Danstoker A/S

Industrivej Nord 13, 7400 Herning

CVR no. 16 14 72 49

Annual report 2020/21

Approved at the Company's annual general meeting on 10 May 2021

Chair of the meeting:

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Contents

Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Danstoker A/S for the financial year 1 April 2020 - 31 March 2021.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 March 2021 and of the results of the Company's operations for the financial year 1 April 2020 - 31 March 2021.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

We recommend that the annual report be approved at the annual general meeting.

Herning, 10 May 2021
Executive Board:

Peter Overgaard	Kurt Myhlert Olsen

Board of Directors:

Rakesh Rampratap Tripathi Chair	Rajendran Arunachalam Vice Chair	Kim Slumstrup (Elected by the employees)
Holger Michael Diechmann Jepsen (Elected by the employees)		

Independent auditor's report

To the shareholders of Danstoker A/S

Opinion

We have audited the financial statements of Danstoker A/S for the financial year 1 April 2020 - 31 March 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 March 2021 and of the results of the Company's operations for the financial year 1 April 2020 - 31 March 2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

Independent auditor's report

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Esbjerg, 10 May 2021
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Morten Østergaard Koch	Claes Jensen
State Authorised Public Accountant	State Authorised Public Accountant
mne35420	mne44108

Management's review

Company details

Name	Danstoker A/S
Address, Postal code, City	Industrivej Nord 13, 7400 Herning
CVR no.	16 14 72 49
Established	13 April 1992
Registered office	Herning
Financial year	1 April 2020 - 31 March 2021
Telephone	+45 99 28 71 00
Board of Directors	Rakesh Rampratap Tripathi, Chair Rajendran Arunachalam, Vice Chair Kim Slumstrup, (Elected by the employees) Holger Michael Diechmann Jepsen, (Elected by the employees)
Executive Board	Peter Overgaard Kurt Myhlert Olsen
Auditors	EY Godkendt Revisionspartnerselskab Bavnehøjvej 5, 6700 Esbjerg, Denmark

Management's review

Financial highlights

DKKm	2020/21	2019/20	2018/19	2017/18	2016/17
Key figures					
Gross profit	26	24	28	28	39
Operating profit/loss	-2	-12	-8	-8	9
Profit/loss before tax	-8	-9	-27	-14	6
Profit/loss for the year	-7	-6	-25	-12	4
Total assets	126	140	135	110	90
Investments in property, plant and equipment	0	0	5	1	2
Equity	34	42	50	35	33
Financial ratios					
Equity ratio	27.0%	30.0%	37.0%	31.8%	36.7%
Return on equity	-18.4%	-13.0%	-58.8%	-35.3%	13.1%
Average number of employees	106	117	115	121	122

For terms and definitions, please see the accounting policies.

Management's review

Business review

Danstoker A/S, which has its registered address in the municipality of Herning, is a wholly owned subsidiary of Thermax Denmark ApS.

The ultimate parent company of the company is RDA Holdings Private Limited, Pune, India, which holds the majority through the listed company Thermax Ltd., Pune, India.

Danstoker A/S is the parent company of Danstoker Poland Sp.z o.o..

The Danstoker Group designs, manufactures, sells and do service on boilers and associated equipment within the energy market. The Danstoker Group product range is continuously adapted to the 4 energy categories:

- Solid fuel market, mainly based on biofuels
- Combined heat and power market
- Exhaust gas market
- Oil/gas market

Development during the year under review

Danstoker A/S has as many others been impacted by the world-wide COVID-19 pandemic. We have managed to keep our production up and running in both Herning and Ostrowiec but on a lower level. Order intake has been highly impacted also.

Danstoker have though been able to maintain its position as the absolute market-leader within medium-sized biofuel boilers in Scandinavia. 40% of the turnover is within this segment.

Within the market segment of oil and gas-fired boilers, Danstoker has maintained its position in the primary markets, and with the setup in Poland we will develop a stronger position in the eastern part of Europe.

The market segments for combined heat and power boilers and for exhaust gas boilers has gone down with some 40% in the year under review compared to previous 2 years. Present level is more normal for the segment.

During the year, a new Thermal oil boiler has been developed and launched.

Due to COVID-19 Danstoker A/S have had a lower activity level throughout the year. Revenue has due to this dropped with 20% compared to the average of the last 5 years. The achieved results of the primary operation are lower than provided for in the budget.

