teams to determine whether the remaining contingency was sufficient to cover residual risks on the project.

Key audit matter	How our audit addressed the key audit matter
	<ul style="list-style-type: none"> • Assessment of costs-to-complete: Performed analytical procedures on balance cost estimation, tested the historical accuracy of previous forecasts and discussed variances with project teams. We and other auditors tested that the costs incurred were accrued at year end and also tested the assumptions for balance costs-to-complete. • We and other auditors understood the management’s assessment of the impact due to the lockdown and other restrictions caused by COVID-19 on project execution as well as the afore-mentioned procedures. • We and other auditors performed analytical procedures and checked exceptions for contracts with low or negative margins, loss making contracts, contracts with significant changes in cost estimates, probable penalties due to delay in contract execution and significant overdue net receivable positions for contracts with marginal or no movement to determine the level of provisioning required. <p>As part of our procedures, we read and assessed the presentation and disclosure of such EPC contracts in the consolidated financial statements.</p>
<p>b) Impairment of trade receivables and contract assets: (as described in note 7 and note 9(b) of the consolidated financial statements)</p>	
<p>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 recognize impairment through ECL method using individual receivables or for homogeneous group of receivables with similar credit risk characteristics.</p> <p>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. The timing</p>	<p>The audit procedures performed by us and the other auditors included the following:</p> <ul style="list-style-type: none"> • We and other auditors evaluated the management’s key data sources and assumptions used in the ECL model to determine impairment allowance including any updates to such assumptions due to COVID-19 • 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.

Key audit matter	How our audit addressed the key audit matter
<p>of future cash flows may also vary to some extent due to COVID-19. As at the March 31, 2021, the Group recorded an impairment allowance of Rs 444.24 crores for its receivables and unbilled revenue.</p>	<ul style="list-style-type: none"> • 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. <p>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.</p>
<p>c) Recoverability of deferred tax assets (as described in note 10 of the consolidated financial statements)</p>	
<p>Thermax Babcock and Wilcock Energy Solutions Private Limited (TBWES), a subsidiary of the Holding Company has a net Deferred Tax Asset ("DTA") of Rs. 68.43 crores from unused tax losses. Ind AS 12 states that a DTA shall be recognised for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.</p> <p>The assessment of utilization of accumulated tax losses against future taxable income involves significant estimates and therefore considered as a key audit matter.</p>	<p>As part of our audit, following procedures were performed by us:</p> <ul style="list-style-type: none"> • Evaluated the design and implementation of key controls relating to the assessment of the future profitability of TBWES. In evaluating management's judgements, we have considered, amongst other things, historical levels of taxable profits, the historical accuracy of forecasts, and the growth forecasts used by TBWES; • Performed sensitivity analysis on management's assumptions used in the forecast model • Tested the mathematical accuracy of the deferred tax calculation • Used the knowledge and experience of tax specialists to assist in assessing the assumptions and judgements made by the TBWES • Evaluated the adequacy of the Group's disclosures setting out the basis of the deferred tax balances and the level of estimation involved

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 Chairman's statement, Managing Director's statement, Business Responsibility Report and Director's Report including annexure to the Director's Report of the Annual Report of the Group, 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 identified above 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 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 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 are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation

and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group 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 are also responsible for overseeing the financial reporting process of the Group.

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 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 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 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, 2021 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

- We did not audit the financial statements and other financial information, in respect of 23 subsidiaries, 2 branches of a subsidiary and various employee trusts, whose financial statements include total assets of Rs 650.11 crores as at March 31, 2021, and total revenues of Rs 595.59 crores and net cash inflows of Rs 28.93 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 a subsidiary and various 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 a subsidiary and trusts, is based solely on the reports of such other auditors.

- (b) The accompanying consolidated financial statements include unaudited financial statements and other unaudited financial information in respect of 1 subsidiary, whose financial statements and other financial information reflect total assets of Rs 3.41 crores as at March 31, 2021, and total revenues of Rs. 2.46 crores and net cash outflows of Rs. 2.74 crores for the year ended on that date. These unaudited financial statements and 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 this subsidiary, 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, 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.

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

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, as noted in the 'Other Matters' 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;
- (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) The matter related to demand orders against the Group as described in 'Emphasis of Matters' paragraph above, in our opinion, may have an adverse effect on the functioning of the Group;
- (f) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2021 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 subsidiaries, none of the directors of the Group's companies, incorporated in India, is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;
- (g) With respect to the adequacy and the operating effectiveness of the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiary companies, incorporated in India, refer to our separate report in "Annexure 1" to this Report. This Report does not include Report on the internal financial controls under clause (i) of Sub-section 3 of Section 143 of the Act (the 'Report on internal financial controls') for an unaudited subsidiary which is not material for the Group;
- (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, 2021 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, as noted in the 'Other Matters' paragraph:
- i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group – refer note 31(A) 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 note 18(b) to the consolidated financial statements; and

- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiaries incorporated in India during the year ended March 31, 2021.

For SRBC & COLLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/ E300003

per Tridevjal Khandelwal

Partner

Membership Number: 501160

UDIN: 21501160AAAABN1384

Place: Pune

Date: May 25, 2021

Annexure 1 as referred to in paragraph 1(g) under the heading ‘Report on Other Legal and Regulatory Requirements’ of our report of even date

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

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, 2021, 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 Act.

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, 2021, 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 Matters

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 this 1 subsidiary, which is company incorporated in India, is based on the corresponding reports of the auditor of such subsidiary incorporated in India.

For SRBC & COLLP

Chartered Accountants
ICAI Firm Registration Number: 324982E/ E300003

per Tridevlal Khandelwal

Partner
Membership Number: 501160
UDIN: 21501160AAAABN1384

Place: Pune
Date: May 25, 2021

Consolidated Balance Sheet

as at March 31, 2021

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

Particulars	Note No.	As at March 31, 2021	As at March 31, 2020
ASSETS			
I Non-current assets			
Property, plant and equipment	4 (a)	1,042.69	1,055.09
Capital work-in-progress	4 (a)	21.06	55.26
Right-of-use assets	4 (b)	167.40	169.67
Goodwill	4 (c)	3.03	35.31
Other intangible assets	4 (c)	28.92	22.91
Intangible assets under development	4 (c)	3.10	0.74
Financial assets:			
(a) Investments	5	119.21	59.13
(b) Trade receivables	7 (a)	100.87	92.13
(c) Loans	8 (a)	17.40	18.20
(d) Finance lease receivables	32	61.02	58.89
(e) Other assets	9 (a)	59.06	38.93
Deferred tax assets (net)	10	161.04	155.36
Income tax assets (net)		163.09	129.61
Other assets	11 (a)	92.52	87.38
Total non-current assets		2,040.41	1,978.61
II Current assets			
Inventories	12	404.74	454.56
Financial assets:			
(a) Investments	6	115.25	816.07
(b) Trade receivables	7 (b)	1,237.10	1,386.33
(c) Cash and cash equivalents	13 (a)	461.31	254.04
(d) Bank balances other than (c) above	13 (b)	1,477.89	227.45
(e) Loans	8 (b)	4.45	5.94
(f) Finance lease receivables	32	11.42	9.29
(g) Other assets	9 (b)	371.29	425.82
Income tax assets (net)		2.60	3.33
Other assets	11 (b)	380.41	394.45
Total current assets		4,466.46	3,977.28
Total assets		6,506.87	5,955.89
EQUITY AND LIABILITIES			
III Equity			
Equity share capital	14	22.52	22.52
Other equity	15 (a)	3,228.87	3,005.38
Total equity		3,251.39	3,027.90
IV Non-current liabilities			
Financial liabilities:			
(a) Borrowings	16 (a)	22.16	33.39
(b) Trade payables	17 (a)	32.94	39.73
(c) Other liabilities	18 (a)	24.68	17.86
Provisions	19 (a)	25.86	20.97
Deferred tax liabilities (net)	10	7.01	4.41
Other liabilities	20 (a)	72.18	24.79
Total non-current liabilities		184.83	141.15
V Current liabilities			
Financial liabilities:			
(a) Borrowings	16 (b)	282.90	178.15
(b) Trade payables	17 (b)		
Total outstanding dues of micro and small enterprises		252.65	183.75
Total outstanding dues of creditors other than micro and small enterprises		885.36	776.49
(c) Other liabilities	18 (b)	123.31	148.12
Other liabilities	20 (b)	1,306.18	1,319.64
Provisions	19 (b)	195.14	169.35
Income tax liabilities (net)		25.11	11.34
Total current liabilities		3,070.65	2,786.84
Total equity and liabilities		6,506.87	5,955.89
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 and on behalf of the Board of Directors of Thermax Limited

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

per Tridevjal Khandelwal
Partner
Membership No. 501160

Place: Pune
Date: May 25, 2021

Meher Pudumjee
Chairperson
DIN: 00019581

Rajendran Arunachalam
Executive Vice President and Group Chief
Financial Officer

Place: Pune
Date: May 25, 2021

Ashish Bhandari
Managing Director and CEO
DIN: 05291138

Kedar Phadke
Company Secretary

Consolidated Statement of Profit and Loss

for the year ended March 31, 2021

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

Particulars	Note No.	Year ended March 31, 2021	Year ended March 31, 2020
INCOME			
Revenue from operations	21	4,791.25	5,731.31
Other income	22	107.74	100.00
Total Income (I)		4,898.99	5,831.31
EXPENSES			
Cost of raw materials and components consumed	23	2,467.43	2,996.14
Purchase of traded goods		83.36	104.12
(Increase) in inventories of finished goods, work-in-progress and traded goods	24	(12.16)	(14.57)
Employee benefits expense	25	758.76	799.02
Finance cost	26	20.64	15.02
Depreciation and amortisation expense	27	114.57	116.63
Other expenses	28	1,138.67	1,440.42
Total expenses (II)		4,571.27	5,456.78
Profit before exceptional items and tax (III) = (I-II)		327.72	374.53
Exceptional items (IV)	40	(52.53)	-
Profit before tax (V) = (III-IV)		275.19	374.53
Tax expense	10		
Current tax (including write back of tax balance for earlier years)		74.85	96.03
Deferred tax (net)		(6.24)	66.05
Total tax expense (VI)		68.61	162.08
Profit for the year (VII) = (V-VI)		206.58	212.45
Other Comprehensive Income (OCI)			
A. Items that will be reclassified subsequently to profit or loss	30		
i) Net gain / (loss) on cash flow hedges		5.51	(10.92)
Less: Income tax effect		(1.59)	2.75
		3.92	(8.17)
ii) Exchange differences on translating of foreign operations		8.77	11.44
		8.77	11.44
		12.69	3.27
B. Items that will not be reclassified subsequently to profit or loss	30		
Re-measurement gain / (loss) of defined benefit plan		5.76	(14.98)
Less: Income tax effect		(1.54)	2.93
		4.22	(12.05)
Net other comprehensive income for the year (net of tax)		16.91	(8.78)
Total comprehensive income for the year		223.49	203.67
Profit for the year			
Attributable to :			
Equity holders of the parent		206.58	212.45
Non-controlling interest		-	-
Other comprehensive income for the year			
Attributable to :			
Equity holders of the parent		16.91	(8.78)
Non-controlling interest		-	-
Total comprehensive income for the year			
Attributable to :			
Equity holders of the parent		223.49	203.67
Non-controlling interest		-	-
Earning per equity share [Nominal value per share Rs.2/- each (March 31, 2020: Rs.2/-)]	29		
Basic and Diluted		18.34	18.87
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 and on behalf of the Board of Directors of Thermax Limited

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

per Tridevjal Khandelwal
Partner
Membership No. 501160

Place: Pune
Date: May 25, 2021

Meher Pudumjee
Chairperson
DIN: 00019581

Rajendran Arunachalam
Executive Vice President and Group
Chief Financial Officer

Place: Pune
Date: May 25, 2021

Ashish Bhandari
Managing Director and CEO
DIN: 05291138

Kedar Phadke
Company Secretary

Consolidated Statement of Changes in Equity

for the year ended March 31, 2021

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

A Equity Share Capital

Particulars	Note No.	March 31, 2021	March 31, 2020
Balance at the beginning of the year	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	Reserves and surplus				Other reserves			Total other equity
	General reserve	Capital reserve	Capital redemption reserve	Retained earnings	Securities premium	Foreign currency translation reserve	Cash flow hedge reserve	
As at April 1, 2019	435.31	95.12	50.34	2,331.08	57.28	19.33	3.31	2,991.77
Profit for the year	-	-	-	212.45	-	-	-	212.45
Other Comprehensive Income (net)	-	-	-	(12.05)	-	11.44	(8.17)	(8.78)
Total comprehensive income	-	-	-	200.40	-	11.44	(8.17)	203.67
Redemption of preference shares	-	-	10.00	(10.00)	-	-	-	-
Dividends paid	-	-	-	(157.66)	-	-	-	(157.66)
Dividend distribution tax paid	-	-	-	(32.40)	-	-	-	(32.40)
As at March 31, 2020	435.31	95.12	60.34	2,331.42	57.28	30.77	(4.86)	3,005.38
Profit for the year	-	-	-	206.58	-	-	-	206.58
Other Comprehensive Income (net)	-	-	-	4.22	-	8.77	3.92	16.91
Total comprehensive income	-	-	-	210.80	-	8.77	3.92	223.49
As at March 31, 2021	435.31	95.12	60.34	2,542.22	57.28	39.54	(0.94)	3,228.87

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

For S R B C & COLLP

Chartered Accountants
ICAI Firm Reg No. 324982E/E300003

per Tridevlal Khandelwal

Partner
Membership No. 501160

Place: Pune
Date: May 25, 2021

Meher Pudumjee

Chairperson
DIN: 00019581

Rajendran Arunachalam

Executive Vice President and Group
Chief Financial Officer

Place: Pune
Date: May 25, 2021

Ashish Bhandari

Managing Director and CEO
DIN: 05291138

Kedar Phadke

Company Secretary

Consolidated Cash Flow Statement

for the year ended March 31, 2021

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

Particulars	Note No.	Year ended March 31, 2021	Year ended March 31, 2020
A) Cash flows from operating activities			
Profit before tax (after exceptional item)		275.19	374.53
Adjustments to reconcile profit before tax to net cash flows			
Depreciation on property, plant and equipment and right-of-use assets	27	101.70	103.58
Amortization of intangible assets	27	12.87	13.05
Provision for impairment allowance of financial assets (net)	28	11.24	40.93
Provision on account of impairment of certain assets	40	43.38	-
Interest expense	26	11.75	8.61
Unwinding of discount on provisions	26	8.89	6.41
Unrealized foreign exchange (gain)/loss		9.99	(22.36)
Interest income	22	(65.79)	(20.40)
Dividend income	22	(1.87)	(5.51)
Liabilities no longer required written back	22	(8.32)	(11.10)
Fair value gain on financial instrument at fair value through profit and loss (net)	22	(9.94)	(47.24)
(Profit)/Loss on sale / discard of assets (net)	28	0.76	(5.49)
Working capital adjustments			
Decrease / (Increase) in trade receivables		107.96	(44.56)
Decrease / (Increase) in inventories		49.27	54.06
Decrease / (Increase) in other financial assets		57.99	769.14
Decrease / (Increase) in other assets		15.04	105.19
Increase / (decrease) in trade payables		190.07	(398.33)
Increase / (decrease) in other liabilities		32.25	(485.39)
Increase / (decrease) in provisions		27.55	9.60
(Decrease) / Increase in other financial liabilities		(6.70)	12.12
Cash generated from operations		863.28	456.84
Direct taxes paid (net of refunds received)		(93.80)	(131.26)
Net cash inflow from operating activities		769.48	325.58
B) Cash flows from / (used in) investing activities			
Purchase of property, plant and equipment, right-of-use assets and intangible assets (net of disposal)		(83.37)	(48.00)
(Investment) / proceeds in fixed deposits (net)		(1,229.59)	(145.72)
Sale/ (purchase) of other investments (net)		650.68	1.38
Interest and dividend received		26.60	23.83
Net cash flows (used in) investing activities		(635.68)	(168.51)

