

# Boilerworks A/S

Nordager 19, 6000 Kolding

CVR no. 35 22 67 88

## Annual Report 2019/20

Approved at the Company's annual general meeting on 12 June 2020

Chairman: Rakesh Rampratap Tripathi

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## Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Boilerworks A/S for the financial year 1 April 2019 - 31 March 2020

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

It is our opinion that the financial statements give a true and fair view of the Company's financial position at 31 March 2020 and of the results of the Company's operations for the financial year 1 April 2019 - 31 March 2020.

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.

Kolding, 12 June 2020  
Executive Board:

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Peter Overgaard

Board of Directors:

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Rakesh Rampratap Tripathi  
Chairman

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Rajendran Arunachalam  
Vice Chairman

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Peter Overgaard

## Independent auditor's report

### To the shareholders of Boilerworks A/S

#### Opinion

We have audited the financial statements of Boilerworks A/S for the financial year 1 April 2019 - 31 March 2020, 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 2020 and of the results of the Company's operations and cash flows for the financial year 1 April 2019 - 31 March 2020 in accordance with the Danish Financial Statements Act.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 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 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 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.

## Independent auditor's report

- ▶ 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.
- ▶ 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, 12 June 2020  
ERNST & YOUNG  
Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28

Morten Østergaard Koch  
State Authorised  
Public Accountant  
mne35420

Claes Jensen  
State Authorised  
Public Accountant  
mne44108

## Management's review

### Company details

Name	Boilerworks A/S
Address	Nordager 19
Zip code, city	DK-6000 Kolding
CVR no.	35 22 67 88
Established	12 April 2013
Registered office	Kolding
Financial year	1 April - 31 March
Telephone	+45 73 64 48 50
Board of Directors	Rakesh Rampratap Tripathi (Chairman) Rajendran Arunachalam (Vice Chairman) Peter Overgaard
Executive Board	Peter Overgaard
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Havnegade 33 DK-6700 Esbjerg

## Management's review

### Financial highlights

DKK'000	2019/20	2018/19	2017/18	2016/17	2015/16
<b>Key figures</b>					
Gross profit	48	-4,199	13,086	8,800	11,773
Ordinary operating profit/loss	-9,400	-17,055	52	-2,619	429
Profit/loss before tax	-10,230	-17,687	129	-2,770	66
<b>Profit/loss for the year</b>	<b>-7,981</b>	<b>-13,797</b>	<b>106</b>	<b>-2,164</b>	<b>191</b>
<b>Financial ratios</b>					
Total assets	33,365	38,126	36,777	27,428	26,566
Investment in property, plant and equipment	95	1,045	308	789	660
<b>Equity</b>	<b>3,711</b>	<b>-13,284</b>	<b>615</b>	<b>355</b>	<b>2,531</b>
<b>Financial ratios</b>					
Equity ratio	11.1	-	1.7	1.3	9.5
Return on equity	-	-	21.9	-149.9	7.9
<b>Average number of full-time employees</b>					
<b>Average number of full-time employees</b>	<b>50</b>	<b>82</b>	<b>82</b>	<b>82</b>	<b>78</b>

For terms and definitions, please see the accounting policies.

## Management's review

### Operating review

#### Principal activities of the Company

Boilerworks A/S, which has its registered address in the Danish municipality of Kolding, 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.

#### Development in activities and financial position

Boilerworks is highly active within the area of service, and the Company has been able to maintain its position as one of the leading operators in Scandinavia within this segment.

During the year, the production facility in Toender has been closed together with the office in Esbjerg and Boilerworks is now located in offices in Kolding.

The overall results achieved by Boilerworks this year are lower than provided for in the budget. The result achieved is not satisfactory and is mainly caused by major overruns in 1 project.

The result for the year before tax is DKK -10,230 thousand and result after tax DKK -7,981 thousand.

#### Events after the balance sheet date

It is not yet known to what extent the company will be affected by the COVID-19 outbreak, but management is monitoring the situation closely in order to adjust the cost level to any temporary decline in activity. At the time of approval of the annual report, it has not been possible for the company's management to provide a reliable estimate of the expected impact of COVID-19, but it is not considered to affect the company to such an extent that further incorporation in the 2019 annual report is required.

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.

