

Boilerworks A/S

Industrivej Nord 13, 7400 Herning

CVR no. 35 22 67 88

Annual report 2021/22

Approved at the Company's annual general meeting on 10 June 2022

Chair of the meeting:


Bill Jayesh Shukla

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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Boilerworks A/S for the financial year 1 April 2021 - 31 March 2022.

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

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 March 2022 and of the results of the Company's operations for the financial year 1 April 2021 - 31 March 2022.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

Herring, 10 June 2022
Executive Board:


Peter Overgaard

Board of Directors:


Bill Jayesh Shukla
Chair


Rajendran Arunachalam


Peter Overgaard

Independent auditor's report

To the shareholder of Boilerworks A/S

Opinion

We have audited the financial statements of Boilerworks A/S for the financial year 1 April 2021 - 31 March 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 March 2022 and of the results of the Company's operations for the financial year 1 April 2021 - 31 March 2022 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

Independence

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

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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 June 2022
EY Godkendt Revisionspartnerselskab
CVR no. 3070 02 28



Morten Østergaard Koch
State Authorised Public Accountant
mne35420



Claus Jensen
State Authorised Public Accountant
mne44108

Management's review

Company details

Name	Boilerworks A/S
Address, Postal code, City	Industrivej Nord 13, 7400 Herning
CVR no.	35 22 67 88
Established	12 April 2013
Registered office	Herning
Financial year	1 April 2021 - 31 March 2022
Telephone	+45 73 64 48 50
Board of Directors	Bill Jayesh Shukla, Chair Rajendran Arunachalam Peter Overgaard
Executive Board	Peter Overgaard
Auditors	EY Godkendt Revisionspartnerselskab Bavnehøjvej 5, 6700 Esbjerg, Denmark

Management's review

Business review

Boilerworks A/S, which has its registered address in the Danish municipality of Herning, is a fully owned subsidiary of Thermax Denmark ApS. The ultimate parent company of the company is RDA Holdings Private Limited, Pune, India, which holds the majority through the listed company Thermax Ltd., Pune, India.

Boilerworks A/S designs, produces and supplies high-pressure boilers and components to power stations, waste-fuelled and biomass-fuelled plants as well as petrochemical plants. Moreover, the Company manufactures a wide variety of heat exchangers and flue-gas coolers.

The maintenance of boiler systems is one of Boilerworks' specialties. This includes everything from simple repairs to extensive maintenance planning, modernisation and optimisations of the system, installation of new components and control systems.

Financial review

The service activities in Boilerworks were sold at 1st November 2020. Only few projects need to be finally closed.

The loss for the year before tax is DKK 950 thousand and loss after tax DKK 342 thousand. Management is aware that the Company is subject to capital loss regulations in the Danish Companies Act § 119. Management expects that the capital will be re-established through capital contributions once all projects and service activities are finalized.

Events after the balance sheet date

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

Financial statements 1 April 2021 - 31 March 2022

Income statement

Note	DKK'000	2021/22	2020/21
	Gross profit	592	3,660
	Distribution costs	-626	-2,911
	Administrative expenses	-639	-10,198
	Operating profit/loss	-673	-9,449
3	Financial income	121	649
4	Financial expenses	-398	-561
	Profit/loss before tax	-950	-9,361
5	Tax for the year	608	1,642
	Profit/loss for the year	-342	-7,719

Financial statements 1 April 2021 - 31 March 2022

Balance sheet

Note	DKK'000	2021/22	2020/21
	ASSETS		
	Non-fixed assets		
	Inventories		
	Raw materials and consumables	0	2,179
		0	2,179
	Receivables		
	Trade receivables	103	336
	Work in progress for third parties	2,409	10,790
	Receivables from group entities	3,827	0
	Deferred tax assets	2,618	2,240
	Other receivables	14	57
		8,971	13,423
	Cash	154	1,065
	Total non-fixed assets	9,125	16,667
	TOTAL ASSETS	9,125	16,667

Financial statements 1 April 2021 - 31 March 2022

Balance sheet

Note	DKK'000	2021/22	2020/21
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	500	500
	Hedging reserve	0	44
	Retained earnings	-4,849	-4,507
	Total equity	-4,349	-3,963
	Provisions		
	Other provisions	432	2,971
6	Total provisions	432	2,971
	Liabilities other than provisions		
7	Non-current liabilities other than provisions		
	Lease liabilities	43	104
		43	104
	Current liabilities other than provisions		
7	Current portion of long-term liabilities	85	93
	Work in progress for third parties	0	67
	Trade payables	14	841
	Payables to group entities	8,196	11,592
	Other payables	4,704	4,962
		12,999	17,555
	Total liabilities other than provisions	13,042	17,659
	TOTAL EQUITY AND LIABILITIES	9,125	16,667

- 1 Accounting policies
- 2 Capital resources
- 8 Staff costs
- 9 Contractual obligations and contingencies, etc.
- 10 Collateral
- 11 Related parties
- 12 Appropriation of profit/loss

Financial statements 1 April 2021 - 31 March 2022

Statement of changes in equity

DKK'000	Share capital	Hedging reserve	Retained earnings	Total
Equity at 1 April 2021	500	44	-4,507	-3,963
Transfer through appropriation of loss	0	0	-342	-342
Adjustment of hedging instruments at fair value	0	-57	0	-57
Tax on items recognised directly in equity	0	13	0	13
Equity at 31 March 2022	500	0	-4,849	-4,349

The contributed capital consists of 1 share at a nominal value of DKK 500.000.