Also, the Polish facility have had lower activity the entire year. Order intake was in the three first quarter significantly lower than budget. Order booking in last quarter has been higher than budget.

Loss for the year before tax amount DKK -7,715 thousand and loss after tax amounts to DKK 7,472 thousand.

The total number of employees by end of financial year is 106 in Denmark and 127 in Poland.

Management's review

Environmental conditions

Danstoker A/S is devoted to environmental issues and is constantly striving to reduce the environmental impact resulting from the operations of the Company. The Company has no outstanding issues with the environmental authorities in complying with environmental permits and other environmental regulations. Danstoker A/S holds a ISO 14001 certificate.

Danstoker A/S has decided for the coming years to focus on 4 of United Nations Sustainable Development Goals: "7 Affordable and clean energy", "9 Industry, Innovation and infrastructure", "12 Responsible consumption and production" and "13 Climate action".

In the coming period the Company will have special attention to reduce the consumption of energy during manufacturing, optimizing the design to reduce material use and better waste management to recycle more material. Furthermore, will a project be started with the local university to investigate more sustainable solutions throughout our design and manufacturing platform.

Events after the balance sheet date

The Management is of the opinion that from the balance sheet date until today, no events have occurred which could alter the assessment of the annual report substantially.

Outlook

The overall volume of orders of the Danstoker Group at the end of the financial year is satisfactory.

It is the aim of the Danstoker Group to create 2 profitable, strong sales and production companies in Danstoker A/S and Danstoker Poland Sp. z o.o., all as an attractive workplace with competent employees, based on competitive products sold to professional co-operation partners and customers in selected markets where such products are supplied in the quality and at the time and price agreed.

It is also the Group’s aim to achieve optimal utilisation of the production facilities.

It is not yet known to what extent the company will continue to be affected by the COVID-19 pandemic, whilst the situation still has some inherent uncertainty, with many countries now undertaking vaccination roll-out programmes and easing of their economies, the management consider that the impact and level of disruption on the Company's operations should not be significant. However, they will continue to monitor the situation to ensure the Company remains flexible in its ability to respond to changing circumstances.

Besides the above mentioned the Management of the Group is of the opinion that it is not faced with special long-term risks, neither in terms of its markets, nor otherwise.

The growing, necessary, political focus on CO_2 on a global scale will in the long term contribute to making our CO_2-neutral products within biofuels and electrical boilers even more relevant and will contribute to securing the Danstoker Group’s continued positive development.

With all the initiatives taken satisfactory results are expected for the financial year 2021/22.

Financial statements 1 April 2020 - 31 March 2021

Income statement

Note	DKK'000	2020/21	2019/20
	Gross profit	26,314	24,171
	Distribution costs	-14,641	-18,965
	Administrative expenses	-13,575	-17,646
	Operating profit/loss	-1,902	-12,440
	Income from investments in group entities	-4,737	5,075
3	Financial income	1,178	938
4	Financial expenses	-2,254	-2,736
	Profit/loss before tax	-7,715	-9,163
5	Tax for the year	243	3,500
	Profit/loss for the year	-7,472	-5,663

Financial statements 1 April 2020 - 31 March 2021

Balance sheet

Note	DKK'000	2020/21	2019/20
	ASSETS		
	Fixed assets		
6	Intangible assets		
	Completed development projects	1,002	1,513
	Acquired intangible assets	974	933
	Intangible assets in progress	0	1,508
		1,976	3,954
7	Property, plant and equipment		
	Plant and machinery	3,193	4,943
	Other fixtures and fittings, tools and equipment	577	870
		3,770	5,813
8	Investments		
	Investments in group enterprises	5,842	11,075
	Receivables from group entities	15,068	11,278
		20,910	22,353
	Total fixed assets	26,656	32,120
	Non-fixed assets		
	Inventories		
	Raw materials and consumables	9,694	11,760
	Semi-finished goods	2,482	2,787
		12,176	14,547
	Receivables		
	Trade receivables	15,923	13,183
9	Work in progress for third parties	30,881	29,658
	Receivables from group entities	36,159	46,939
12	Deferred tax assets	127	0
	Other receivables	143	863
10	Prepayments	2,091	2,271
		85,324	92,914
	Cash	1,468	381
	Total non-fixed assets	98,968	107,842
	TOTAL ASSETS	125,624	139,962