#### Future outlook

Boilerworks' total volume of orders at the end of the financial year is lower than previous years as the focus now is more on service jobs.

Boilerworks will focus on the Lean concept, the optimisation process in general and the order fulfilment process in particular.

The aim is to generate a profitable, strong and independent enterprise at Boilerworks. The Management will work to maintain 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 delivered in the quality and at the time and prices agreed.

Besides the above mentioned regarding COVID-19, 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 global political focus on CO<sub>2</sub> will contribute in the long term to making our CO<sub>2</sub>-neutral products within biofuels even more relevant and will contribute to securing Boilerworks' continued positive development.

Satisfactory results are expected for the financial year 2020/21.



## Financial statements 1 April 2019 – 31 March 2020

### Income statement

Note	DKK'000	2019/20	2018/19
	<b>Gross profit</b>	48	-4,199
	Sales and distribution costs	-3,583	-2,064
	Administrative expenses	-5,865	-10,792
	<b>Operating profit/loss</b>	-9,400	-17,055
	Financial income	2,139	1,676
2	Financial expenses	-2,969	-2,308
	<b>Profit/loss before tax</b>	-10,230	-17,687
3	Tax on profit/loss for the year	2,249	3,890
	<b>Profit/loss for the year</b>	-7,981	-13,797

## Financial statements 1 April 2019 – 31 March 2020

### Balance sheet

Note	DKK'000	31/3 2020	31/3 2019
	<b>ASSETS</b>		
	<b>Non-current assets</b>		
4	<b>Intangible assets</b>		
	Completed development projects	1,321	2,296
	Patents and licences	0	8
	Goodwill	1,381	1,487
		<u>2,702</u>	<u>3,791</u>
5	<b>Property, plant and equipment</b>		
	Plant and machinery	549	1,146
	Fixtures and fittings, tools and equipment	373	381
		<u>922</u>	<u>1,527</u>
	<b>Total non-current assets</b>	<u>3,624</u>	<u>5,318</u>
	<b>Current assets</b>		
	<b>Inventories</b>		
	Raw materials and consumables	1,221	2,298
	Semi-finished goods	350	388
		<u>1,571</u>	<u>2,686</u>
	<b>Receivables</b>		
	Trade receivables	4,279	6,714
6	Work in progress (customer-specific orders)	20,265	14,000
	Amounts owed by group companies	0	6,309
7	Deferred tax	820	0
	Other receivables	1,629	848
8	Prepayments	277	232
		<u>27,270</u>	<u>28,103</u>
	<b>Cash at bank and in hand</b>	<u>900</u>	<u>2,019</u>
	<b>Total current assets</b>	<u>29,741</u>	<u>32,808</u>
	<b>TOTAL ASSETS</b>	<u>33,365</u>	<u>38,126</u>

## Financial statements 1 April 2019 – 31 March 2020

### Balance sheet

Note	DKK'000	31/3 2020	31/3 2019
	<b>EQUITY AND LIABILITIES</b>		
	<b>Equity</b>		
	Share capital	500	500
	Reserve for development projects	1,030	1,791
	Retained earnings	2,181	-15,575
	<b>Total equity</b>	<b>3,711</b>	<b>-13,284</b>
	<b>Provisions</b>		
7	Deferred tax	0	1,155
9	Other provisions	550	300
	<b>Total provisions</b>	<b>550</b>	<b>1,455</b>
	<b>Liabilities</b>		
	<b>Non-current liabilities other than provisions</b>		
10	Lease liabilities	485	720
		<b>485</b>	<b>720</b>
	<b>Current liabilities</b>		
10	Current portion of non-current liabilities other than provisions	235	235
	Bank loans	0	5,998
6	Prepayments received from customers	1,704	4,259
	Trade payables	5,339	7,351
	Amounts owed to group companies	14,065	22,793
	Other payables	7,277	8,599
		<b>28,620</b>	<b>49,235</b>
	<b>Total liabilities</b>	<b>29,105</b>	<b>49,955</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>33,365</b>	<b>38,126</b>
1	Accounting policies		
11	Employee relations		
12	Charges, collateral and contingencies, etc.		
13	Related parties		

## Financial statements 1 April 2019 – 31 March 2020

### Statement of changes in equity

Note	DKK'000	Share capital	Reserve for development projects	Retained earnings	Total
	<b>Equity at 1 April 2019</b>	500	1,791	-15,575	-13,284
14	Transfer, see "Proposed profit/loss appropriation"	0	-761	-7,220	-7,981
	Equity contribution from parent	0	0	25,000	25,000
	Change in value of hedging instruments	0	0	-32	-32
	Tax on changes in equity	0	0	8	8
	<b>Equity at 31 March 2020</b>	<b>500</b>	<b>1,030</b>	<b>2,181</b>	<b>3,711</b>

The contributed capital consists of 1 share at a nominal value of DKK 500,000.