Consolidated Cash Flow Statement

for the year ended March 31, 2021

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

Particulars	Note No.	Year ended March 31, 2021	Year ended March 31, 2020
C) Cash flows (used in) financing activities			
(Repayment) / proceeds of borrowings (net)		94.66	(31.04)
Interest paid		(11.84)	(8.52)
Dividend paid and tax thereon		-	(190.06)
Payment of lease liability		(5.58)	(2.83)
Net cash flows from / (used in) financing activities		77.24	(232.45)
Net increase / (decrease) in cash and cash equivalents		211.04	(75.38)
Cash and cash equivalents at the beginning of the year		199.00	245.89
Adjustment on account of acquisition (relating to opening balance)		-	17.05
Exchange differences on translation of foreign operations		8.77	11.44
Cash and cash equivalents at the end of the year		418.81	199.00

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

	Note No.	March 31, 2021	March 31, 2020
Cash and cash equivalents	13 (a)	461.31	254.04
Bank overdraft		(40.77)	(47.37)
Book overdraft	18 (b)	(1.73)	(7.67)
Balances as per Cash flow statement		418.81	199.00

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

For SRBC & COLLP

Chartered Accountants
ICAI Firm Reg No. 324982E/E300003

per Tridevjal Khandelwal

Partner
Membership No. 501160

Place: Pune
Date: May 25, 2021

Meher Pudumjee

Chairperson
DIN: 00019581

Rajendran Arunachalam

Executive Vice President and Group
Chief Financial Officer

Place: Pune
Date: May 25, 2021

Ashish Bhandari

Managing Director and CEO
DIN: 05291138

Kedar Phadke

Company Secretary

Notes to Consolidated Financial Statements

for the year ended March 31, 2021

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

1. Corporate Information

Thermax Limited ('the Holding Company' or 'the Company') and its subsidiaries (together referred to as 'the Group') offers solutions to energy, environment and chemical sectors. 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 authorized to issue these financial statements on May 25, 2021. 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, 2020 as disclosed in note 2.2.

(b) Basis of measurement

The consolidated financial statements have been prepared on the accrual and going concern basis under historical cost convention except the following:

- Derivative financial instruments;
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments); and
- Defined benefit plans whereby the plan assets are measured at fair value.

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Holding Company and its subsidiaries as at March 31, 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

There is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Group's voting rights and potential voting rights; and

Notes to Consolidated Financial Statements

for the year ended March 31, 2021

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

- 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, 2021.

Consolidation procedure

(a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognized in the consolidated financial statements at the acquisition date.

(b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. The accounting policy regarding business combinations and goodwill explains how to account for any related goodwill.

(c) Eliminate in full, intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognized in assets, such as inventory and property, plant and equipment, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 'Income Taxes' applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the carrying amount of assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interests;
- Derecognizes the cumulative translation differences recorded in equity;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

Notes to Consolidated Financial Statements

for the year ended March 31, 2021

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

2.2. Changes in accounting policies and disclosures

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

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

2.2.2. Others

Several other amendments and interpretations apply for the first time for the year ended March 31, 2021, 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 recognized 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 recognized 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.

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 recognized 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 recognized 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 recognized at the acquisition date. If the reassessment still results in an excess of the

Notes to Consolidated Financial Statements

for the year ended March 31, 2021

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

fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognizes 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 recognized in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

b. Current and non-current classification

All assets and liabilities have been classified as current and non-current as per the Group's normal operating cycle and other criteria set out in the Schedule III to the Act. Based on the nature of products and services and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

c. 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.

Transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognized in the 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 recognized in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognized 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.

Notes to Consolidated Financial Statements

for the year ended March 31, 2021

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

d. Fair value measurement

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

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

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

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

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

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

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

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

- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

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

- Disclosures for significant judgements, estimates and assumptions (note 3)
- Quantitative disclosures of fair value measurement hierarchy (note 37)
- Financial instruments (including those carried at amortized cost) (note 37)

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.

e. Property, Plant and Equipment (PPE)

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

Notes to Consolidated Financial Statements

for the year ended March 31, 2021

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

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.

f. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in the Consolidated Statement of profit and loss in the period in which the expenditure is incurred.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with

a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the 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 recognized in the Consolidated Statement of profit and loss when the asset is derecognized.

Research and development costs

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized 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 amortization and accumulated impairment losses, if any. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized on a straight line basis over the period of expected future benefit from the

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related project, i.e., the estimated useful life subject to a maximum of ten years. Amortization is recognized 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 amortization 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

g. Inventories

Raw materials, components, stores and spares are valued at lower of cost and estimated net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a weighted average basis.

Finished goods and work in progress are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost is determined on a weighted average basis.

Traded goods are valued at lower of cost and net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale. Write down of inventories are calculated based on an analysis of foreseeable changes in demand, technology, market conditions and ageing of inventories.

h. Revenue recognition

i. Revenue from Contracts with customers

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the

consideration to which the Group expects to be entitled in exchange for those goods or services. Revenue is recognized when it has approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks. The Group collects goods and services tax on behalf of the government and, therefore, it is not an economic benefit flowing to the Group. Hence, it is excluded from revenue.

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

The Group has following streams of revenue:

- **Revenue from Engineering, Procurement and Construction contracts (EPC)**

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

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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 recognized over a period of time if any of the following criteria is met:

- (a) The customer simultaneously consumes the benefits as the Group performs, or
- (b) The customer controls the work-in-progress, or
- (c) The Group's performance does not create an asset with alternative use to the Group and the Group has right to payment for performance completed till date

The Group recognizes revenue over time as it performs because of continuous transfer of control to the 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.

The Group estimates variable consideration amount which it expects to be entitled under the contract and includes it in the transaction price to the extent it is highly probable that a significant reversal of cumulative revenue recognized will not occur and when the uncertainty associated with it

is subsequently resolved. The estimates of variable consideration and determination of whether to include estimated amounts in the transaction price are based largely on an assessment of the anticipated performance and all information (historical, current and forecasted) that is reasonably available.

Costs associated with bidding for contracts are charged to the 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 recognized as an adjustment to revenue on a cumulative catch-up basis.

When it becomes probable that the total contract costs will exceed the total contract revenue, the Group recognizes the expected losses from onerous contract as an expense immediately.

Penalties for any delay or improper execution of a contract are recognized as a deduction from revenue. In the balance sheet, such provisions are presented on net basis of the contract receivables.

● Revenue from Sale of goods

If the criteria for revenue under over-a-period of time as mentioned above are not met, the Group recognizes revenue at a point-in-time. The point-in-time is determined when the control of the goods or services is transferred which is determined based on when the significant risks and rewards of ownership are transferred to the customer. Apart from this, the Group also considers its present right to payment, the legal title to the goods, the physical possession and the customer acceptance in determining the

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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 recognized 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 recognized on a time proportion basis under the contracts.

Contract balances

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

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

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

ii. Interest income

For all debt instruments measured at amortized cost,

interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortized cost of a financial liability. Interest income is included in finance income in the Consolidated Statement of profit and loss.

iii. Dividend

Revenue is recognized 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.

i. Financial instruments

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

Financial assets

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

i. Debt instruments at amortized cost

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

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

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

After initial measurement, such financial assets are subsequently measured at amortized cost using the

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effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of EIR. The EIR amortization is included in finance costs/income in the Consolidated Statement of profit and loss. The losses arising from impairment are recognized in the Consolidated Statement of profit and loss.

ii. Debt instrument at FVTPL

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

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the 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 recognized 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 derecognized when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full

without material delay to a third party under a “pass-through” arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

In accordance with Ind AS 109, the Group applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss and credit risk exposure on the financial assets that are debt instruments measured at amortized costs e.g. loans, deposits, trade receivables, contractual receivables and bank balances. The Group follows ‘simplified approach’ for recognition of impairment allowance. The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognizes impairment allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment allowance based on 12-month ECL. The Group considers current and anticipated future economic conditions relating to industries the Group deals with and the countries where it operates.

ECL impairment allowance (or reversal) recognized during the period is recognized 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

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meets write-off criteria, the Group does not reduce impairment allowance from the gross carrying amount.

Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

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

All changes in fair value of financial liabilities classified as FVTPL is recognized in the 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 recognized in profit and loss when the liabilities are derecognized as well as through the EIR amortization process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or cost that are integral part on EIR. The EIR amortization is included as finance cost in the Consolidated Statement of profit and loss.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires when an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the 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 recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

j. 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 recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to the Consolidated Statement of profit and loss, except for the effective portion of cash flow hedges, which is recognized in OCI and later reclassified to profit or loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment

At the inception of a hedge relationship, the Group formally designates and documents the

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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 recognized 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 recognized in OCI in the cash flow hedge reserve, while any ineffective portion is recognized 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 recognized in consolidated statement of profit and loss.

Amounts recognized 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 recognized or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognized in

OCI are transferred to the initial carrying amount of the non-financial asset or liability. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognized in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

k. 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 recognized at cost and deducted from equity.

l. 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 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.

m. Government Grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in 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.

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n. Share capital

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

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

Deferred tax

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

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

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

each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity (or each tax group of entities when applicable) and the same taxation authority.

The Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Group applies significant judgement in identifying uncertainties over income tax treatments.

p. Borrowing costs

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

q. Leases

Group as a lessee

The Group lease asset classes primarily consist of leases for land, office buildings, guest house

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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 recognizes 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 recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

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

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

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other

assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at present value of the future lease payments. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

Lease liability and ROU asset have been separately presented in the 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 recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the 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

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fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

r. 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 in which the asset is used. Impairment losses including impairment on inventory are recognized 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 recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the 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 recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

s. Provisions

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

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

Warranty provisions

Provisions for warranty-related costs are recognized when the product is sold or service provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty related costs is revised annually.

Provision for onerous contracts

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

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 recognized as part of the cost of the particular asset. The unwinding of the discount is expensed as incurred and recognized 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.

t. Retirement and other employee benefits (also, refer Note no. 42)

Retirement benefit in the form of provident fund is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund. The Group recognizes contribution

payable to the provident fund scheme as an expense, when an employee renders the related service.

If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

The Holding company 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 recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to the Consolidated Statement of profit and loss in subsequent periods.

Past service costs are recognized 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 recognizes related restructuring costs

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

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

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

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

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates:

- (a) when the Group can no longer withdraw the offer of these benefits; and
- (b) when the entity recognizes cost for a restructuring that is within the scope of Ind AS 37 and involves payment of termination benefits.

In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

u. 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.

v. 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.

w. 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).

x. Dividends

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

3. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported

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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.

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 recognized in the consolidated financial statements:

i. Revenue from contracts with customers

A significant portion of the Group's business relates to EPC contracts which is accounted using cost-based input method, recognizing revenue as the performance on the contract progresses. This requires management to make judgement with respect to identifying contracts for which revenue need to be recognised over a period of time, depending upon when the customer consumes the benefit, when the control is passed to customer, whether the asset created has an alternative use and whether the Group has right to payment for performance completed till date, either contractually or legally. The input method requires management to make significant 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 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.

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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 three reportable segments i.e. energy, environment 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.

Estimation of uncertainties relating to the global health pandemic from the Coronavirus disease (COVID-19):

The Group has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of its assets such as investments, loans, receivables, unbilled revenues, lease receivables and inventories. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Group, as at the date of approval of these financial statements has used internal and external sources of information including credit reports and related information, economic forecasts and consensus estimates from market sources on the expected future performance of the Group. The Group has performed sensitivity analysis on the assumptions used and based on current estimates expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Group's financial statements may differ from that estimated as at the date of approval of these consolidated financial statements.

i. EPC contracts:

- **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 recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. This requires an estimate of the amount of LDs payable under a claim which involves a number of management judgments and assumptions regarding the amounts to be recognized.
- **Project cost to complete estimates:** At each reporting date, the Group is required to estimate

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costs to complete on fixed-price contracts.

Estimating costs to complete on such contracts requires the Group to make estimates of future costs to be incurred, based on work to be performed beyond the reporting date.

This estimate will impact revenues, cost of sales, work-in-progress, billings in excess of costs, estimated earnings and accrued contract expenses.

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

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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. 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 including those related to the COVID-19 Pandemic as well as forward looking estimates at the end of each reporting period.

As a practical expedient, the Group uses a provision matrix to determine ECL impairment allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. On that basis, the Group estimates a default rate of total revenue for trade

receivables and contract revenue for contract assets. The Group follows provisioning norms based on ageing of receivables to estimate the impairment allowance under ECL. For retention receivables, the Group additionally categorizes the receivables due from Public Sector Undertakings (PSUs) and Non-PSUs and follows a wider aged bucket provisioning norm as the performance guarantee tests require certain time period after the supplies are completed. Refer note 7 and 9(b) for details of impairment allowance recognized 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(e) and 2.3(f) above for further details.

viii. Deferred taxes

At each balance sheet date, the Group assesses whether the realization of future tax benefits is sufficiently probable to recognize deferred tax assets. This assessment requires the use of significant estimates with respect to assessment of future taxable income. The recorded amount of total deferred tax assets could change if estimates of projected future taxable income or if changes in current tax regulations are enacted 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 recognized.

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4 (a) Property, Plant and Equipment

Particulars	Freehold land	Leasehold land	Buildings	Plant and equipment	Office equipment	Computer	Furniture and fixtures	Vehicles	Total	Capital work in progress#
Gross carrying amount as at April 1, 2019*	7.36	130.11	804.65	836.30	47.18	54.92	41.55	14.09	1,936.16	40.12
Additions	-	-	11.40	27.53	2.39	7.62	2.47	5.47	56.88	72.02
Disposals/Transfers/Adjustments	-	(130.11)	(40.33)	(64.01)	(5.24)	(2.39)	(3.74)	(2.09)	(247.91)	(56.88)
Exchange differences	-	-	3.70	2.57	0.39	(0.02)	0.03	0.01	6.68	-
Gross carrying amount as at March 31, 2020	7.36	-	779.42	802.39	44.72	60.13	40.31	17.48	1,751.81	55.26
Additions	0.21	-	3.58	58.76	1.93	11.80	0.98	4.93	82.19	47.99
Disposals/Transfers/Adjustments	-	-	(0.36)	(24.99)	(2.27)	(2.67)	(1.86)	(2.45)	(34.60)	(82.19)
Exchange differences	-	-	4.47	2.74	0.17	0.04	0.09	0.01	7.52	-
Gross carrying amount as at March 31, 2021	7.57	-	787.11	838.90	44.55	69.30	39.52	19.97	1,806.92	21.06
Accumulated depreciation and impairment as at April 1, 2019*	-	6.19	144.59	432.07	26.05	43.85	21.95	6.48	681.18	-
Charge for the year	-	-	26.97	61.44	2.89	3.71	2.55	1.80	99.36	-
Disposals/Transfers/Adjustments	-	(6.19)	(19.04)	(51.05)	(4.53)	(2.26)	(3.23)	(1.74)	(88.04)	-
Exchange differences	-	-	1.40	2.50	0.33	(0.01)	(0.01)	0.01	4.22	-
Accumulated depreciation and impairment as at March 31, 2020	-	-	153.92	444.96	24.74	45.29	21.26	6.55	696.72	-
Charge for the year	-	-	25.64	56.84	2.63	5.20	2.54	2.69	95.54	-
Impairment (Refer note. 40)	-	-	-	0.19	-	-	0.03	-	0.22	-
Disposals/Transfers/Adjustments	-	-	(0.36)	(22.54)	(1.91)	(2.51)	(1.55)	(1.69)	(30.56)	-
Exchange differences	-	-	0.95	1.09	0.17	0.03	0.06	0.01	2.31	-
Closing accumulated depreciation and impairment as at March 31, 2021	-	-	180.15	480.54	25.63	48.01	22.34	7.56	764.23	-
Net Block as at March 31, 2021	7.57	-	606.96	358.36	18.92	21.29	17.18	12.41	1,042.69	21.06
Net Block as at March 31, 2020	7.36	-	625.50	357.43	19.98	14.84	19.05	10.93	1,055.09	55.26

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

#Capital work in progress majorly includes expenditure towards extension of manufacturing facilities.