Financial statements 1 April 2020 - 31 March 2021

Balance sheet

Note	DKK'000	2020/21	2019/20
	EQUITY AND LIABILITIES		
	Equity		
11	Share capital	10,001	10,001
	Reserve for development costs	781	1,180
	Hedging reserve	-47	0
	Retained earnings	23,169	31,106
	Total equity	33,904	42,287
	Provisions		
12	Deferred tax	0	42
	Other provisions	4,683	2,591
14	Total provisions	4,683	2,633
	Liabilities other than provisions		
13	Non-current liabilities other than provisions		
	Lease liabilities	1,282	2,039
		1,282	2,039
	Current liabilities other than provisions		
13	Current portion of long-term liabilities	904	1,054
	Bank debt	34,504	30,000
9	Work in progress for third parties	11,653	6,307
	Trade payables	11,423	11,792
	Payables to group entities	6,592	14,154
	Other payables	20,679	29,696
		85,755	93,003
		87,037	95,042
	TOTAL EQUITY AND LIABILITIES	125,624	139,962

1 Accounting policies
2 Capital resources
15 Staff costs
16 Contractual obligations and contingencies, etc.
17 Related parties
18 Appropriation of profit/loss

Financial statements 1 April 2020 - 31 March 2021

Statement of changes in equity

Note	DKK'000	Share capital	Reserve for development costs	Hedging reserve	Retained earnings	Total
	Equity at 1 April 2020	10,001	1,180	0	31,106	42,287
18	Transfer, see "Appropriation of profit/loss"	0	-399	0	-7,073	-7,472
	Exchange adjustment	0	0	0	-864	-864
	Adjustment of hedging instruments at fair value	0	0	-60	0	-60
	Tax on items recognised directly in equity	0	0	13	0	13
	Equity at 31 March 2021	10,001	781	-47	23,169	33,904

The share capital consists of 1 share at a nominal amount of DKK 10,001,000.

Financial statements 1 April 2020 - 31 March 2021

Notes to the financial statements

1 Accounting policies

The annual report of Danstoker A/S for 2020/21 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities.

In accordance with section 112(1) of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are reflected in the consolidated cash flow statement for the higher-ranking parent company Thermax Denmark ApS.

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Derivative financial instruments

On initial recognition, derivative financial instruments are recognised at cost in the balance sheet and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in "Other receivables" and "Other payables", respectively.

Fair value adjustments of derivative financial instruments designated as and qualifying for hedging of future assets or liabilities are recognised in other receivables or other payables, respectively, and in equity. If the hedged forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the hedged forecast transaction results in income or expenses, amounts previously deferred in equity are transferred to the income statement in the period in which the hedged item affects the profit/loss for the year.

Income statement

Revenue

Income from the sale of goods for resale and finished goods is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on Incoterms® 2020.

Financial statements 1 April 2020 - 31 March 2021

Notes to the financial statements

1 Accounting policies (continued)

Income from construction contracts involving a high degree of customisation is recognised as revenue by reference to the stage of completion. Accordingly, revenue corresponds to the market value of the contract work performed during the year (percentage-of-completion method). This method is used where the total income and expenses and the degree of completion of the contract can be measured reliably.

Where income from a construction contract cannot be estimated reliably, contract revenue corresponding to the expenses incurred is recognised only in so far as it is probable that such expenses will be recoverable from the counterparty.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Gross profit

The items revenue, production costs and other operating income have been aggregated into one item in the income statement called gross margin in accordance with section 32 of the Danish Financial Statements Act.

Production costs

Production costs comprise costs incurred in generating the revenue for the year. Such costs include direct and indirect costs of raw materials, consumables and production staff, rent and leases, as well as depreciation on production plant.

Production costs also comprise research and development costs that do not qualify for capitalisation and amortisation of capitalised development costs.

Also, provision for losses on construction contracts is recognised.

Distribution costs

Distribution costs comprise costs related to the distribution of goods sold in the year and to sales campaigns, etc. carried out in the year, including costs related to sales staff, advertising, exhibitions and amortisation/depreciation. Sales and marketing costs are recognised in the income statement when the Company obtains control of the sales or marketing product.

Administrative expenses

Administrative expenses include expenses incurred in the year for company management and administration, including expenses relating to administrative staff, Management, office premises and expenses as well as amortisation/depreciation of assets used for administrative purposes.

Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

The basis of amortisation/depreciation, which is calculated as cost less any residual value, is amortised/depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Completed development projects	3 years
Acquired intangible assets	3 years
Plant and machinery	3-10 years
Other fixtures and fittings, tools and equipment	3-5 years

Financial statements 1 April 2020 - 31 March 2021

Notes to the financial statements

1 Accounting policies (continued)

Profit/loss from investments in subsidiaries

A proportionate share of the underlying entities' profit/loss after tax is recognised in the income statement according to the equity method. Shares of profit/loss after tax in subsidiaries are presented as separate line items in the income statement. Full elimination of intra-group gains/losses is made for equity investments in subsidiaries.

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The Company and its Danish group entities are jointly taxed. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Balance sheet

Intangible assets

Other intangible assets include development projects and other acquired intangible rights, including software licences, distribution rights and development projects.

Other intangible assets are measured at cost less accumulated amortisation and impairment losses.

Development costs comprise expenses, salaries and amortisation directly or indirectly attributable to development activities.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities areidentifiable and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses and development costs. Other development costs are recognised in the income statement as incurred.

Development costs that are recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

On completion of a development project, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is usually 3 years.

Patents and licences are measured at cost less accumulated amortisation and impairment losses. Amortisation takes place on a straigh-line basis over the expected useful life whcih has been fixed at 3 years.

Financial statements 1 April 2020 - 31 March 2021

Notes to the financial statements

1 Accounting policies (continued)

Gains and losses on the sale of intangible assets are recognised in the income statement under "Other operating income" or "Other operating expenses", respectively. Gains and losses are calculated as the difference between the selling price less selling expenses and the carrying amount at the time of sale.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

Leases

On initial recognition, leases for assets that transfer substantially all the risks and rewards incident to the ownership to the Company (finance leases) are measured in the balance sheet at the lower of fair value and the present value of the future lease payments. In calculating the net present value, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently accounted for in the same way as the Company's other assets.

The capitalised residual lease liability is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

Investments in subsidiaries

Equity investments in subsidiaries and associates are measured according to the equity method.

On initial recognition, equity investments in subsidiaries are measured at cost, i.e. plus transaction costs. The cost is allocated in accordance with the acquisition method; see the accounting policies regarding business combinations.

The cost is adjusted by shares of profit/loss after tax calculated in accordance with the Group's accounting policies less or plus unrealised intra-group gains/losses.

Identified increases in value and goodwill, if any, compared to the underlying entity's net asset value are amortised in accordance with the accounting policies for the assets and liabilities to which they can be attributed. Negative goodwill is recognised in the income statement.

Dividend received is deduced from the carrying amount.

Equity investments in subsidiaries measured at net asset value are subject to impairment test requirements if there is any indication of impairment.

Gains or losses on disposal of subsidiaries and associates are made up as the difference between the sales price and the carrying amount of net assets at the date of disposal including non-amortised goodwill and anticipated costs of disposal. Gains or losses are recognised in the income statement as financial income or financial expenses.

Financial statements 1 April 2020 - 31 March 2021

Notes to the financial statements

1 Accounting policies (continued)

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Inventories

Inventories are measured at average cost. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct labour and indirect production overheads.

Indirect production overheads include the indirect cost of material and labour as well as maintenance and depreciation of production machinery, buildings and equipment and expenses relating to plant administration and management. Borrowing costs are not recognised in the sales price.

Receivables

Receivables are measured at amortised cost. Write down to net realisable value is made for expected losses.

Work in progress for third parties

Work in progress (customised orders) are measured at the selling price of the work performed, less any payments received on account of the customer and expected losses. The orders are characterized by the fact that the orders contain high levels of individualization of the design. Moreover, it is a requirement that before the start of the order a binding order has been entered, which will result in penalty or replacement by later removal.

The selling price is measured by reference to the stage of completion at the balance sheet date and total expected income from the contract. The stage of completion is determined on the basis of an estimate of the work, usually calculated as the ratio between the costs incurred and total estimated costs of the order or hours worked and the total estimated hours worked for that order.

When it is probable that total costs for an order will exceed total revenue, the expected loss on the order immediately is recognised as an expense and a provision.

When the selling price of an individual order cannot be measured reliably, the selling price is measured at the lower of costs incurred and net realisable value.

Net assets are determined as the sum of orders where the selling price of the work performed exceeds progress billings. Net liabilities are determined as the sum of orders where progress billings exceed the selling price.

Prepayments from customers are recognized as liabilities.