## Financial statements 1 April 2019 – 31 March 2020

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Boilerworks A/S for the period 1 April 2019 – 31 March 2020 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities.

Cash flow statements have not been prepared as the same are not required as per section 86(4) of the Danish Financial Statements Act. The annual report of Boilerworks A/S is part of the consolidated financial statements of the Danish parent company, Thermax Denmark ApS.

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

#### Foreign currency translation

On initial recognition, 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 date of payment are recognised as a financial income or financial expenses in the income statement.

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.

## Financial statements 1 April 2019 – 31 March 2020

### 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.

###### 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.

###### 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.

###### Sales and 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

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

## Financial statements 1 April 2019 – 31 March 2020

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### 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 on profit/loss for the year

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

##### Intangible assets

Goodwill is amortised over its estimated useful life determined on the basis of Management's experience of the specific business areas. Goodwill is amortised on a straight-line basis over a maximum amortisation period of 20 years, as it relates to enterprises in low-technological markets.

Patents, licences and software are measured at cost less accumulated amortisation and impairment losses. Amortisation takes place on a straight-line basis over the expected useful life which has been fixed at three years.

Development costs comprise costs, salaries and amortisation directly or indirectly attributable to the Company's development activities.

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

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

Gains and losses on the sale and disposal 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 or disposal.

## Financial statements 1 April 2019 – 31 March 2020

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

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

Fixtures and fittings, tools and equipment	3-5 years
Plant and machinery	3-10 years

Assets with a cost of less than DKK 14 thousand per unit are recognised as costs in the income statement in the year of acquisition.

Depreciation is recognised in the income statement as production costs, sales and distribution costs and administrative expenses, respectively.

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".

##### Impairment of assets

The carrying amount of intangible assets and property, plant and equipment 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.



## Financial statements 1 April 2019 – 31 March 2020

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### 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.

##### Receivables

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

##### Work in progress (customised orders)

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 execution of the order is initiated, 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 is immediately 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 recognised as liabilities.

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

##### Prepayments

Prepayments comprise costs incurred in relation to subsequent financial years.

## Financial statements 1 April 2019 – 31 March 2020

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Equity

##### *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.

##### *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".

##### **Corporation tax and deferred tax**

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 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.

##### **Other 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.

Warranties comprise obligations to compensate any defects within the warranty period of 1-5 years. Provisions are measured and recognised on the basis of past experience with warranty work.

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 2019 – 31 March 2020

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Liabilities other than provisions

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.

The remaining liabilities are measured at net realisable value.

##### Financial ratios

The financial ratios stated in the survey of financial highlights have been calculated as follows:

Equity ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total equity and liabilities at year end}}$
Return on equity	$\frac{\text{Profit from ordinary activities after tax} \times 100}{\text{Average equity}}$

## Financial statements 1 April 2019 – 31 March 2020

### Notes to the financial statements

DKK'000		2019/20	2018/19		
2	<b>Financial expenses</b>				
	Interest expense to group enterprises	317	51		
	Other interest expenses, including foreign exchange losses, etc.	2,652	2,257		
		<u>2,969</u>	<u>2,308</u>		
3	<b>Tax on profit/loss for the year</b>				
	Specified as follows:				
	Current tax for the year	-274	-3,432		
	Deferred tax adjustment for the year	-1,975	-458		
		<u>-2,249</u>	<u>-3,890</u>		
4	<b>Intangible assets</b>				
		<b>Completed development projects</b>	<b>Patents and licences</b>	<b>Goodwill</b>	<b>Total</b>
	DKK'000				
	Cost at 1 April 2019	3,134	792	2,116	6,042
	Cost at 31 March 2020	3,134	792	2,116	6,042
	Impairment losses and depreciation at 1 April 2019	838	784	629	2,251
	Depreciation	975	8	106	1,088
	Impairment losses and depreciation at 31 March 2020	1,813	792	735	3,340
	<b>Carrying amount at 31 March 2020</b>	<b>1,321</b>	<b>0</b>	<b>1,381</b>	<b>2,702</b>

Goodwill is amortised on a straight-line basis over a maximum amortisation period of 20 years, as it relates to enterprises in low-technological markets.