Refer note. 16 for property, plant and equipment given as security for borrowing.

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Capitalisation of expenses

During the year, the Group has capitalized 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 capitalized by the Group.

Particulars	March 31, 2021	March 31, 2020
Salaries and wages	0.04	0.10
Raw material and components	-	0.16
Others	0.04	0.74
Total	0.08	1.00

4 (b) Right-of-use assets

Particulars	Leasehold Land*	Building	Vehicles	Total
Gross carrying amount as at April 1, 2019	-	-	-	-
Additions	40.45	14.01	2.29	56.75
Disposals/Transfers/Adjustments	124.78	-	-	124.78
Exchange differences	(1.81)	0.38	0.14	(1.29)
Gross carrying amount as at March 31, 2020	163.42	14.39	2.43	180.24
Additions	-	0.91	0.93	1.84
Disposals/Transfers/Adjustments	(1.76)	(2.46)	(0.37)	(4.59)
Exchange differences	3.30	0.06	0.06	3.42
Gross carrying amount as at March 31, 2021	164.96	12.90	3.05	180.91
Accumulated depreciation and impairment as at April 1, 2019	-	-	-	-
Charge for the year	1.69	2.03	0.50	4.22
Disposals/Transfers/Adjustments	6.19	-	-	6.19
Exchange differences	0.06	0.07	0.03	0.16
Accumulated depreciation and impairment as at March 31, 2020	7.94	2.10	0.53	10.57
Charge for the year	1.68	3.26	1.22	6.16
Disposals/Transfers/Adjustments	(1.76)	(1.27)	(0.27)	(3.30)
Exchange differences	0.03	0.04	0.01	0.08
Closing accumulated depreciation and impairment as at March 31, 2021	7.89	4.13	1.49	13.51
Net Block as at March 31, 2021	157.07	8.77	1.56	167.40
Net Block as at March 31, 2020	155.48	12.29	1.90	169.67

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.

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4 (c) Intangible assets and Goodwill

Particulars	Computer Software	Technical know-how#	Goodwill	Total	Intangible assets under development^
Gross carrying amount as at April 1, 2019*	65.98	84.00	150.15	300.13	-
Additions	10.21	1.64	-	11.85	12.59
Disposals/Transfers/Adjustments	(0.21)	-	-	(0.21)	(11.85)
Exchange difference	0.30	0.34	10.98	11.62	-
Gross carrying amount as at March 31, 2020	76.28	85.98	161.13	323.39	0.74
Additions	13.60	8.33	-	21.93	24.29
Disposals/Transfers/Adjustments	(5.27)	(5.53)	-	(10.80)	(21.93)
Exchange difference	0.37	0.17	5.17	5.71	-
Gross carrying amount as at March 31, 2021	84.98	88.95	166.30	340.23	3.10
Accumulated amortisation as at April 1, 2019*	57.43	68.74	117.08	243.25	-
Charge for the year	5.37	7.68	-	13.05	-
Disposals/Transfers/Adjustments	(0.19)	-	-	(0.19)	-
Exchange difference	0.20	0.12	8.74	9.06	-
Accumulated amortisation as at March 31, 2020	62.81	76.54	125.82	265.17	-
Charge for the year	7.53	5.33	-	12.87	-
Impairment (Refer note. 40)	2.01	1.22	34.67	37.90	-
Disposals/Transfers/Adjustments	(5.20)	(5.44)	-	(10.64)	-
Exchange difference	0.17	0.04	2.78	2.99	-
Closing accumulated amortisation and impairment as at March 31, 2021	67.32	77.69	163.27	308.28	-
Net Block as at March 31, 2021	17.66	11.26	3.03	31.95	3.10
Net Block as at March 31, 2020	13.47	9.44	35.31	58.22	0.74
Net Block			March 31, 2021	March 31, 2020	
Goodwill			3.03	35.31	
Other intangible assets			28.92	22.91	

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

Includes internally developed assets of net block Rs. 2.58 (March 31, 2020 : Rs. 6.33)

^ Intangibles under development include implementation of new software.

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4 (d) Impairment tests for goodwill

Goodwill acquired through business combinations has been considered for impairment testing by the management.

Particulars	March 31, 2021		March 31, 2020	
	Danstoker A/S	Rifox-Hans	Danstoker A/S	Rifox-Hans
Opening balance of goodwill	32.28	3.03	30.04	3.03
Add : Exchange differences	2.39	-	2.24	-
Less : Impairment charge for the year (including Boilerworks Property Aps of Rs. 1.79 Crore)	34.67	-	-	-
Closing balance of goodwill	-	3.03	32.28	3.03

The Group performed its annual or more frequently when there is an indication that the unit may be impaired.

Danstoker A/S

The recoverable value of Danstoker A/S (CGU) as at March 31, 2021, has been determined based on value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The projected cash flows have been reassessed by the management to reflect the decreased demand for products and services and uncertainties caused by negative budget variation due to various factors. It was observed that the net costs did not exceed the value in use. Hence, management has recognised an impairment charge of Rs. 34.67 (includes Boilerworks Properties ApS (Denmark) of Rs.1.79) in the current year against goodwill (March 31, 2020 : Nil). The impairment charge is recorded in the consolidated Statement of profit and loss.

The pre-tax discount rate applied to cash flow projections for impairment testing during the current year is 7.10 % p.a. (March 31, 2020: 7.52% p.a.) and cash flows beyond the 5-year period have been extrapolated using a 2% p.a. growth rate (March 31, 2020: 2% p.a.) which is based on long-term industry average growth rate for the CGU.

Key assumptions used and sensitivity impact

The calculation of value in use is most sensitive to the following assumptions:

- 1 Sales growth rate
- 2 Discount rate

Sales growth rate - Sales growth rate has been considered at an average annual growth rate over the five-year forecast period; based on past performance and management's expectations of market development. Prices included in revenue forecasts include long-term inflation forecasts. The Management has considered an average sales growth rate of 2.9% p.a. over the forecast period.

Discount rate - Discount rate represents the current market assessment of the risks specific to Danstoker A/S, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and Danstoker A/S and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. CGU specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future taxes in order to reflect a pre-tax discount rate.

Notes to Consolidated Financial Statements

for the year ended March 31, 2021

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

5 Non-current Investments

Particulars	Face value per share / unit	Number of shares / units		Amount	
		March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Investments in equity instruments :					
Investments at Fair Value through Profit and Loss					
Quoted equity shares (fully paid up)					
Metroglobal Limited	Rs. 10	2	2	**	**
Sanghvi Movers Limited	Rs. 2	16,453	16,453	0.16	0.08
Quoted equity shares (partly paid up)					
Parasrampuria Synthetics Limited (paid up Rs. 2.50 per share)	Rs. 10	125,000	125,000	**	**
Unquoted equity shares (fully paid up)					
GSL (India) Limited	Rs. 10	17,539	17,539	**	**
Sicom Limited #	Rs. 10	10,000	10,000	-	-
Total investment in equity shares				0.16	0.08
Investments in Mutual Funds:					
Investments at Fair Value through Profit and Loss					
Unquoted					
ABSL Fixed Term Plan Series OY (1218 Days) Direct Growth	Rs. 10	-	20,000,000	-	23.85
SBI Debt Fund Series C - 7 (1190 Days) - Direct - Growth	Rs. 10	-	15,000,000	-	17.77
SBI Debt Fund Series C - 27 (1260 Days) - Direct - Growth	Rs. 10	15,000,000	15,000,000	18.98	17.43
Bharat Bond FOF - April 2025 - Direct Plan Growth	Rs. 10	48,827,114	-	49.97	-
IDFC Corporate Bond Fund Direct Plan-Growth	Rs. 10	32,759,683	-	50.10	-
Total investments in Mutual Funds				119.05	59.05
Total value of Investments				119.21	59.13
Less: Impairment in value of investment				-	-
Total Non-Current Investments				119.21	59.13
Aggregate amount of quoted investments (Book value)				0.16	0.08
Aggregate amount of quoted investments (Market value)				0.16	0.08
Aggregate amount of unquoted investments				119.05	59.05
Aggregate amount of impairment in the value of investments				-	-

** represents amount less than a lakh rupees

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 37 for determination of their fair values.

Notes to Consolidated Financial Statements

for the year ended March 31, 2021

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

6 Current Investments

Particulars	Face value per share/unit	Number of shares / units		Amount	
		March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Investments in Mutual Funds :					
Investments at Fair value through Profit and Loss					
Aditya Birla Sun Life Money Manager-Growth-Direct Plan	Rs. 100	11,967	-	0.34	-
Aditya Birla Sun Life Money Manager Fund Growth- Regular	Rs. 100	-	4,866,314	-	130.98
Aditya Birla Sun Life Overnight Fund-Growth-Direct Plan	Rs. 1,000	-	279,875	-	30.23
Aditya Birla Sun Life Overnight Fund-Growth-Regular Plan	Rs. 1,000	45,064	-	5.00	-
ABSL Fixed Term Plan - Series OY (1218 Days) Direct Growth	Rs. 10	20,000,000	-	25.39	-
Aditya Birla Sun Life Liquid Fund - Direct - Growth	Rs. 100	-	32,146	-	0.88
Axis Overnight Fund Direct Growth	Rs. 1,000	-	238,487	-	25.17
Axis Overnight Fund Regular Growth	Rs. 1,000	46,017	-	5.00	-
DSP Liquidity Fund Direct Growth	Rs. 1,000	-	33	-	0.01
DSP Overnight Fund - Direct - Growth	Rs. 1,000	-	486,536	-	52.00
DSP Overnight Fund - Regular - Growth	Rs. 1,000	-	531,025	-	56.68
HDFC Overnight Fund - Direct Plan - Growth Option	Rs. 1,000	-	166,163	-	49.34
HDFC Overnight Fund - Regular Plan - Growth	Rs. 1,000	-	33,846	-	10.00
HDFC Ultra Short Term Fund - Regular - Growth	Rs. 10	25,548,049	-	30.26	-
HDFC Liquid Fund - Direct Plan- Growth Option	Rs. 1,000	-	138	-	0.05
ICICI Prudential Overnight Fund-Direct-Growth	Rs. 100	-	2,906,181	-	31.31
ICICI Prudential Money Market Fund - Growth	Rs. 100	-	4,673,316	-	129.69
ICICI Prudential Liquid Fund -Direct Plan- Growth	Rs. 100	-	143,659	-	4.22
IDFC Overnight Fund Direct Plan-Growth	Rs. 1,000	-	190,797	-	20.30
IDFC Overnight Fund Regular Plan-Growth	Rs. 1,000	-	237,787	-	25.30
Kotak Overnight Fund Direct - Growth	Rs. 1,000	6	159,800	**	17.03
Kotak Overnight Fund Growth (Regular Plan)	Rs. 1,000	-	394,371	-	42.01
Kotak Liquid Fund - Direct Plan- Growth	Rs. 1,000	-	6	**	**
L&T Liquid Fund - Direct Plan- Growth	Rs. 1,000	-	51	-	0.01
Nippon India Overnight Fund	Rs. 100	-	752,587	-	8.07
SBI Debt Fund Series C - 7 (1190 Days) - Direct - Growth	Rs. 10	15,000,000	-	18.91	-
SBI Magnum Ultra Short Duration Fund - Reg - Growth	Rs. 1,000	32,499	-	15.20	-

Notes to Consolidated Financial Statements

for the year ended March 31, 2021

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

Particulars	Face value per share / unit	Number of shares / units		Amount	
		March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
SBI Overnight Fund Direct Growth	Rs. 1,000	-	113,427	-	36.91
SBI Liquid Fund - Direct Plan- Growth	Rs. 1,000	-	2,132	-	0.66
Tata Overnight Fund - Regular - Growth	Rs. 1,000	46,144	-	5.00	-
Tata Liquid Fund Direct Plan - Growth	Rs. 1,000	-	5,123	-	1.60
UTI Overnight Fund Direct Growth	Rs. 1,000	-	36,700	-	10.03
UTI Treasury Advantage Fund - Regular - Growth	Rs. 1,000	38,883	-	10.15	-
UTI Liquid Cash Plan - Regular Growth Plan	Rs. 1,000	-	396,606	-	128.40
UTI Liquid Cash Plan - Direct Growth	Rs. 1,000	-	15,956	-	5.18
Total Investments in mutual funds				115.25	816.07
Aggregate amount of quoted investments and market value thereof				-	-
Aggregate amount of unquoted investments				115.25	816.07
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 37 for determination of their fair values.

** represents amount less than a lakh rupees

7 Trade receivables

(a) Non-current trade receivables

Particulars	As at March 31, 2021	As at March 31, 2020
Trade receivables from:		
i) Related parties (note 35)	-	-
ii) Others	100.87	92.13
Total	100.87	92.13
Break-up for security details		
Secured, considered good	-	-
Unsecured, considered good	126.42	111.36
Trade Receivables which have a significant increase in credit risk	-	-
Trade Receivables - credit impaired	-	-
	126.42	111.36
Less: Impairment allowance	(25.55)	(19.23)
Total	100.87	92.13

Notes to Consolidated Financial Statements

for the year ended March 31, 2021

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

(b) Current trade receivable

Particulars	As at March 31, 2021	As at March 31, 2020
Trade receivables from:		
i) Related parties (note 35)	0.02	**
ii) Others	1,237.08	1,386.33
Total	1,237.10	1,386.33
Break-up for security details		
Secured, considered good	108.33	261.63
Unsecured, considered good	1,431.65	1,471.63
Trade receivables which have a significant increase in credit risk	51.70	52.68
Trade receivables - credit impaired	50.25	33.90
	1,641.93	1,819.84
Less: Impairment allowance *	(404.83)	(433.51)
Total	1,237.10	1,386.33

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.51.70 (March 31, 2020 : Rs.52.68) 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.

** represents amount less than a lakh rupees

The following table summarises the change in impairment allowance measured using the life time expected credit loss model (Pursuant to Ind AS 109):

Particulars	Provision on Trade receivables		Provision on Unbilled revenue (Refer Note 9 (b))	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
At the beginning of the year	452.74	452.94	17.46	19.24
Less: Bad debts / write off	(34.75)	(42.05)	-	-
	417.99	410.89	17.46	19.24
Provision made during the year	110.87	137.98	0.50	0.02
Utilized/reversed during the year	(98.64)	(96.15)	(4.10)	(1.80)
Exchange differences	0.16	0.02	-	-
At the end of the year	430.38	452.74	13.86	17.46

Notes to Consolidated Financial Statements

for the year ended March 31, 2021

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

8 Loans

(a) Non-current loans

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good		
At amortized cost		
Loans to employees	6.43	7.47
Security deposits*	10.97	10.73
Total	17.40	18.20

(b) Current loans

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good		
At amortized cost		
Loans to employees	1.70	1.54
Security deposits*	2.75	4.40
Total	4.45	5.94

*Includes lease deposits given to directors of Rs. 0.18 (March 31, 2020 : Rs. 0.18). The maximum amount due from directors during the year amounted to Rs. 0.18 (March 31, 2020 Rs. 0.18), refer note 35. This also includes deposits given to various other parties for rent, utilities etc.