Financial statements 1 April 2020 - 31 March 2021

Notes to the financial statements

1 Accounting policies (continued)

Selling costs and costs incurred in securing contracts are recognised in the income statement when incurred.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Equity

Reserve for net revaluation according to the equity method

The net revaluation reserve according to the equity method includes net revaluations of investments in subsidiaries and associates relative to cost. The reserve can be eliminated in case of losses, realisation of investments or a change in accounting estimates. The reserve cannot be recognised at a negative amount.

Reserve for development costs

The reserve for development costs comprises recognised development costs. The reserve cannot be used to distribute dividends or cover losses. The reserve will be reduced or dissolved if the recognised development costs are no longer part of the Company's operations by a transfer directly to the distributable reserves under equity.

Hedging reserve

The hedging reserve comprises the cumulative net change in the fair value of hedging transactions that qualify for recognition as a cash flow hedge and where the hedged transaction has not yet been realised. The reserve is dissolved when the hedged transaction is realised, if the hedged cash flows are no longer expected to be realised or if the hedging relationship is no longer effective. The reserve does not represent a limitation under company law and may therefore be negative.

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Provisions

Provisions comprise anticipated expenses relating to warranty commitments, onerous contracts, restructurings, etc. Provisions are recognised when the Company has a legal or constructive obligation at the balance sheet date as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions are measured at net realisable value or at fair value if the obligation is expected to be settled far into the future.

Warranty commitments include expenses for remedial action in respect of the contract work within the warranty period of 1-5 years. Provisions for warranty commitments are measured at net realisable value and recognised based on past experience. Provisions that are expected to mature more than one year after the balance sheet date are discounted at average bond yields.

Financial statements 1 April 2020 - 31 March 2021

Notes to the financial statements

1 Accounting policies (continued)

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

Lease liabilities

Lease liabilities are measured at the net present value of the remaining lease payments including any guaranteed residual value based on the interest rate implicit in the lease.

Financial ratios

The financial ratios stated under "Financial highlights" have been calculated as follows:

Operating profit/loss	Profit/loss before financial items adjusted for other operating income and other operating expenses
Equity ratio	$\dfrac{\text{Equity, year-end x 100}}{\text{Total equity and liabilities, year-end}}$
Return on equity	$\dfrac{\text{Profit/loss after tax x 100}}{\text{Average equity}}$

Financial statements 1 April 2020 - 31 March 2021

Notes to the financial statements

2 Capital resources

Danstoker A/S has incurred a loss during 2021/22. Management expects growth, profitability and positive cash flow for 2021/22 but is also aware of potential temporary increases in working capital as result of increased activity. It is Managements expectation that the current credit lines, which are supported by Thermax Ltd. and therefore expected to continue unchanged, together with future capital contributions will be sufficient to cover fluctuations in cash flow for the financial year 2021/22.

3	Financial income		
	Interest income, group entities	290	496
	Other financial income	888	442
		1,178	938

4	Financial expenses		
	Interest expenses, group entities	98	907
	Other financial expenses	2,156	1,829
		2,254	2,736

5	Tax for the year		
	Estimated tax charge for the year	39	-834
	Deferred tax adjustments in the year	-282	-2,666
		-243	-3,500

6 Intangible assets

DKK'000	Completed development projects	Acquired intangible assets	Intangible assets in progress	Total
Cost at 1 April 2020	1,556	3,292	1,508	6,356
Additions in the year	0	171	0	171
Disposals in the year	0	-1,053	0	-1,053
Transfer from other accounts	0	1,508	-1,508	0
Cost at 31 March 2021	1,556	3,918	0	5,474
Impairment losses and amortisation at 1 April 2020	43	2,359	0	2,402
Depreciation in the year	511	1,277	0	1,788
Reversal of depreciation of disposals	0	-692	0	-692
Impairment losses and amortisation at 31 March 2021	554	2,944	0	3,498
Carrying amount at 31 March 2021	1,002	974	0	1,976

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Notes to the financial statements

7 Property, plant and equipment

DKK'000	Plant and machinery	Other fixtures and fittings, tools and equipment	Total
Cost at 1 April 2020	29,477	3,114	32,591
Additions in the year	0	77	77
Disposals in the year	-22	-1,143	-1,165
Cost at 31 March 2021	29,455	2,048	31,503
Impairment losses and depreciation at 1 April 2020	24,534	2,244	26,778
Depreciation in the year	1,750	367	2,117
Reversal of depreciation of disposals	-22	-1,140	-1,162
Impairment losses and depreciation at 31 March 2021	26,262	1,471	27,733
Carrying amount at 31 March 2021	3,193	577	3,770
Property, plant and equipment include finance leases with a carrying amount totalling	2,112	297	2,409