Management is aware that the Company is subject to capital loss regulations in the Danish Companies Act § 119. Management expects that the capital will be re-established through capital contributions once all projects and service activities are finalized.

Financial statements 1 April 2021 - 31 March 2022

Notes to the financial statements

1 Accounting policies

The annual report of Boilerworks A/S for 2021/22 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities (last year: medium-sized reporting class C entities).

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

Reporting currency

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

Foreign currency translation

Transactions denominated in foreign currencies are translated into Danish kroner at the exchange rates at the transaction date. Exchange rate differences arising between the exchange rates at the transaction date and the exchange rate at the date of payment are recognised as a financial item in the income statement.

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

Derivative financial instruments

On initial recognition, derivative financial instruments are recognised at cost in the balance sheet and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are presented as separate items in the balance sheet.

Fair value adjustments of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement along with changes in the fair value of the hedged asset or liability.

Fair value adjustments of derivative financial instruments designated and qualifying as hedging of future assets or liabilities are recognised as separate items in the balance sheet and in the hedging reserve under equity. If the forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the forecast transaction results in income or expenses, amounts previously recognised in equity are transferred to the income statement in the period in which the hedged item affects the income statement.

Financial statements 1 April 2021 - 31 March 2022

Notes to the financial statements

1 Accounting policies (continued)

Income statement

Revenue

Income from the sale of goods for resale and finished goods is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on Incoterms® 2010

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

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

Gross profit

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

Production costs

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

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

Also, provision for losses on construction contracts is recognised.

Distribution costs

Sales and distribution costs comprise costs related to the distribution of goods sold in the year and to sales campaigns, etc., carried out in the year, including costs relating to sales staff, advertising, exhibitions and amortisation/depreciation.

Administrative expenses

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

Other operating income and operating expenses

Other operating income and operating expenses comprise items of a secondary nature relative to the Company's core activities, including gains or losses on the sale of fixed assets.

Financial income and expenses

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

Financial statements 1 April 2021 - 31 March 2022

Notes to the financial statements

1 Accounting policies (continued)

Tax

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

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

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

Balance sheet

Leases

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

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

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

Inventories

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

Raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Semi-finished goods are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and indirect production overheads. Indirect production overheads comprise indirect materials and wages and salaries as well as maintenance and depreciation of production machinery, buildings and equipment as well as factory administration and management.

The net realisable value of inventories is calculated as the selling price less costs of completion and costs necessary to make the sale and is determined in consideration of marketability, obsolescence and development in expected selling price.

Receivables

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

Financial statements 1 April 2021 - 31 March 2022

Notes to the financial statements

1 Accounting policies (continued)

Work in progress for third parties

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

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

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

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

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

Prepayments from customers are recognized as liabilities.

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

Cash

Cash comprise cash.

Equity

Hedging reserve

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

Provisions

Provisions comprise anticipated costs related to warranties. Provisions are recognised when – as the result of past events – the Company has a legal or constructive obligation and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation.

Warranty commitments include expenses for remedial action in respect of the contract work within the warranty period of 1-5 years. Provisions for warranty commitments are measured at net realisable value and recognised based on past experience.

If it is likely that total costs will exceed total income from contract work in progress, a provision is made for the total loss anticipated on the contract. The provision is recognised in production costs.

Financial statements 1 April 2021 - 31 March 2022

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.

Joint taxation contributions payable and receivable are recognised in the balance sheet under balances with group enterprises.

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

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

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Financial liabilities also include the capitalised residual obligation on finance leases.

Other liabilities are measured at net realisable value.

Financial statements 1 April 2021 - 31 March 2022

Notes to the financial statements

2 Capital resources

The Company is financed by payables to group companies. Group companies have declared that such payables will not be withdrawn unless sufficient cash resources in the company is available.

DKK'000	2021/22	2020/21
3 Financial income		
Interest receivable, group entities	10	0
Other financial income	111	649
	<u>121</u>	<u>649</u>
4 Financial expenses		
Interest expenses, group entities	0	40
Other financial expenses	398	521
	<u>398</u>	<u>561</u>
5 Tax for the year		
Estimated tax charge for the year	-243	-181
Deferred tax adjustments in the year	-365	-1,461
	<u>-608</u>	<u>-1,642</u>
6 Provisions		
Other provisions consists of custom warranties commitments.		
7 Non-current liabilities other than provisions		
Of the long-term liabilities, DKK 0 falls due for payment after more than 5 years after the balance sheet date.		
8 Staff costs		
Wages/salaries	0	10,675
Pensions	0	783
Other social security costs	0	170
	<u>0</u>	<u>11,628</u>
Average number of full-time employees	<u>0</u>	<u>20</u>

Financial statements 1 April 2021 - 31 March 2022

Notes to the financial statements

9 Contractual obligations and contingencies, etc.

Other contingent liabilities

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

10 Collateral

Performance bonds and advance payment guarantees issued by guarantors' amount to DKK 6,749 thousand.

11 Related parties

Information about consolidated financial statements

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

DKK'000	2021/22	2020/21
12 Appropriation of profit/loss		
Recommended appropriation of profit/loss		
Other statutory reserves	0	-1,030
Retained earnings/accumulated loss	-342	-6,689
	<u>-342</u>	<u>-7,719</u>