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 financial assets

(a) Other non current assets

Particulars	As at March 31, 2021	As at March 31, 2020
Bank deposits with remaining maturity more than twelve months #	59.06	38.93
Total	59.06	38.93

Includes bank deposits Rs. 0.13 (March 31, 2020: Rs. 0.13) which are pledged as margin money.

Includes deposits of Rs. Nil (March 31, 2021 Rs. 1.01), which are against a charge, are for a term less than 12 months and shall be renewed on maturity as these are given against a borrowing.

Notes to Consolidated Financial Statements

for the year ended March 31, 2021

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

(b) Other current assets

Particulars	As at March 31, 2021	As at March 31, 2020
Derivative instruments at fair value through OCI		
Cash flow hedges		
Foreign exchange forward contracts	1.66	2.00
Derivative instruments at fair value through profit or loss		
Derivative not designated as hedges		
Foreign exchange forward contracts	3.44	2.48
At amortized cost		
Export incentive receivable	36.62	69.05
Unbilled revenue (contract assets)^	301.49	347.30
Others #	28.08	4.99
Total	371.29	425.82

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. 13.89 (March 31, 2020: Rs. 17.46).

#Others includes claims receivable and GST paid on customer advance.

10 Income taxes

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

Statement of profit and loss

Particulars	March 31, 2021	March 31, 2020
Current tax		
Current income tax	74.85	96.03
Deferred tax		
Relating to origination and reversal of temporary differences	(6.24)	66.05
Income tax expense reported in the consolidated statement of profit or loss	68.61	162.08

Other comprehensive income

Particulars	March 31, 2021	March 31, 2020
Deferred tax related to items recognised in other comprehensive income during the year		
Net gain/(loss) on revaluation of Cash flow hedge	1.59	(2.75)
Net gain/(loss) on remeasurements of defined benefit plans	1.54	(2.93)
Deferred tax credit in other comprehensive income	3.13	(5.68)

Notes to Consolidated Financial Statements

for the year ended March 31, 2021

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

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

Particulars	March 31, 2021	March 31, 2020
Accounting profit before tax (before exceptional items)	327.72	374.53
At India's statutory income tax rate (as per Income Tax Act, 1961) of 25.17% (March 31, 2020: 25.17%)	82.49	94.27
Effects of income not subject to tax	(2.47)	(1.19)
Taxes from prior periods	(5.61)	-
Deferred tax recognised on unabsorbed losses of earlier years	(2.1)	-
Utilisation of capital losses of current year	(12.91)	-
Unrecognized tax benefits on tax losses	4.43	4.47
Taxes paid / payable on repatriation of branches/subsidiary profits	5.09	2.57
Impact of change in statutory income tax rate#	-	62.11
Others (includes effect of non-deductible business expenses and tax rate difference).	(0.35)	(0.15)
Effective tax	68.61	162.08
Income tax expense reported in the consolidated statement of profit or loss	68.61	162.08

#The Holding Company and its Indian subsidiaries has computed the tax expense of the current financial year as per the tax regime announced under section 115BAA of the Income-tax Act, 1961. Accordingly, (a) the current and deferred tax expense for the year ended March 31, 2020, has been determined at the rate of 25.17% and (b) the deferred tax assets as at April 1, 2019, (on brought forward losses and other items) have been written down considering the enacted rate of 25.17%.

Deferred Tax

Statement of profit and loss

Particulars	March 31, 2021	March 31, 2020
Deferred tax relates to the following :		
Impact of difference between tax depreciation and depreciation/amortisation charged for financial reporting purposes	(6.05)	(28.33)
Deferred tax utilized / (recognised) on unabsorbed losses of earlier year	18.84	40.15
Provision for doubtful debts, advances and liquidated damages	0.24	51.31
Employee benefit obligations	1.26	1.11
Fair value gains on investment classified as fair value through profit and loss	(14.40)	3.06
Temporary differences due to accounting treatment as required by Income tax standards	(1.02)	1.32
Items allowed on payment basis	(5.24)	2.69
Others*	0.13	(5.26)
Deferred tax expense	(6.24)	66.05

* Includes impact on account of deferred tax created on unrealized profit elimination from inventory etc.

Notes to Consolidated Financial Statements

for the year ended March 31, 2021

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

Balance sheet

Particulars	As at March 31, 2021	As at March 31, 2020
Deferred tax relates to the following :		
Impact of difference between tax depreciation and depreciation/amortisation charged for financial reporting purposes	(80.18)	(86.23)
Losses available for offsetting against future taxable income	75.78	94.62
Revaluation of cash flow hedges	-	1.69
Provision for doubtful debts, advances and liquidated damages	123.08	123.32
Items allowed on payment basis	13.64	8.40
Employee benefit obligations	14.61	17.41
Fair value gains on investments classified as fair value through profit and loss	-	(14.40)
Temporary differences in accounting treatment as required by Income tax standards	4.14	3.12
Others*	2.96	3.02
Net deferred tax assets	154.03	150.95

* Includes impact on account of deferred tax created on unrealized profit elimination from inventory etc.

Reconciliation of deferred tax assets (net)

Particulars	March 31, 2021	March 31, 2020
Opening balance	150.95	212.02
Tax (expense)/ income during the year recognised in profit or loss	6.24	(66.05)
Tax (expense)/ income during the year recognised in OCI	(3.13)	5.68
Currency translation effect	(0.03)	(0.70)
Closing balance	154.03	150.95

Break up of gross deferred tax assets/liabilities

	March 31, 2021	March 31, 2020
Deferred tax assets	161.04	155.36
Deferred tax liabilities	(7.01)	(4.41)
Net deferred tax assets	154.03	150.95

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. 153.76 (March 31, 2020: Rs. 132.33) 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, 2029. 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, 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. 36.95 (March 31, 2020: Rs. 33.25).

At March 31, 2021, there is deferred tax liability of Rs. 5.09 (March 31, 2020: Rs. 2.57) 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.

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

Notes to Consolidated Financial Statements

for the year ended March 31, 2021

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

11 Other assets

(a) Other non-current assets

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good		
Advance to suppliers	0.61	0.28
Capital advance	9.05	2.50
Balances with government authorities	82.34	83.83
Prepayments	0.52	0.77
Total	92.52	87.38

(b) Other current assets

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good		
Advance to suppliers	128.72	150.05
Advance to employees	8.39	8.25
Prepayments	19.04	17.63
Balances with government authorities	202.51	203.63
Prepaid employee benefits (note 33)	9.50	5.06
Others*	12.25	9.83
Total	380.41	394.45

*Others include interest due on tax refunds, other recoveries of expenses, etc.

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 realizable value)

Particulars	As at March 31, 2021	As at March 31, 2020
Raw materials, components and bought-outs **	219.24	276.27
Work-in-progress	112.84	104.52
Finished goods	60.75	54.30
Stores and spares	6.00	10.95
Traded goods	5.91	8.52
Total	404.74	454.56

**Includes goods in transit Rs.16.67 (March 31, 2020 : Rs. 6.61)

For the year ended March 31, 2021 Rs. 23.09 was reversed (net of expense) for inventories carried at net realisable value. For the year ended March 31, 2020 Rs. 12.05 was recognised as expense (net of reversals) for inventories carried at net realisable value. These were recognised during the year and included in 'cost of raw materials and components consumed and consumption of stores and spare parts' in the Statement of profit and loss.

Inventories amounting to Rs. Nil (March 31, 2020 Rs. 8.91) has been hypothecated against borrowings.

Notes to Consolidated Financial Statements

for the year ended March 31, 2021

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

13 (a) Cash and cash equivalents

Particulars	As at March 31, 2021	As at March 31, 2020
Balances with banks		
- in current accounts	285.84	157.48
- in deposits with original maturity of less than three months *	174.02	95.39
Cheques, drafts on hand	1.06	0.77
Cash on hand	0.39	0.40
Total	461.31	254.04

*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. 9.63 (March 31, 2020 : Rs. 12.87) held by irrevocable trust controlled by the Group.

Cash and cash equivalents balance includes of Rs. 37.05 (March 31, 2020 : Rs. Nil) held as security against import commitments.

13 (b) Other bank balances

Particulars	As at March 31, 2021	As at March 31, 2020
Bank deposits with original maturity more than three months and remaining maturity less than twelve months*	1,477.00	226.48
Unpaid dividend account (restricted)	0.89	0.97
Total	1,477.89	227.45

* includes deposits placed with bank amounting Rs. Nil (March 31, 2020 : Rs. 10.85) against revenue grant received during current year.

* Includes Rs. 2.06 (March 31, 2020 Rs. Nil) pledged as margin money.

13 (c) Changes in liabilities arising from financing activities

Particulars	Borrowings	Unpaid dividend	Lease obligation
As on April 1, 2019	208.86	0.98	-
Cash flow (net)	(31.04)	-	-
Unrealized foreign exchange (gain)/ loss	5.10	-	-
Other*	-	(0.01)	14.21
As on March 31, 2020	182.92	0.97	14.21
Cash flow (net)	94.66	-	-
Unrealized foreign exchange (gain)/ loss	(0.93)	-	-
Other#	-	(0.08)	(3.74)
As on March 31, 2021	276.65	0.89	10.47

* Lease obligation includes new leases.

Lease obligation includes repayment of lease obligation net off new leases.

Notes to Consolidated Financial Statements

for the year ended March 31, 2021

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

14 Share capital

Particulars	As at March 31, 2021	As at March 31, 2020
Authorized shares		
375,000,000 (March 31, 2020: 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, 2020: 11,91,56,300) equity shares of Rs. 2/- each.	23.83	23.83
Less: 6,541,440 (March 31, 2020: 65,41,440) 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

Particulars	No. of shares	Rs.
Equity share of Rs. 2 each issued, subscribed and fully paid		
As at April 1, 2019	112,614,860	22.52
Changes during the year	-	-
As at March 31, 2020	112,614,860	22.52
Changes during the year	-	-
As at March 31, 2021	112,614,860	22.52

(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 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 share capital held by holding company

Particulars	As at March 31, 2021	As at March 31, 2020
Holding Company		
RDA Holding Private Limited	12.87	12.87
6,43,28,500 (March 31, 2020: 6,43,28,500) equity shares of Rs. 2/- each fully paid		

Notes to Consolidated Financial Statements

for the year ended March 31, 2021

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

(d) Details of equity shares held by shareholders holding more than 5% of the aggregate shares in the Holding Company

Particulars	As at March 31, 2021	As at March 31, 2020
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		
%	7.36	6.94
No. of shares	8,771,354.00	8,272,216.00
Nalanda India Equity Fund Ltd.		
%	6.86	2.82
No. of shares	8,176,668.00	3,359,826.00

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

(e) 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.

Notes to Consolidated Financial Statements

for the year ended March 31, 2021

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

(15) (a) Other equity

Particulars	As at March 31, 2021	As at March 31, 2020
Reserves and surplus		
Capital redemption reserve		
Opening balance	60.34	50.34
Add: Redemption of preference shares of a subsidiary	-	10.00
Closing balance	60.34	60.34
Securities premium	57.28	57.28
Capital reserve	95.12	95.12
General reserve	435.31	435.31
Retained earnings		
Opening balance	2,331.42	2,331.08
Add: Profit for the year	206.58	212.45
Less: Dividends paid	-	78.83
Less: Tax on dividend	-	16.20
Less: Interim Dividend paid	-	78.83
Less: Tax on interim dividend	-	16.20
Less: Adjustment on account of redemption of preference shares in a subsidiary	-	10.00
Movement during the year	206.58	12.39
Items of other comprehensive income recognised directly in retained earnings:		
Re-measurement loss/(gain) on defined benefit plans, net of tax Rs. (1.54) (March 31, 2020 : Rs. 2.93)	4.22	(12.05)
Net surplus in the Statement of profit and loss	2,542.22	2,331.42
Total Reserves and Surplus	3,190.27	2,979.47
Other reserves		
Cash flow hedge reserve		
Opening balance	(4.86)	3.31
Add: Movement during the year (net)	5.51	(10.92)
Less: Tax on above movement	(1.59)	2.75
Closing balance	(0.94)	(4.86)
Foreign currency translation reserve		
Opening balance	30.77	19.33
Add: Movement during the year (net)	8.77	11.44
Closing balance	39.54	30.77
Total	3,228.87	3,005.38

Notes to Consolidated Financial Statements

for the year ended March 31, 2021

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

Capital redemption reserve

Pertains to reserve created towards redemption of debentures and can be utilised in accordance with the provisions of 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.

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 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.

15)(b) Distribution made and proposed

Particulars	March 31, 2021	March 31, 2020
Cash dividend on equity shares declared and paid by Holding company:		
Final dividend for the year ended 2019-2020: Rs. Nil per share (2018-2019: Rs.7 per share) (gross of consolidation adjustments)	-	83.41
Interim dividend for the year ended 2020-2021: Rs Nil per share (2019-2020: Rs. 7 per share)	-	83.41
Dividend Distribution Tax on the above	-	32.37
	-	199.19
Proposed dividends on equity shares are subject to approval at the Annual General Meeting and are not recognised as a liability (including Dividend Distribution Tax thereon) as at the reporting date.		
Proposed dividend of Holding Company on equity shares:		
Proposed dividend for the year ended 2020-2021: Rs. 7 per share (2019-2020: Rs. Nil per share)	83.41	-

Notes to Consolidated Financial Statements

for the year ended March 31, 2021

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

16 Borrowings

(a) Non current borrowings

Particulars	As at March 31, 2021	As at March 31, 2020
At amortized cost		
Term loans (from banks)		
Secured loans	34.52	50.53
Term loans (other than banks)		
Secured loans	-	1.61
Total non-current borrowings	34.52	52.14
Less: amount disclosed under the head "Other current financial liabilities" (note 18 (b))		
- Current maturities of Term Loans	(12.36)	(18.75)
	22.16	33.39

Secured loans from banks includes:

- Foreign currency loans from banks Rs. 22.86 (March 31, 2020 : Rs. 38.41) are repayable on a quarterly / semi - annual / annual basis over a period of seventeen years. Land and building with a carrying value of Rs. 12.23 (March 31, 2020 : Rs. 27.67) and letter of comfort from Holding Company has been provided as collateral for these borrowings. These loans carry an annual interest rate of 1% - 5% p.a. (March 31, 2020 : 1% -5% p.a.)

- Indian rupee loan from bank Rs. 11.66 (March 31, 2020 : Rs. 12.12) has been availed for 60 months and it is repayable in 48 monthly instalments along with interest, from the date the moratorium period ends. The loan has a moratorium period of 12 months for repayment of principal. The loan is secured by first charge on plant and equipment (finance lease receivable) with a carrying value of Rs. 15.25 (March 31, 2020 : Rs. 6.49) and deposit amounting Rs. Nil (March 31, 2020 : Rs. 1.01). This loan carries an effective interest rate ranging between 8.3% - 8.7% p.a. (March 31, 2020 : 8.3% - 8.7% p.a.)

Secured loans from others include:

- Outstanding loan of Rs. Nil (March 31, 2020 : Rs. 1.61) from mortgage credit institutions are repayable on monthly basis from April 2018 over a period of three years. The loan is secured by first charge on plant and machinery with a carrying value of Rs. Nil (March 31, 2020 : Rs. 0.01), present and future stock of inventories and stores and spares not related to plant and equipment, book debts and other moveable assets. The loan carried an annual interest rate of 10.90 % - 11.00% p.a. during March 31, 2020. The same has been repaid during the year.