8 Investments

DKK'000	Investments in group enterprises	Receivables from group entities	Total
Cost at 1 April 2020	30,379	11,278	41,657
Additions in the year	0	4,158	4,158
Cost at 31 March 2021	30,379	15,436	45,815
Value adjustments at 1 April 2020	-19,304	0	-19,304
Exchange adjustment	-283	-368	-651
Share of the profit/loss for the year	-4,737	0	-4,737
Equity adjustments, investments	-213	0	-213
Value adjustments at 31 March 2021	-24,537	-368	-24,905
Carrying amount at 31 March 2021	5,842	15,068	20,910

Name	Domicile	Interest
Subsidiaries		
Danstoker Poland Sp. Z.o.o.	Poland	100%

9 Work in progress for third parties

Selling price of work performed	98,100	140,146
Progress billings	-78,872	-116,795
	19,228	23,351
recognised as follows:		
Work in progress for third parties (assets)	30,881	29,658
Work in progress for third parties (liabilities)	-11,653	-6,307
	19,228	23,351

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Notes to the financial statements

10 Prepayments

Prepayments comprise prepaid insurance premium, prepaid rent and other prepaid costs.

11 Share capital

The Company's share capital has remained DKK 10,001 thousand over the past 5 years.

12 Deferred tax

Deferred tax at 1 April	42	2,547
Defered tax adjustment, previous years	113	0
Defered tax adjustment for the year	-282	-2,505
Deferred tax at 31 March	-127	42

13 Non-current liabilities other than provisions

DKK'000	Total debt at 31/3 2021	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Lease liabilities	2,186	904	1,282	0
	2,186	904	1,282	0

14 Provisions

Other provisions consists of customs warranties, DKK 1,004 thousand (2019/20; DKK 568 thousand) and provision for guarantee obligations and other costs DKK 3,679 thousand (2019/20: DKK 2,023 thousand).

15 Staff costs

Wages/salaries	51,442	60,329
Pensions	3,778	4,118
Other social security costs	546	687
	55,766	65,134
Average number of full-time employees	106	117

Remuneration to members of Management:

Executive Board	2,964	6,796
Board of Directors	60	60
	3,024	6,856

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Notes to the financial statements

16 Contractual obligations and contingencies, etc.

Contingent liabilities

Lease obligations (operating leases) falling due within 3 years total DKK 905 thousand, hereof DKK 455 thousand fall due 2021/22.

The Company has entered into lease contracts. Tenancy commitments in lease buildings amount to DKK 4,583 thousand, of this DKK 4,583 thousand concerns 2021/22.

Mortgage registered to the mortgagor at a nominal amount of DKK 7,500 thousand secured on plant and machinery, fixture and fittings, other plant and equipment and goodwill with a carrying amount of DKK 3,770 thousand has been provided as collateral for loan raised with credit institution.

The Company has undertaken guarantees whereby it has assumed primary liability for the affiliated companies' outstanding balances with mortgage credit institutions and banks, DKK 11,561 thousand.

Performance bonds and advance payment guarantees issued by guarantee insurers amount to DKK 15,739 thousand.

The Company is jointly taxed with the Danish parent company and Danish subsidiaries. The companies included in the joint taxation have joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties.

17 Related parties

Danstoker A/S' related parties comprise the following:

Parties exercising control

Related party	Domicile	Basis for control
Thermax Denmark ApS	Denmark	Participating interest

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Thermax Denmark ApS	Denmark	www.cvr.dk
Thermax Ltd.	India	www.thermaxglobal.com

Related party transactions

Danstoker A/S was engaged in the below related party transactions:

DKK'000	2020/21	2019/20
Revenue	3,650	4,864
Production costs	31,286	23,379
Other expenses	1,500	2,359
Rent	4,583	4,493
Financial income	290	496
Financial expenses	98	907
Receivables from group companies	51,227	58,217
Payables to group companies	6,592	14,154
Group contribution to subsidiary	0	30,370

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18 Appropriation of profit/loss

Recommended appropriation of profit/loss		
Other statutory reserves	-399	517
Retained earnings/accumulated loss	-7,073	-6,180
	-7,472	-5,663