Development costs are recognized based on expectations for future earnings generated from development projects.

## Financial statements 1 April 2019 – 31 March 2020

### Notes to the financial statements

#### 5 Property, plant and equipment

DKK'000	Plant and machinery	Fixtures and fittings, tools and equipment	Total
Cost at 1 April 2019	7,625	894	8,519
Additions during the year	0	95	95
Disposals during the year	-3,582	-270	-3,852
Cost at 31 March 2020	4,043	719	4,762
Impairment losses and depreciation at 1 April 2019	6,479	513	6,992
Depreciation	482	103	585
Depreciation, disposals	-3,467	-270	-3,737
Impairment losses and depreciation at 31 March 2020	3,494	346	3,840
<b>Carrying amount at 31 March 2020</b>	<b>549</b>	<b>373</b>	<b>922</b>
Property, plant and equipment include finance leases with a carrying amount totalling	459	164	623

DKK'000	2019/20	2018/19
<b>6 Work in progress (customer-specific orders)</b>		
Work in progress	98,845	170,301
Payments on account	-80,284	-160,560
	<b>18,561</b>	<b>9,741</b>
Recognised as follows:		
Work in progress (customer-specific orders) (assets)	20,265	14,000
Prepayments received from customers (liabilities)	-1,704	-4,259
	<b>18,561</b>	<b>9,741</b>
<b>7 Deferred tax</b>		
Deferred tax at 1 April	1,155	1,613
Deferred tax adjustment	-1,975	-458
<b>Deferred tax at 31 March</b>	<b>-820</b>	<b>1,155</b>

## Financial statements 1 April 2019 – 31 March 2020

### Notes to the financial statements

#### 8 Prepayments

Prepayments comprise prepaid insurance premium, and other prepaid costs.

#### 9 Other provisions

Other provisions consists of custom warranties.

#### 10 Non-current liabilities

DKK'000	Total liabilities at 31/03 2020	Repayment, next year	Non-current portion	Outstanding debt after 5 years
Lease liabilities	720	235	485	0
	720	235	485	0

DKK'000	2019/20	2018/19
<b>11 Employee relations</b>		
Wages and salaries	29,963	43,568
Pensions	1,919	2,696
Other social security costs	114	185
	31,996	46,449
Remuneration of the Executive Board and the Board of Directors	0	0
Average number of full-time employees	50	82

#### 12 Charges, collateral and contingencies

Lease obligations (operating leases) falling due within 30 months total DKK 141 thousand, hereof DKK 94 thousand is falling due in 2020/21.

Performance bonds and advance payment guarantees issued by guarantors' amount to DKK 25,761 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.

## Financial statements 1 April 2019 – 31 March 2020

### Notes to the financial statements

#### 13 Related parties

Boilerworks A/S' related parties comprise the following:

##### Parties exercising control

Thermax Denmark ApS holds the majority of the share capital in the Company.

##### Related party transactions

Transactions with related parties are specified as follows:

DKK'000	2019/20	2018/19
Financial expenses	317	51
Revenue	8,699	6,398
Production costs	3,240	3,999
Rent	75	2,040
Amounts owed by group companies (Receivables)	0	6,309
Amounts owed to group companies (Liabilities)	14,065	22,793
Equity contribution from parent	25,000	0

#### Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent's consolidated financial statements
Thermax Denmark ApS	Denmark	<a href="http://www.erhvervsstyrelsen.dk">www.erhvervsstyrelsen.dk</a>
Thermax Ltd.	India	<a href="http://www.thermaxglobal.com">www.thermaxglobal.com</a>

DKK'000	2019/20	2018/19
<b>14 Proposed profit/loss</b>		
Transferred to reserves for development projects	-761	1,791
Transferred to reserves under equity	-7,220	-15,588
	<u>-7,981</u>	<u>-13,797</u>