(b) Current borrowings

Particulars	As at March 31, 2021	As at March 31, 2020
At amortized cost		
Loans (from banks)		
Secured loans	80.58	114.19
Unsecured loans	202.32	63.96
Total	282.90	178.15

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

Secured loans from banks includes working capital facilities viz. bank overdraft, cash credit and acceptances for bills discounted by suppliers which are repayable in 60 to 190 days Rs. 65.91 (March 31, 2020: Rs. 114.19). Loans are secured by hypothecation of present and future stock of inventories, book debts, other moveable assets, letter of comfort and corporate guarantee given by Holding Company .

Unsecured loan pertains to packing credit of Rs. 202.32 (March 31, 2020: Rs. 63.96) that carries an interest rate of 1.90% - 3.50 % p.a.(March 31, 2020 :4.50% - 5.30% p.a.) due for repayment within 177 to 360 days from date of disbursement or expected shipment date whichever is earlier.

Foreign currency loans from banks Rs. 14.67 (March 31,2020 : Rs. Nil) are repayable on a quarterly. Letter of comfort from Holding Company has been provided as collateral for these borrowings. The loan carry an annual interest rate of LIBOR+2.5% p.a. during March 31, 2021.

17 Trade payables

(a) Non-current trade payables

Particulars	As at March 31, 2021	As at March 31, 2020
Trade payables	32.94	39.73
Total	32.94	39.73

b) Current trade payables

Particulars	As at March 31, 2021	As at March 31, 2020
Total outstanding dues of micro enterprises and small enterprises	252.65	183.75
Total outstanding dues of creditors other than micro enterprises and small enterprises		
i) Related parties (note 35)	0.81	0.15
ii) Others	884.55	776.34
Total	1,138.01	960.24

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.

18 Financial liabilities

(a) Other non-current liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Trade deposits	11.63	8.18
Lease obligation (note 32 (ii))	6.61	9.68
Liability towards employee separation scheme (Refer note 40)	5.22	-
Payables for PPE and intangible assets	1.22	-
Total	24.68	17.86

Notes to Consolidated Financial Statements

for the year ended March 31, 2021

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

(b) Other current liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Derivative instruments at fair value through OCI		
Cash flow hedges		
Foreign exchange forward contracts	2.70	25.55
Derivative instruments at fair value through profit or loss		
Derivative not designated as hedges		
Foreign exchange forward contracts	2.84	10.68
At amortized cost		
Current maturities of long-term borrowings (note 16 (a))	12.36	18.75
Lease obligation (note 32 (ii))	3.86	4.53
Interest accrued but not due on loans	-	0.09
Employee related payables	73.56	67.29
Payables for PPE and intangible assets	7.61	6.02
Book overdraft	1.73	7.67
Liability towards employee separation scheme (Refer note 40)	2.22	-
Unpaid dividend	0.89	0.97
Other payables *	15.54	6.57
Total	123.31	148.12

* includes dealer deposits, security deposits, etc.

19 Provisions

(a) Non-current provisions

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for employee benefits		
Provision for gratuity (note 33)	-	2.79
	-	2.79
Other provisions		
Provision for warranties	15.20	8.58
Provision for decommissioning liability	10.66	9.60
	25.86	18.18
Total	25.86	20.97

Notes to Consolidated Financial Statements

for the year ended March 31, 2021

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

(b) Current provisions

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for employee benefits		
Provision for gratuity (note 33)	0.22	0.45
Provision for leave encashment	76.21	72.33
	76.43	72.78
Other provisions		
Provision for onerous contracts	13.97	14.93
Provision for warranties	104.74	81.64
	118.71	96.57
Total	195.14	169.35

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. 11.99 higher or lower (March 31, 2020 : Rs. 9.02).

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

Particulars	Provision for onerous contracts	Provision for warranties	Provision for decommissioning liability
As at April 1, 2020	14.93	90.22	9.60
Additional provision recognised	4.62	53.61	0.18
Unused amounts reversed	(0.51)	(19.07)	-
Unwinding of discount	-	7.17	0.88
Utilised during the year	(5.07)	(11.99)	-
As at March 31, 2021	13.97	119.94	10.66
Breakup of provisions:			
Current	13.97	104.74	-
Non-current	-	15.20	10.66
Total	13.97	119.94	10.66

Notes to Consolidated Financial Statements

for the year ended March 31, 2021

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

20 Other liabilities

(a) Other non-current liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Contract liabilities		
Unearned revenue*	9.22	8.25
Customer advances	53.62	10.77
Advance lease rentals	9.34	5.77
Total	72.18	24.79

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

(b) Other current liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Contract liabilities		
Unearned revenue	379.02	383.85
Customer advances	888.30	893.12
Advance lease rentals	1.33	0.83
Statutory dues and other liabilities*	37.53	41.84
Total	1,306.18	1,319.64

*includes tax deducted at source, GST, ESIC, provident fund, government grant received for a research project etc.

21 Revenue from operations

(a) Revenue from contracts with customers:

Particulars	March 31, 2021	March 31, 2020
Revenue from projects and products	4,061.28	4,906.80
Revenue from services	648.96	748.59
Total revenue from contracts with customers (a)	4,710.24	5,655.39

(b) Other operating income

Particulars	March 31, 2021	March 31, 2020
Export incentives	15.58	60.49
Sale of scrap	25.09	18.28
Interest income from finance lease	8.85	8.27
Commission income	1.65	2.24
Exchange fluctuation gain / (loss) (net) *	25.68	(16.94)
Royalty income	3.75	3.51
Miscellaneous income	0.41	0.07
Total other operation income (b)	81.01	75.92
Total revenue from operations (a+b)	4,791.25	5,731.31

* Includes mark to market gain on forward contracts not subjected to hedge accounting Rs. 0.60 (March 31, 2020 : loss of Rs. 8.20)

Notes to Consolidated Financial Statements

for the year ended March 31, 2021

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

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

i) Revenue by category of contracts:

Particulars	March 31, 2021	March 31, 2020
Over a period of time basis	2,795.87	3,694.86
At a point-in-time basis	1,914.37	1,960.53
Total revenue from contracts with customers	4,710.24	5,655.39

Revenue by geographical market:

Particulars	March 31, 2021	March 31, 2020
Within India	3,116.12	3,762.23
Outside India *	1,675.13	1,969.08
Total revenue from operations	4,791.25	5,731.31

*Includes deemed export of Rs. 16.39 (March 31, 2020: Rs. 28.85)

Revenue by segment:

Particulars	March 31, 2021			
	Energy	Environment	Chemical	Total
Revenue from contracts with customers				
External revenue	3,548.10	795.17	426.59	4,769.86
Inter segment	(0.96)	(53.82)	(4.84)	(59.62)
Total revenue from contracts with customers	3,547.14	741.35	421.75	4,710.24
Other operating income	79.19	(1.04)	2.86	81.01
Total revenue from operations	3,626.33	740.31	424.61	4,791.25
Particulars	March 31, 2020			
	Energy	Environment	Chemical	Total
Revenue from contracts with customers				
External revenue	4,610.36	717.14	416.77	5,744.27
Inter segment	(4.39)	(79.50)	(4.99)	(88.88)
Total revenue from contracts with customers	4,605.97	637.64	411.78	5,655.39
Other operating income	66.60	4.83	4.49	75.92
Total revenue from operations	4,672.57	642.47	416.27	5,731.31

ii) Contract balances:

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

Particulars	As at March 31, 2021	As at March 31, 2020
Trade receivables (note 7)	1,337.97	1,478.46
Unbilled revenue (Contract asset) (note 9(b))	301.49	347.30
Unearned revenue (Contract liability) (note 20)	388.24	392.10
Customer advances (Contract liability) (note 20)	941.92	903.89

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.

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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.

Particulars	As at March 31, 2021	As at March 31, 2020
Unearned revenue	299.58	215.70
Customer advance	627.35	979.07

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

Particulars	March 31, 2021	March 31, 2020
Opening unbilled revenue (note 9(b))	347.30	1,120.89
Opening unearned revenue (note 20)	392.10	313.38
	(A)	807.51
- Transfer of contract assets to receivable from opening unbilled revenue	(317.96)	(1,056.63)
- Increase in revenue as a result of changes in the measure of progress from the opening unearned revenue	299.58	215.70
- Transfer of contract assets to receivable	(2,525.03)	(3,491.01)
- Increase in revenue as a result of changes in the measure of progress	2,496.29	3,479.16
- Others*	5.17	0.47
	(B)	(852.31)
Closing unbilled revenue (note 9(b))	301.49	347.30
Closing unearned revenue (note 20)	388.24	392.10
	(A+B)	(44.80)

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

v) Performance obligations

Performance obligation in a project or a group of projects which are contracted at or near same time with the same or related parties and negotiated simultaneously, are combined for the purpose of evaluation. The 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 vis a vis the timing of the payment.

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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.

Particulars	March 31, 2021	March 31, 2020
Amount of revenue yet to be recognised for contracts in progress	3,333.59	3,103.66

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.

22 Other Income

Particulars	March 31, 2021	March 31, 2020
Interest income from financial assets at amortised cost		
Bank deposits	65.79	13.02
Other interest income	10.09	7.38
Dividend income from investments designated at fair value through profit and loss	1.87	5.51
Liabilities no longer required written back	8.32	11.10
Fair value gain on financial instruments at fair value through profit and loss (net)	9.94	47.24
Miscellaneous income ^^	11.73	15.75
Total	107.74	100.00

^^ Includes rent income of Rs. 0.13 (March 31, 2020: Rs. 1.07) refer note 32(i)(b).

23 Cost of raw material and components consumed

Particulars	March 31, 2021	March 31, 2020
Inventories at the beginning of the year	276.27	345.73
Add: Purchases	2,410.40	2,926.84
	2,686.67	3,272.57
Inventories at the end of the year	(219.24)	(276.27)
	2,467.43	2,996.30
Less: capitalised during the year (note 4 (a))	-	(0.16)
Total	2,467.43	2,996.14

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24 (Increase) in inventories of finished goods, work-in-progress and traded goods

Particulars	March 31, 2021	March 31, 2020
Inventories at the beginning of the year		
Work-in-progress	104.52	91.84
Finished goods	54.30	52.04
Traded goods	8.52	8.89
	167.34	152.77
Less: inventories at the end of the year		
Work-in-progress	112.84	104.52
Finished goods	60.75	54.30
Traded goods	5.91	8.52
	179.50	167.34
Total	(12.16)	(14.57)

25 Employee benefits expense

Particulars	March 31, 2021	March 31, 2020
Salaries and wages	683.47	714.55
Contribution to provident and other funds	39.30	40.83
Gratuity expense (note 33)	9.86	8.63
Staff welfare expenses	26.17	35.11
	758.80	799.12
Less: capitalised during the year (note 4(a))	(0.04)	(0.10)
Total	758.76	799.02

26 Finance costs

Particulars	March 31, 2021	March 31, 2020
Interest expense*	11.75	8.61
Unwinding of discount	8.89	6.41
Total	20.64	15.02

* Includes accretion of interest on lease obligation Rs. 0.16 (March 31, 2020: Rs. 0.08) (refer note 32(ii)).

27 Depreciation and amortization expense

Particulars	March 31, 2021	March 31, 2020
Depreciation on property, plant and equipment (note 4(a))	95.54	99.36
Depreciation on right-of-use assets (note 4(b))	6.16	4.22
Amortisation of intangible assets (note 4(c))	12.87	13.05
Total	114.57	116.63

Notes to Consolidated Financial Statements

for the year ended March 31, 2021

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28 Other expenses

Particulars	March 31, 2021	March 31, 2020
Consumption of stores and spare parts	69.70	85.02
Power and fuel	38.59	44.36
Freight and forwarding charges (net)	116.05	162.40
Site expenses and contract labour charges	537.01	616.35
Drawing, design and technical service charges	21.10	25.61
Sales commission	17.49	18.77
Advertisement and sales promotion	11.25	28.90
Rent	14.89	28.34
Rates and taxes	13.51	26.06
Insurance	13.25	10.12
Repairs and maintenance:		
Plant and machinery	17.95	27.37
Buildings	3.60	7.00
Others	35.00	37.85
Travelling and conveyance	37.51	88.10
Legal and professional fees (includes payment to auditors)	77.66	83.24
Director sitting fees	0.84	0.74
Provision for impairment allowance of financial assets (net)	11.24	40.93
Warranty expenses (net)	41.00	45.20
(Gain) / loss on sale/ discard of assets (net)	0.76	(5.49)
CSR expenditure	7.84	8.26
Miscellaneous expenses (includes printing, communication, security expense, etc.)	52.47	62.03
	1,138.71	1,441.16
Less: capitalised during the year (note 4(a))	(0.04)	(0.74)
Total	1,138.67	1,440.42

29 Earnings per share

Particulars	March 31, 2021	March 31, 2020
Net profit attributable to the Equity shareholders of the Parent Company	206.58	212.45
Weighted average number of Equity shares of Rs. 2/- each (number in crores)	112,614,860	112,614,860
Basic and diluted Earning per share	18.34	18.87

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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, 2021

Particulars	March 31, 2021			
	Cash flow hedge reserve	Foreign Currency translation reserve	Retained Earnings	Total
Foreign currency translation differences	-	8.77	-	8.77
Interest rate swap	(0.72)	-	-	(0.72)
Foreign exchange forward contracts	5.97	-	-	5.97
Reclassified to Statement of profit or loss (Net)	(1.33)	-	-	(1.33)
Re-measurement gains on defined benefit plans	-	-	4.22	4.22
Total	3.92	8.77	4.22	16.91
Particulars	March 31, 2020			
	Cash flow hedge reserve	Foreign Currency translation reserve	Retained Earnings	Total
Foreign currency translation differences	-	11.44	-	11.44
Interest rate swap	(1.68)	-	-	(1.68)
Foreign exchange forward contracts	(9.06)	-	-	(9.06)
Reclassified to Statement of profit or loss (Net)	2.57	-	-	2.57
Re-measurement gains on defined benefit plans	-	-	(12.05)	(12.05)
Total	(8.17)	11.44	(12.05)	(8.78)

31 Contingent liabilities and commitments

A - Contingent liabilities

- a) During earlier years and in the current year, the Group has received demand notices/show cause-cum-demand notices from the Excise department covering period from June 2000 till June 2017 for Rs. 1,385.47 crores (March 31, 2020: Rs.1,385.47) (including penalty but excluding interest and further penalty thereon).

These demands are of excise duty payable on inclusion of the cost of bought out items in the assessable value of certain products manufactured by the Group, though such duty paid bought out items were directly dispatched by the manufacturers thereof to the ultimate customer, without being received in the Group's factory. The Group has filed and appeal against the said orders received before CESTAT, Mumbai. Based on independent legal advice, the Group is confident of the issue being ultimately decided in its favour and accordingly no provision has been considered necessary.

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b) Taxes*

Particulars	March 31, 2021	March 31, 2020
Excise, Customs duty and Service tax	26.63	26.55
Sales tax #	78.41	75.17
Income tax demands disputed in appellate proceedings #	77.17	67.69
References/appeals preferred by the Income tax department in respect of which, should the ultimate decision be unfavourable to the Group	3.30	9.87
Others	0.10	0.10

* Excluding interest and penalty thereon.

Includes Sales tax and Income tax demands disputed in appellate proceedings pertaining to Thermax Senegal S.A.R.L, a subsidiary which is under liquidation, of Rs. 9.16 and Rs.20.15 (March 31, 2020 of Rs.8.92 and Rs.19.62) respectively. Subsequent to the year end one of the subsidiaries of the Group has received income tax draft assessment orders adding to income ₹98 on account of sales to related parties in earlier years and ₹107 on account of share premium for shares issued, both in earlier years.

The above excludes the effects of similar disallowances, if any, for any subsequent period that are pending for assessments.

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

Particulars	March 31, 2021	March 31, 2020
Liability for export obligations	71.40	73.00
Claims against the Group not acknowledged as debt*	208.30	3.33

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 is considered for the subject matter. 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

- Liability in respect of partly paid shares Rs. 0.09 (March 31, 2020 Rs. 0.09).
- Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for is Rs. 26.83 (March 31, 2020 Rs. 29.59).
- For lease commitments, refer note 32.

Notes to Consolidated Financial Statements

for the year ended March 31, 2021

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

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.

Particulars	Gross Investment in lease		Present value of minimum lease payments	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Within one year	20.15	18.03	11.08	9.29
After one year but not more than five years	63.19	61.98	40.85	39.36
More than five years	26.68	26.38	20.51	19.53
	110.02	106.39	72.44	68.18
Less: Unearned finance income	37.58	38.21	-	-
Present value of minimum lease payments receivable	72.44	68.18	72.44	68.18
Allowance for uncollectible lease payments	-	-	-	-
Current portion of finance lease receivables*			11.42	9.29
Non-current portion of finance lease receivables*			61.02	58.89

Particulars	March 31, 2021	March 31, 2020
Estimated unguaranteed residual value of assets under finance lease	-	-
Contingent rent recognised as income during the year	-	-
Interest rate inherent in the lease per annum	10.87% - 17.03%	10.87% - 17.03%

*Lease receivables amounting to Rs. 15.25 (March 31, 2020 Rs. 5.59) have been hypothecated against borrowings.

Notes to Consolidated Financial Statements

for the year ended March 31, 2021

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

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).

Particulars	March 31, 2021	March 31, 2020
Lease rental received for the year	0.13	1.07

Particulars	March 31, 2021	March 31, 2020
Future minimum lease rental receivables under non-cancellable operating leases are as follows:		
Within one year	-	-
After one year but not more than five years	-	-
More than five years	-	-

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.

Carrying amounts of finance lease liabilities and the movements during the period.

Particulars	March 31, 2021	March 31, 2020
Finance lease liabilities at the beginning of the year	14.21	14.20
Additions (for new lease during the year)	1.84	2.76
Accretion of interest	0.16	0.08
Exchange differences	(0.16)	-
Payments made	(5.58)	(2.83)
As at 31 March	10.47	14.21
Current portion of finance lease payable	3.86	4.53
Non-current portion of finance lease payable	6.61	9.68
Total	10.47	14.21

Notes to Consolidated Financial Statements

for the year ended March 31, 2021

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

Details of amounts recognised in Consolidated Statement of Profit and Loss

Particulars	March 31, 2021	March 31, 2020
Depreciation expense of right-of-use assets	6.16	4.22
Interest expense on lease liabilities	0.16	0.08
Expense relating to short-term leases (included in other expenses and staff welfare expenses)	15.00	32.50
Expense relating to leases of low-value assets (included in other expenses)	2.29	2.48
Total amount recognised in Consolidated Statement of Profit or Loss	23.61	39.28

Refer note 38(a) III for maturities of finance lease liabilities.

33 Gratuity

The Holding Company and its Indian subsidiaries operate a defined benefit plan viz. gratuity for its employees. Under the gratuity plan, every employee who has completed the specified years of service gets a gratuity on departure at 15 days (minimum) of the last drawn salary for each completed year of service. The scheme is funded with an insurance company. The fund has formed a trust and it is governed by a 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, 2021	March 31, 2020
Total asset	9.50	5.06
Total liability	(0.22)	(3.24)
	9.28	1.82

Notes to Consolidated Financial Statements

for the year ended March 31, 2021

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

I Changes in the net benefit obligation and fair value of plan assets are as follows :

Particulars	Present value of obligation	Fair value of plan assets	Net amount
April 1, 2019	91.36	(100.69)	(9.33)
Current service cost	9.31	-	9.31
Interest expense/(income)	7.24	(7.92)	(0.68)
Total amount recognised in Consolidated Statement of Profit or Loss	16.55	(7.92)	8.63
Experience adjustments	4.46	-	4.46
Return on plan assets (income)	-	0.84	0.84
Demographic adjustments	(1.29)	-	(1.29)
Actuarial loss from change in financial assumptions	10.97	-	10.97
Total amount recognised in Other Comprehensive Income	14.14	0.84	14.98
Employer contributions	-	(16.10)	(16.10)
Benefits paid	(13.63)	13.63	-
March 31, 2020	108.42	(110.24)	(1.82)
Current service cost	10.12	-	10.12
Interest expense/(income)	6.11	(6.37)	(0.26)
Total amount recognised in Consolidated Statement of Profit or Loss	16.23	(6.37)	9.86
Experience adjustments	1.91	-	1.91
Return on plan assets (income)	-	(1.38)	(1.38)
Actuarial (gain) from change in financial assumptions	(7.12)	-	(7.12)
Amount not recognised due to asset ceiling	-	0.83	0.83
Total amount recognised in Other Comprehensive Income	(5.21)	(0.56)	(5.76)
Employer contributions	-	(11.56)	(11.56)
Benefits paid	(18.16)	18.16	-
March 31, 2021	101.28	(110.56)	(9.28)

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

Particulars	March 31, 2021	March 31, 2020
Present value of funded obligation	101.28	108.42
Fair value of plan assets	(110.56)	(110.24)
Surplus of funded plan	(9.28)	(1.82)

Notes to Consolidated Financial Statements

for the year ended March 31, 2021

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

III Significant assumptions

The principal actuarial assumptions were as follows :

Particulars	March 31, 2021	March 31, 2020
Discount rate	6.4% to 6.9%	6.04% to 6.4%
Salary growth rate	5 % to 8 %	5 % to 7 %
Normal retirement age	60 years	60 years
Mortality table	Indian Assured Lives Mortality (2012-14) Ultimate	Indian Assured Lives Mortality (2012-14) Ultimate
Employee turnover	5% to 14%	5% to 14%

IV Sensitivity analysis

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

Assumption	March 31, 2021		March 31, 2020	
	Impact of 1% increase	Impact of 1% decrease	Impact of 1% increase	Impact of 1% decrease
Discount rate	Decrease by 6.07	Increase by 6.86	Decrease by 6.52	Increase by 7.48
Future salary increase	Increase by 6.14	Decrease by 5.54	Increase by 6.70	Decrease by 5.94
Attrition Rate	Increase by 0.25	Decrease by 0.27	Increase by 0.54	Decrease by 0.69

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 year) has been applied as and 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, 2021	March 31, 2020
Within next 12 months	13.57	17.45
Between 2-5 years	40.89	41.87
Next 5 years	41.89	40.01

The average duration of the defined benefit plan obligation at the end of the reporting year is 8.82 years (March 31, 2020: 9 years).

The Group expects to contribute Rs. 3.25 to gratuity fund in the next year (March 31, 2020 : Rs. 4.26)

V The major categories of plan assets are as follows:

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

Notes to Consolidated Financial Statements

for the year ended March 31, 2021

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

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.

Sr No.	Name of the entity	Place of business / Country of incorporation	Ownership interest held by the Group		Principal activities
			March 31, 2021	March 31, 2020	
1	Thermax Onsite Energy Solutions Ltd	India	100%	100%	Supply of steam and heat on build, own and operate basis
2	Thermax Instrumentation Ltd.	India	100%	100%	Civil, Erection & Commissioning and Operation and Maintenance of power plants
3	Thermax Engineering Construction Company Ltd.	India	100%	100%	Installation of industrial machinery and equipment
4	Thermax Sustainable Energy Solutions Ltd.	India	100%	100%	Carbon Advisory Services
5	Thermax International Ltd.	Mauritius	100%	100%	Investment Company
6	Thermax Europe Ltd.	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 (Zhejiang) Cooling & Heating Engineering Company Ltd. ^^^^	China	NA	100%	Products and services in heating, cooling, waste heat recovery, captive power, water treatment and recycling, waste management and performance chemicals
10	Thermax Netherlands BV.	Netherlands	100%	100%	Investment Company
11	Thermax Denmark ApS	Denmark	100%	100%	Investment Company
12	Danstoker A/S	Denmark	100%	100%	Produces and sells boilers to the energy market
13	Ejendomsanp artsselskabet Industrivej Nord 13	Denmark	100%	100%	Own and lease out property within Group
14	Boilerworks A/S	Denmark	100%	100%	Produces and supplies high-pressure boilers and components
15	Boilerworks Properties ApS	Denmark	100%	100%	Own and lease out the property within Group
16	Danstoker Poland Spółka Z Ograniczona Odpowiedzialnoscia	Poland	100%	100%	Produces and supplies high-pressure boilers and components
17	Rifox-Hans Richter GmbH Spezialarmaturen	Germany	100%	100%	Manufacturing steam trap systems
18	Thermax Sdn.Bhd	Malaysia	100%	100%	Turnkey solutions provider

Notes to Consolidated Financial Statements

for the year ended March 31, 2021

(All amounts are in Rupees Crores 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, 2021	March 31, 2020	
19	Thermax Engineering Singapore Pte. Ltd.	Singapore	100%	100%	Investment Company
20	PT Thermax International Indonesia	Indonesia	100%	100%	Manufacturing of industrial products
21	Thermax Senegal S.A.R.L ^^^^	Senegal	100%	100%	Plant management services
22	First Energy Private Limited	India	100%	76%	Alternative energy solution company
23	Thermax Energy & Environment Philippines Corporation	Philippines	100%	100%	Marketing and sales of component parts of boilers
24	Thermax Energy & Environment Lanka (Private) Limited	Sri Lanka	100%	100%	Marketing and sales of component parts of boilers
25	Thermax Nigeria Limited	Nigeria	100%	100%	Marketing and sales of component parts of boilers
26	Thermax Babcock & Wilcox Energy Solutions Pvt Ltd	India	100%	100%	Manufacture of steam or other vapour generating boilers and hot water boilers other than central heating boilers
27	Thermax Cooling Solutions Limited (formerly known as Thermax SPX Energy Technologies Ltd)	India	100%	100%	Supply and erection commissioning of Air cooled condenser (ACC), Rotary air Pre-Heater (RAPH), electrostatic precipitator (ESP), Bag Houses
28	Thermax Engineering Construction FZE	Nigeria	100%	100%	Operation and Maintenance
29	Thermax International Tanzania Limited^^	Tanzania	100%	100%	Supervision for project business, operation and maintenance services and sales related support.
30	Thermax (Thailand) Limited	Thailand	100%	100%	Trade and investment support office.
31	ESOP Trust and Employee Welfare Trusts**	India	100%	100%	Employee welfare
32	Enernxt Private Limited^^^	India	100%	NA	Supply of biogas on build, own, operate and transfer basis

Thermax Hong Kong Ltd. (wholly owned subsidiary) has not been considered for consolidation as the same has been closed on September 11, 2020.

During the year ended March 31, 2020, the non-controlling interest held in First Energy Private Limited is not material to the Group. Hence, the disclosures required under Para 12 of Ind AS 112 Disclosure of Interests in other entities are not considered necessary.

** 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.

^^ Date of incorporation December 7, 2019. There are no transaction during the year, hence not consolidated.

^^^ Date of incorporation January 5, 2021. There are no transaction during the year, hence not consolidated.

^^^^ The subsidiaries are under liquidation process.

Notes to Consolidated Financial Statements

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B Parent Entity

Sr No.	Name of the entity	Place of business / Country of incorporation	Ownership interest held by the Group		Type
			March 31, 2021	March 31, 2020	
1	RDA Holdings Pvt Ltd	India	53.99%	53.99%	Ultimate Holding company

The above percentage of shareholding is before elimination of Trust's holding**.

35 Related party disclosures

A For details of Holding company, refer note 34.

B Individuals having significant influence over the Group by reason of voting power, and their relatives

- Mrs. Meher Pudumjee - Chairperson
- Mrs. Anu Aga - Relative of Chairperson / Director (Retired on August 8, 2018)
- Mr. Pheroze Pudumjee - Director
- Mr. Zahaan Pudumjee - Relative of Chairperson / Director

C Key Management Personnel:

- Mr. M S Unnikrishnan - Managing Director and Chief Executive Officer (Retired on August 31, 2020)
- Mr. Ashish Bhandari - Managing Director and Chief Executive Officer (w.e.f. April 7, 2020)
- Dr. Valentin A. H. von Massow - Independent Director
- Dr. Jairam Varadaraj - Independent Director
- Mr. Nawshir Mirza - Independent Director
- Mr. Harsh Mariwala - Independent Director
- Mr. Sashishekhar Balakrishna (Ravi) Pandit - Independent Director
- Mrs. Rajani Kesari - Independent Director
- Mr. Rajendran Arunachalam - Chief Financial Officer (w.e.f. June 1, 2019)
- Mr. Amitabha Mukhopadhyay - Chief Financial Officer (Resigned on May 31, 2019)
- Mr. Kedar Phadke - Company Secretary

D Enterprises with whom transactions have taken place during the year, over which control is exercised by individuals listed in 'B' and 'C' above:

- Thermax Foundation, India
- ARA Trusteeship Company Private Limited, India
- Marico Limited, India
- Elgi Ultra Industries Limited, India
- Elgi Equipments Limited, India
- The Akanksha Foundation, India
- Festo India Private Limited, India
- Kirtane & Pandit LLP, India

Notes to Consolidated Financial Statements

for the year ended March 31, 2021

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

E Transactions with related parties:

Particulars	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 above		Total	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
a. Transactions during the year						
Sales of products and services	0.04	0.68	-	-	0.04	0.68
Purchase of raw material and components	1.44	0.35	-	-	1.44	0.35
Miscellaneous expense	0.02	0.01	-	-	0.02	0.01
Remuneration to key management personnel*	-	-	22.21	6.93	22.21	6.93
Donation	7.84	8.26	-	-	7.84	8.26
Director's sitting fees ^	-	-	0.60	0.44	0.60	0.44
Commission paid	-	-	3.93	3.72	3.93	3.72
Rent paid	-	-	0.35	0.51	0.35	0.51

* 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. Nil (March 31, 2020: Rs. 90.06) including interim dividend for the year 2019-20.

^ Includes sitting fees paid to director's of holding companies.

Particulars	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 above		Total	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
b. Balances as at the year end						
Trade receivables	0.02	**	-	-	0.02	**
Security deposit	-	-	0.18	0.18	0.18	0.18
Trade payables and other liabilities	0.81	0.15	-	-	0.81	0.15

** represents amount less than a lakh rupees.

Notes to Consolidated Financial Statements

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

F 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, 2021	March 31, 2020
Transactions during the year		
Sale of product and services		
Marico Limited	0.04	0.55
Elgi Ultra Industries Limited	-	0.13
Purchase of raw material and components		
Elgi Equipments Limited	1.43	0.30
Festo India Private Limited	0.01	0.05
Miscellaneous expense		
The Akanksha Foundation	-	0.01
Remuneration to key management personnel		
Mr. M. S. Unnikrishnan	14.82	4.00
Mr. Ashish Bhandari	5.64	-
Mr. Rajendran Arunachalam	1.39	1.27
Mr. Amitabha Mukhopadhyay	-	1.26
Donation		
Thermax Foundation, India	7.84	8.26
Directors sitting fees		
Mrs. Meher Pudumjee	0.07	0.06
Mr. Pheroz Pudumjee	0.10	0.08
Dr. Valentin A. H. von Massow	0.07	0.06
Dr. Jairam Varadaraj	0.09	0.07
Mr. Nawshir Mirza	0.11	0.06
Mr. Ravi Pandit	0.06	0.06
Mrs. Rajani Kesari	0.07	0.04
Commission paid		
Mrs. Meher Pudumjee	0.45	0.45
Mr. Pheroz Pudumjee	0.20	0.20
Dr. Valentin A. H. von Massow	0.38	0.37
Dr. Jairam Varadaraj	0.20	0.20
Mr. Nawshir Mirza	0.35	0.35
Mr. Harsh Mariwala	0.25	0.25
Mr. Ravi Pandit	0.15	0.15
Mrs. Rajani Kesari	0.15	0.15
Mr. M. S. Unnikrishnan	1.60	1.60

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Particulars	March 31, 2021	March 31, 2020
Rent paid		
Mrs. Meher Pudumjee	0.11	0.14
Mrs. Anu Aga	0.13	0.24
Mr. Pheroze Pudumjee	0.11	0.14

Particulars	March 31, 2021	March 31, 2020
Trade receivables		
Marico Limited	0.02	**
Trade payables and other liabilities		
Elgi Equipments Limited	0.01	0.03
Festo India Private Limited	-	0.02
Marico Limited	0.80	0.10
Security deposits		
Mr. Pheroze Pudumjee	0.18	0.18

** represents amount less than a lakh rupees.

G. 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, 2021, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2020: Rs. Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

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 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.

The CODM evaluates performance based on the revenues and operating profit for the three segments- Energy, Environment and Chemical. The composition of these segments is given below:

Segment	Products Covered
a) Energy	Boilers and heaters, Absorption Chillers/Heat Pumps, Power Plants, Solar equipment and related services.
b) Environment	Air Pollution Control equipment/systems, Water & Waste Recycle Plants and related services.
c) Chemical	Ion Exchange Resins, Performance Chemicals, Water Treatment Chemicals, Oil Field Chemicals, Paper Chemicals and Construction Chemicals.

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

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

I Information about Business Segments:

Sr. No.	Particulars	As at March 31, 2021	As at March 31, 2020
i	Segment Revenue		
	a. Energy	3,627.29	4,676.96
	b. Environment	794.13	721.97
	c. Chemical	429.45	421.26
	Total	4,850.87	5,820.19
	Less: Inter segment revenue	59.62	88.88
	Income From operations	4,791.25	5,731.31
ii	Depreciation and amortization		
	a. Energy	72.72	81.85
	b. Environment	5.94	5.91
	c. Chemical	17.34	15.68
	d. Unallocated	18.57	13.19
		114.57	116.63
iii	Segment Results		
	Profit before tax and interest from each segment		
	a. Energy	217.71	249.25
	b. Environment	37.59	38.07
	c. Chemical	103.38	78.04
	Total	358.68	365.36
	Less : i) Interest	20.64	15.02
	ii) Other unallocable expenditure net of unallocable (income)	10.32	(24.19)
	iii) Exceptional items (relating to Energy segment)	52.53	-
	Total profit before tax	275.19	374.53
iv	Segment Assets		
	a. Energy	2,759.84	3,182.41
	b. Environment	521.21	459.78
	c. Chemical	415.06	391.15
	d. Unallocated	2,810.76	1,922.55
	Total Assets	6,506.87	5,955.89
v	Segment Liabilities		
	a. Energy	2,445.37	2,194.86
	b. Environment	516.41	404.33
	c. Chemical	61.90	53.43
	d. Unallocated	231.80	275.37
	Total Liabilities	3,255.48	2,927.99

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for the year ended March 31, 2021

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

Reconciliations to amounts consolidated in financial statements

Reconciliation of profit

Particulars	As at March 31, 2021	As at March 31, 2020
Segment profit	358.68	365.36
Other income	107.74	100.00
Exceptional items	(52.53)	-
Finance cost	(20.64)	(15.02)
Other corporate costs*	(118.06)	(75.81)
Profit before tax	275.19	374.53

* Mainly includes employee cost, legal and professional expenses, depreciation on unallocable assets, etc.

Reconciliation of assets

Particulars	As at March 31, 2021	As at March 31, 2020
Segment operating assets	3,696.11	4,033.34
Investments	234.46	875.20
Cash and bank balances	1,939.20	481.49
Balances with government authorities	163.85	166.56
Income tax assets	165.69	132.94
Other unallocated assets (includes deferred tax, etc.)	307.56	266.36
Total assets	6,506.87	5,955.89

Reconciliation of liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Segment operating liabilities	3,023.68	2,652.62
Borrowings	115.10	211.54
Income tax liabilities	25.11	11.34
Other unallocable liabilities	91.59	52.49
Total liabilities	3,255.48	2,927.99

II Information about geographic segment

Revenue from external customers

Particulars	As at March 31, 2021	As at March 31, 2020
India	3,116.12	3,762.23
Outside India	1,675.13	1,969.08
Total	4,791.25	5,731.31

No individual customer contributed more than 10% of Group's total revenue for the year ended March 31, 2021 and March 31, 2020.

Notes to Consolidated Financial Statements

for the year ended March 31, 2021

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

Non-current asset

Particulars	As at March 31, 2021	As at March 31, 2020
India	1,373.80	1,369.18
Outside India	148.01	186.79
Total	1,521.81	1,555.97

37 Fair value measurements

a) Category of financial instruments and valuation techniques

Details of financial assets carried at amortised cost

Particulars	As at March 31, 2021	As at March 31, 2020
Trade receivables	1,337.97	1,478.46
Loans	21.85	24.14
Finance lease receivables	72.44	68.18
Other assets	425.25	460.27
Cash and cash equivalents	461.31	254.04
Bank balances other than cash and cash equivalents	1,477.89	227.45
Total	3,796.71	2,512.54
Current assets	3,558.36	2,304.39
Non-current assets	238.35	208.15
Total	3,796.71	2,512.54

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

Particulars	As at March 31, 2021	As at March 31, 2020
Investments	234.46	875.20
Total	234.46	875.20
Current assets	115.25	816.07
Non-current assets	119.21	59.13
Total	234.46	875.20

The fair values of the quoted shares are based on price quotations at the reporting date.

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for the year ended March 31, 2021

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

Details of derivative assets

Particulars	As at March 31, 2021	As at March 31, 2020
Derivative instruments		
Cash flow hedges		
Foreign exchange forward contracts	1.66	2.00
Derivative not designated as hedges		
Foreign exchange forward contracts	3.44	2.48
Total	5.10	4.48
Current assets	5.10	4.48
Non-current assets	-	-
Total	5.10	4.48

Details of financial liabilities carried at amortised cost

Particulars	As at March 31, 2021	As at March 31, 2020
Borrowings	305.06	211.54
Trade payables	1,170.95	999.97
Employee related payables	73.56	67.29
Other liabilities	68.89	62.46
Total	1,618.46	1,341.26
Current liabilities	1,538.68	1,250.28
Non-current liabilities	79.78	90.98
Total	1,618.46	1,341.26

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

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.

Notes to Consolidated Financial Statements

for the year ended March 31, 2021

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

Details of derivative liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Derivative instruments		
Cash flow hedges		
Foreign exchange forward contracts	2.70	25.55
Derivative not designated as hedges		
Foreign exchange forward contracts	2.84	10.68
Total	5.54	36.23
Current liabilities	5.54	36.23
Non-current liabilities	-	-
Total	5.54	36.23

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, 2021

Particulars	Date of valuation	Level 1	Level 2	Level 3	Total
Financial assets					
Investments					
Equity instruments	March 31, 2021	0.16	-	-	0.16
Mutual funds	March 31, 2021	-	234.30	-	234.30
Derivative financial assets	March 31, 2021	-	5.10	-	5.10
Financial liabilities					
Derivative financial liabilities	March 31, 2021	-	5.54	-	5.54

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at March 31, 2020

Particulars	Date of valuation	Level 1	Level 2	Level 3	Total
Financial assets					
Investments					
Equity instruments	March 31, 2020	0.08	-	-	0.08
Mutual funds	March 31, 2020	-	875.12	-	875.12
Derivative financial assets	March 31, 2020	-	4.48	-	4.48
Financial liabilities					
Derivative financial liabilities	March 31, 2020	-	36.23	-	36.23

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.

Notes to Consolidated Financial Statements

for the year ended March 31, 2021

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

38 (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 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, 2021 and March 31, 2020. The management of the Company reviews and agrees policies for managing each of these risks which are summarised below:

I Market risk

Market risk is the risk that the value of an asset will fluctuate as a result of changes in market variables such as interest rates, foreign exchange rates, and equity prices, whether those changes are caused by factors specific to the individual investment or its issuer or factors affecting all investments traded in the market.

Market risk is managed on the basis of pre-determined asset allocations across various asset categories, diversification of assets in terms of geographical distribution and industry concentration, a continuous appraisal of market conditions and trends and management's estimate of long and short term changes in fair value.

a Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is not currently exposed significantly to such risk as most of the borrowings are on fixed interest terms.

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).

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.

Notes to Consolidated Financial Statements

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Particulars	Impact on profit before tax		Impact on other components of equity	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
USD Sensitivity				
INR/ USD - Increase by 1%	(2.68)	(1.21)	1.68	(0.14)
INR/ USD - Decrease by 1%	2.68	1.21	(1.68)	0.14
SEK Sensitivity				
INR/ SEK - Increase by 1%	0.10	0.35	0.02	0.09
INR/ SEK - Decrease by 1%	(0.10)	(0.35)	(0.02)	(0.09)
EUR Sensitivity				
INR/ EUR - Increase by 1%	0.53	0.43	0.20	0.71
INR/ EUR - Decrease by 1%	(0.53)	(0.43)	(0.20)	(0.71)
JPY Sensitivity				
INR/ EUR - Increase by 1%	0.07	-	-	-
INR/ EUR - Decrease by 1%	(0.07)	-	-	-

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. Reports on the investment portfolio are submitted to the Group senior management on a regular basis.

The Holding 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 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.

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 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.

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The Group's maximum exposure to credit risk for bank balances and deposits as at March 31, 2021 and March 31, 2020 is the carrying amounts as disclosed in Note 9(a) and 13, maximum exposure relating to financial derivative instruments disclosed in notes 9(b) and 18(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 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, 2021	< 1 year	1 to 3 years	> 3 years	Total
Non-derivative				
Borrowings				
Loans	282.90	12.45	9.71	305.06
Trade Payables	1,138.01	32.94	-	1,170.95
Other financial liabilities				
Current maturities of long-term borrowings	12.36	-	-	12.36
Lease obligation	3.86	6.87	1.35	12.08
Unpaid dividend	0.89	-	-	0.89
Other payables	100.66	5.31	24.13	130.10
Derivatives (net settled)				
Foreign exchange forward contracts	5.54	-	-	5.54

March 31, 2020	< 1 year	1 to 3 years	> 3 years	Total
Non-derivative				
Borrowings				
Loans	178.15	20.76	12.63	211.54
Trade Payables	960.24	39.73	-	999.97
Other financial liabilities				
Current maturities of long-term borrowings	18.75	-	-	18.75
Lease obligation	4.53	5.89	3.79	14.21
Interest accrued but not due on loans	0.09	-	-	0.09
Unpaid dividend	0.97	-	-	0.97
Other payables	87.55	1.10	7.08	95.73
Derivatives (net settled)				
Foreign exchange forward contracts	36.23	-	-	36.23

Notes to Consolidated Financial Statements

for the year ended March 31, 2021

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

38 (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, 2021		March 31, 2020	
	Assets	Liabilities	Assets	Liabilities
Fair Value of Foreign exchange forward contracts designated as hedging instruments	5.10	(4.38)	4.48	(34.75)

The terms of the foreign currency forward contracts match the terms of the expected highly probable forecast transactions. As a result, no hedge ineffectiveness arise requiring recognition through profit or loss. Notional amounts of hedged instruments mentioned as assets for export transaction and as liabilities for import transactions, are as mentioned below.

Particulars	March 31, 2021		March 31, 2020	
	Assets	Liabilities	Assets	Liabilities
Cash flow hedge				
Foreign exchange forward contracts	304.44	24.58	709.04	(40.99)
Derivatives not designated as hedges				
Foreign exchange forward contracts	558.33	151.18	381.54	(84.39)

All the derivative contracts expire in next 12 months.

The cash flow hedges of the expected future sales and purchases were assessed to be highly effective and following net unrealised gain / (loss) with a deferred tax asset/ (liability) relating to the hedging instruments, is included in OCI.

Particulars	March 31, 2021		March 31, 2020	
	Expected future sales	Expected future purchase	Expected future sales	Expected future purchase
Unrealised gain/ (loss)	0.35	(0.25)	(12.76)	11.88
Deferred tax asset/ (liability)	(0.09)	0.06	3.21	(2.99)
	0.26	(0.19)	(9.55)	8.89

The amounts retained in OCI at March 31, 2021 are expected to mature and affect the statement of profit and loss during the year ended March 31, 2022.

Reclassifications to profit or loss during the year gains or losses included in OCI are shown in Note 30.

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for the year ended March 31, 2021

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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, 2021		March 31, 2020	
	Assets	Liabilities	Assets	Liabilities
Interest rate swap	-	(1.16)	-	(1.48)

The nominal value of interest rate swap are:

Particulars	March 31, 2021		March 31, 2020	
	Assets	Liabilities	Assets	Liabilities
Interest rate swap	-	(8.23)	-	(9.07)

39 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, 2021 and March 31, 2020. Capital represents equity attributable to equity holders of the Parent Company.

Particulars	As at March 31, 2021	As at March 31, 2020
Borrowings	305.06	211.54
Trade payables	1,170.95	999.97
Book overdraft	1.73	7.67
Less: Cash and cash equivalents (includes deposits with maturity of more than 3 months but less than 12 months)	(1,939.20)	(481.49)
Net (surplus) / debt	(461.46)	1,700.67
Equity	3,251.39	3,027.90
Capital and net debt	2,789.93	4,728.57
Gearing ratio	NA	1 : 2.78

40 Exceptional Items

Particulars	Note	March 31, 2021	March 31, 2020
Impairment of Goodwill related to Thermax Netherlands B.V. group #	4(c)	32.88	-
Voluntary Retirement Scheme ##		9.15	-
Impairment of certain assets of Boilerworks A/S *	4 (a) & (c)	8.82	-
Provision for closure of Omnicall Kessel & Apparatebau GmbH, Germany ^		1.68	-
Total		52.53	-

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Item pertains to impairment of goodwill for Rs. 32.88 related to the stepdown subsidiary of Thermax Netherlands B.V. (i.e. Thermax Denmark ApS).

The Group as on October 05, 2020 announced a Voluntary Retirement Scheme (VRS) for its eligible employees. The amount of scheme benefits payable to employees who opted for it is Rs. 9.15 (March 31,2020 : Rs Nil). The outstanding amount of scheme benefits payable to employees as on March 31, 2021 is Rs. 7.44 (March 31,2020 : Rs Nil).

* Impairment of certain assets of Boilerworks A/S (Denmark) of Rs. 8.82 on account of discontinuation of service operations.

^ The Group has made provision for closure of Omnicl Kessel & Apparatebau GmbH, Germany Rs. 1.68.

41 Impact of COVID-19

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

42 Code on Social Security, 2020

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

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43 Additional information required by Schedule III

**Disclosure of additional information pertaining to the parent company, and its subsidiaries:
For the year ended March 31, 2021**

Name of the Entity	Net Assets (Total assets- otal 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 net assets	Amount	As a % of consolidated net assets	Amount	As a % of consolidated net assets	Amount
Parent Company								
Thermax Limited	88.56%	2,879.43	68.26%	141.01	5.14%	0.87	63.48%	141.88
Indian subsidiaries								
Thermax Babcock & Wilcox Energy Solutions Private Limited	14.01%	455.51	13.50%	27.88	52.22%	8.83	16.43%	36.71
Thermax Onsite Energy Solutions Limited	2.93%	95.40	5.41%	11.18	(0.24%)	(0.04)	4.98%	11.14
Thermax Instrumentation Limited	1.22%	39.67	3.76%	7.76	(4.67%)	(0.79)	3.12%	6.97
Thermax Engineering Construction Co. Ltd.	0.57%	18.55	-0.16%	(0.34)	(4.55%)	(0.77)	(0.50%)	(1.11)
Thermax Cooling Solutions Limited (formerly known as Thermax SPX Energy Technologies Ltd)	0.15%	4.88	0.02%	0.05	(0.41%)	(0.07)	(0.01%)	(0.02)
Thermax Sustainable Energy Solutions Limited	(0.12%)	(3.83)	0.76%	1.58	-	-	0.71%	1.58
First Energy Private Limited	(0.63%)	(20.49)	(1.03%)	(2.13)	0.00%	-	(0.95%)	(2.13)
Foreign subsidiaries								
Thermax Engineering Singapore Pte. Ltd.	3.48%	113.14	(17.88%)	(36.93)	-	-	(16.52%)	(36.93)
PT Thermax International Indonesia	2.16%	70.07	(6.98%)	(14.42)	(0.12%)	(0.02)	(6.46%)	(14.44)
Thermax Inc.	2.05%	66.74	5.91%	12.20	-	-	5.46%	12.20
Thermax Europe Limited	1.96%	63.70	1.81%	3.73	-	-	1.67%	3.73
Thermax Netherlands B.V.	0.30%	9.84	(39.34%)	(81.26)	-	-	(36.36%)	(81.26)
Thermax Denmark ApS (Consol.)	0.40%	13.11	(22.98%)	(47.47)	(4.26%)	(0.72)	(21.56%)	(48.19)
Thermax International Limited	0.17%	5.68	(2.98%)	(6.16)	-	-	(2.76%)	(6.16)
Thermax Energy and Environment Lanka (Pvt) Limited	0.19%	6.17	0.12%	0.24	-	-	0.11%	0.24
Rifox-Hans Richter GmbH Spezialarmaturen	0.21%	6.67	0.44%	0.91	-	-	0.41%	0.91
Thermax Energy & Environment Philippines Corporation	0.15%	4.86	(0.00%)	(0.01)	-	-	(0.00%)	(0.01)
Thermax Engineering Construction FZE	0.46%	15.04	4.78%	9.88	-	-	4.42%	9.88
Thermax (Zhejiang) Cooling & Heating Engineering Co. Ltd. #	0.00%	-	(0.27%)	(0.56)	-	-	(0.25%)	(0.56)
Thermax Sdn.Bhd	0.04%	1.43	0.03%	0.07	-	-	0.03%	0.07
Thermax Nigeria Limited	0.03%	1.11	0.16%	0.33	-	-	0.15%	0.33
Thermax Senegal S.A.R.L ^	0.00%	-	(0.05%)	(0.11)	-	-	(0.05%)	(0.11)
Thermax do Brasil-Energia e Equipamentos Ltda.	0.01%	0.43	0.02%	0.04	-	-	0.02%	0.04
Thermax (Thailand) Limited	0.02%	0.66	(0.11%)	(0.22)	-	-	(0.10%)	(0.22)
Controlled Trusts								
ESOP Trust and Employee Welfare Trusts	3.70%	120.38	2.23%	4.60	-	-	2.06%	4.60
Consolidation Adjustments	(22.04%)	(716.76)	84.58%	174.73	56.89%	9.62	82.49%	184.35
Total	100.00%	3,251.39	100.00%	206.58	100.00%	16.91	100.00%	223.49

Thermax International Tanzania Limited has been incorporated on December 7, 2019. Hence, not included in above statement.

Enernxt Private Limited has been incorporated on January 5, 2021. Hence, not included in above statement.

^ Thermax Senegal S.A.R.L, subsidiary handed over to liquidator for liquidation, hence consolidated up to the date of loss of control..

The subsidiary was liquidated on March 02, 2021, hence consolidated up to the date of liquidation.

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Disclosure of additional information pertaining to the parent company, and its subsidiaries: For the year ended March 31, 2020

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 net assets	Amount	As a % of consolidated net assets	Amount	As a % of consolidated net assets	Amount
Parent Company								
Thermax Limited	90.41%	2,737.54	100.73%	214.00	150.11%	(13.18)	98.60%	200.82
Indian subsidiaries								
Thermax Babcock & Wilcox Energy Solutions Private Limited	13.83%	418.80	0.29%	0.61	63.44%	(5.57)	(2.44%)	(4.96)
Thermax Onsite Energy Solutions Limited	2.00%	60.62	5.95%	12.65	0.34%	(0.03)	6.20%	12.62
Thermax Instrumentation Limited	1.44%	43.50	3.85%	8.17	(11.85%)	1.04	4.52%	9.21
Thermax Engineering Construction Co. Ltd.	1.31%	39.66	2.99%	6.35	(0.46%)	0.04	3.14%	6.39
Thermax Cooling Solutions Limited (formerly known as Thermax SPX Energy Technologies Ltd)	0.16%	4.90	2.25%	4.79	0.23%	(0.02)	2.34%	4.77
Thermax Sustainable Energy Solutions Limited	(0.18%)	(5.41)	(0.74%)	(1.58)	-	-	(0.78%)	(1.58)
First Energy Private Limited	(0.61%)	(18.35)	(4.93%)	(10.47)	(1.25%)	0.11	(5.09%)	(10.36)
Foreign subsidiaries								
Thermax Engineering Singapore Pte. Ltd.	4.80%	145.32	(0.48%)	(1.01)	-	-	(0.50%)	(1.01)
PT Thermax International Indonesia	2.32%	70.16	(2.55%)	(5.41)	(0.23%)	0.02	(2.65%)	(5.39)
Thermax Inc.	1.87%	56.54	1.85%	3.92	-	-	1.92%	3.92
Thermax Europe Limited	1.84%	55.72	0.46%	0.98	-	-	0.48%	0.98
Thermax Netherlands B.V.	1.26%	38.15	(0.26%)	(0.55)	-	-	(0.27%)	(0.55)
Thermax Denmark ApS (Consol.)	1.17%	35.33	(11.66%)	(24.78)	19.13%	(1.68)	(12.99%)	(26.46)
Thermax International Limited	0.39%	11.79	0.37%	0.79	-	-	0.39%	0.79
Thermax Energy and Environment Lanka (Pvt) Limited	0.21%	6.45	0.12%	0.25	-	-	0.12%	0.25
Rifox-Hans Richter GmbH Spezialarmaturen	0.18%	5.60	0.56%	1.20	-	-	0.59%	1.20
Thermax Energy & Environment Philippines Corporation	0.16%	4.81	0.04%	0.08	-	-	0.04%	0.08
Thermax Engineering Construction FZE	0.16%	4.73	2.09%	4.44	-	-	2.18%	4.44
Thermax (Zhejiang) Cooling & Heating Engineering Co. Ltd.	0.07%	2.16	(2.33%)	(4.95)	-	-	(2.43%)	(4.95)
Thermax Sdn.Bhd	0.04%	1.35	0.06%	0.12	-	-	0.06%	0.12
Thermax Nigeria Limited	0.03%	0.87	(0.01%)	(0.02)	-	-	(0.01%)	(0.02)
Thermax Senegal S.A.R.L	0.02%	0.54	(0.59%)	(1.25)	-	-	(0.61%)	(1.25)
Thermax do Brasil-Energia e Equipamentos Ltda.	0.01%	0.43	0.04%	0.08	-	-	0.04%	0.08
Controlled Trusts								
ESOP Trust and Employee Welfare Trusts	3.82%	115.78	5.62%	11.95	-	-	5.87%	11.95
Consolidation Adjustments	(26.72%)	(809.07)	(3.72%)	(7.91)	(119.48%)	10.49	1.27%	2.58
Total	100%	3,027.90	100%	212.45	100%	(8.78)	100%	203.67

Thermax International Tanzania Limited has been incorporated on December 7, 2019. Hence, not included in above statement.

Thermax (Thailand) Limited has been incorporated on March 9, 2019. Hence, not included in above statement.

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

For S R B C & CO LLP

Chartered Accountants
ICAI Firm Reg No. 324982E/E300003

per Tridevjal Khandelwal

Partner
Membership No. 501160

Place: Pune
Date: May 25, 2021

Meher Pudumjee

Chairperson
DIN: 00019581

Rajendran Arunachalam

Executive Vice President and Group
Chief Financial Officer

Place: Pune
Date: May 25, 2021

Ashish Bhandari

Managing Director and CEO
DIN: 05291138

Kedar Phadke

Company Secretary

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

(₹ 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 2021
Thermax Sustainable Energy Solutions Ltd.	2020-21		4.75	(8.58)	0.24	4.07	-	-	1.58	-	1.58	-	100.00	INR	
Thermax Engineering Construction Co. Ltd.	2020-21		4.50	14.05	24.32	5.77	0.01	2.17	0.31	0.65	(0.34)	20.00	100.00	INR	
Thermax Instrumentation Ltd.	2020-21		9.00	30.67	136.22	96.55	-	116.23	13.77	6.01	7.76	10.80	100.00	INR	
Thermax Onsite Energy Solutions Ltd.	2020-21		42.28	53.12	169.35	73.95	-	116.79	15.18	4.00	11.18	-	100.00	INR	
First Energy Private Limited	2020-21	31-Aug-16	13.47	(33.95)	3.41	23.90	0.34	1.93	(2.13)	-	(2.13)	-	100.00	INR	
Thermax International Ltd. (Mauritius)	2020-21		25.17	(18.95)	9.91	3.70	4.67	-	(6.16)	-	(6.16)	-	100.00	USD	73.11
Thermax Europe Ltd. (U.K.)	2020-21		2.01	61.68	71.39	7.69	-	64.77	4.61	0.88	3.73	-	100.00	GBP	100.73
Thermax Inc. (U.S.A.)	2020-21		3.66	63.09	97.31	30.56	-	154.09	15.66	3.45	12.20	-	100.00	USD	73.11
Thermax do Brasil Energia e Equipamentos Ltda. (Brazil)	2020-21		1.41	(0.98)	0.46	0.03	-	0.14	0.04	-	0.04	-	100.00	Brazilian Real	12.98
Thermax (Zhejiang) Cooling & Heating Engineering Co. Ltd. (China)#	2 020		121.64	(119.75)	1.90	-	-	0.11	(1.42)	-	(1.42)	-	100.00	Yuan	11.16
Thermax Denmark ApS.	2020-21		149.89	(128.10)	164.07	142.28	71.14	-	(46.11)	(1.51)	(44.60)	-	100.00	DKK	11.53
Thermax Netherlands BV.	2020-21		263.65	(248.60)	15.90	0.85	14.89	-	(81.26)	-	(81.26)	-	100.00	EUR	85.74
Danstoker A/S	2020-21	1-Oct-10	11.53	37.93	144.82	105.73	24.10	173.07	(8.94)	(0.23)	(8.71)	-	100.00	DKK	11.53
Ejendomsanp-artsselskabet Industrivej Nord 13	2020-21	1-Oct-10	0.23	31.82	63.88	31.82	10.84	-	3.37	0.70	2.67	-	100.00	DKK	11.53
Boilerworks A/S	2020-21		0.58	(5.19)	19.26	23.87	-	66.90	(10.80)	(1.86)	(8.94)	-	100.00	DKK	11.53
Boilerworks Properties ApS	2020-21		0.12	10.72	11.53	0.69	-	-	-	-	-	-	100.00	DKK	11.53
Rifox-Hans Richter GmbH Spezialarmaturen	2020-21	1-Apr-12	6.14	0.53	14.07	7.39	-	23.93	0.91	-	0.91	-	100.00	EUR	85.74
Thermax SDN.BHD	2020-21		0.88	0.55	1.78	0.35	-	2.42	0.14	0.07	0.07	-	100.00	Malaysian Ringet	17.64
Thermax Engineering Singapore Pte. Ltd	2020-21		168.04	(37.87)	131.87	1.71	120.19	-	(36.93)	-	(36.93)	-	100.00	USD	73.11
PT Thermax International Indonesia	2020-21		130.78	(60.78)	125.37	55.37	-	52.23	(14.42)	0.00	(14.42)	-	100.00	Indonesian Rupiah	0.0050
Thermax Senegal S.A.R.L#	2020		1.35	(0.80)	1.40	0.84	-	-	(1.47)	-	(1.47)	0.96	100.00	Central African Franc	0.13
Thermax Energy and Environment Philippines Corporation	2020-21		7.40	(2.52)	5.50	0.63	-	1.62	0.03	0.04	(0.01)	-	100.00	PHP	1.51
Thermax Nigeria Limited	2020-21		0.96	0.15	1.33	0.21	-	1.59	0.43	0.11	0.33	-	100.00	NGN	0.19
Thermax Energy and Environment Lanka (pvt) Limited	2020-21	8-Aug-17	5.65	0.52	6.24	0.07	-	0.65	0.28	0.04	0.24	-	100.00	LKR	0.37
Thermax Babcock & Wilcox Energy Solutions Pvt Ltd	2020-21		628.22	(86.27)	1,543.92	1,001.97	0.00	1,229.95	17.98	8.97	9.01	-	100.00	INR	
Thermax Cooling Solutions Limited (formerly known as Thermax SPX Energy Technologies Ltd)	2020-21		20.00	(15.12)	28.83	23.95	-	62.88	0.05	-	0.05	-	100.00	INR	
Thermax Engineering Construction FZE	2020-21		0.73	14.31	18.64	3.61	-	22.35	9.88	-	9.88	-	100.00	USD	73.11
Danstoker Poland Spółka Z Ograniczona Odpowiedzialnoscia	2020-21	4-May-17	0.93	6.30	63.37	56.15	-	47.70	(5.77)	(0.96)	(4.81)	-	100	PLN	18.53
Thermax (Thailand) Limited	2020-21		0.88	(0.22)	0.79	0.13	-	0.06	(0.22)	-	(0.22)	-	100.00	THB	2.34

Notes :

- i) The reporting period of Thermax (Zhejiang) Cooling & Heating Engineering Co. Ltd. (China) and Thermax Senegal S.A.R.L is 2020, A31 whereas the same for all other subsidiaries is 2020-21
- ii) 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.
- iii) Thermax Hong Kond Ltd. has been closed on September 11, 2020. Hence, not included in the above statement
- iv) 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
- v) 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
For the year ended December 31, 2020
Exchange rates as on December 31, 2020
- vi) Thermax International Tanzania Limited has been incorporated on December 7, 2019. Hence, not included in above statement.
- vii) Enerntx Private Limited has been incorporated on January 5, 2021. Hence, not included in above statement.

Part “B” : Associates and Joint Ventures

Statement pursuant to section 129(3) of the companies Act 2013 related to Associate companies and joint ventures

(₹ in Crore)

	Particulars	
1	Latest Audited Balance Sheet Date	N.A.
2	Date of acquisition*	
3	Shares of Joint Ventures held by the Company on the year end	
	i) Number	
	ii) Amount of Investment in Joint Venture	
	iii) Extent of Holding %	
4	Description of how there is significant influence	
5	Reason why the joint venture is not consolidated	
6	Net Worth attributable to shareholding as per latest Balance Sheet	
7	Profit/Loss for the year#	
	i) Considered in Consolidation	
	ii) Not considered in Consolidation	

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

Kedar Phadke

Company Secretary

Place : Pune
Date : May 25, 2021

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THERMAX

Corporate Office

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