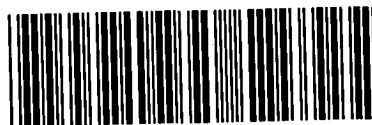


**Report of the Directors and
Consolidated Financial Statements
for the Year Ended 31st March 2018
for
Thalest Limited**

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Thalest Limited

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Thalest Limited
Company Information
for the Year Ended 31st March 2018

| | |
|---------------------------|--|
| Directors: | S C Bhargava W Ross |
| Registered office: | Endeavour House Holloway Road Heybridge Maldon Essex CM9 4ER |
| Registered number: | 01201246 (England and Wales) |
| Auditors: | Cooper Paul Statutory Auditors Beren Court Newney Green Chelmsford Essex CM1 3SQ |

Thalest Limited

Report of the Directors for the Year Ended 31st March 2018

The directors present their report with the financial statements of the company and the group for the year ended 31st March 2018.

Directors

The directors shown below have held office during the whole of the period from 1st April 2017 to the date of this report.

S C Bhargava
W Ross

Statement of directors' responsibilities

The directors are responsible for preparing the Report of the directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement as to disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

Auditors

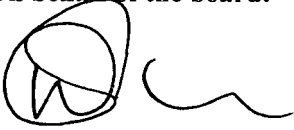
The auditors, Cooper Paul, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Thalest Limited

**Report of the Directors
for the Year Ended 31st March 2018**

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

On behalf of the board:

A handwritten signature in black ink, consisting of a large, stylized 'W' followed by a cursive flourish.

W Ross - Director

17th May 2018

Report of the Independent Auditors to the Members of Thalest Limited

Opinion

We have audited the financial statements of Thalest Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31st March 2018 which comprise the Consolidated statement of income and retained earnings, Consolidated balance sheet, Company balance sheet and Notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company affairs as at 31st March 2018 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information in the Report of the directors, but does not include the financial statements and our Report of the auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Report of the Independent Auditors to the Members of Thalest Limited

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the directors has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a Group strategic report or in preparing the Report of the directors.

Responsibilities of directors

As explained more fully in the Statement of directors' responsibilities set out on page two, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

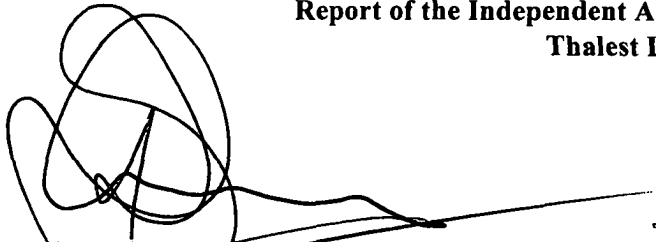
In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the auditors 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 (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the auditors.

**Report of the Independent Auditors to the Members of
Thalest Limited**

A large, stylized handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.

Andrew Gibson (Senior Statutory Auditor)
for and on behalf of Cooper Paul
Statutory Auditors
Beren Court
Newney Green
Chelmsford
Essex
CM1 3SQ

17th May 2018

Thalest Limited

**Consolidated Statement of Income and Retained Earnings
for the Year Ended 31st March 2018**

| | Notes | 2018 £ | 2017 £ |
|--|-------|---------------------------|---------------------------|
| Turnover | | 7,678,049 | 4,075,714 |
| Cost of sales | | <u>(4,452,497)</u> | <u>(3,084,097)</u> |
| Gross profit | | 3,225,552 | 991,617 |
| Administrative expenses | | <u>(2,810,744)</u> | <u>(2,528,397)</u> |
| Operating profit/(loss) | 4 | 414,808 | (1,536,780) |
| Interest payable and similar expenses | | <u>(121,919)</u> | <u>(108,606)</u> |
| Profit/(loss) before taxation | | 292,889 | (1,645,386) |
| Tax on profit/(loss) | | <u>29,035</u> | <u>6,752</u> |
| Profit/(loss) for the financial year | | 321,924 | (1,638,634) |
| Retained earnings at beginning of year | | <u>(4,263,278)</u> | <u>(2,746,388)</u> |
| Retained earnings for the group at end of year | | <u><u>(3,941,354)</u></u> | <u><u>(4,385,022)</u></u> |
| Profit/(loss) attributable to: Owners of the parent | | <u><u>321,924</u></u> | <u><u>(1,638,634)</u></u> |

The notes form part of these financial statements

Thalest Limited (Registered number: 01201246)

**Consolidated Balance Sheet
31st March 2018**

| | Notes | 2018 £ | 2017 £ |
|--|-------|--------------------|--------------------|
| Fixed assets | | | |
| Intangible assets | 6 | 1,679,399 | 1,908,448 |
| Tangible assets | 7 | 146,225 | 243,360 |
| Investments | 8 | - | - |
| | | <u>1,825,624</u> | <u>2,151,808</u> |
| Current assets | | | |
| Stocks | | 355,373 | 814,213 |
| Debtors | 9 | 2,250,847 | 1,007,903 |
| Cash in hand | | 611 | 116 |
| | | <u>2,606,831</u> | <u>1,822,232</u> |
| Creditors | | | |
| Amounts falling due within one year | 10 | (5,574,809) | (5,438,318) |
| Net current liabilities | | <u>(2,967,978)</u> | <u>(3,616,086)</u> |
| Total assets less current liabilities | | <u>(1,142,354)</u> | <u>(1,464,278)</u> |
| Net liabilities | | <u>(1,142,354)</u> | <u>(1,464,278)</u> |

The notes form part of these financial statements

Thalest Limited (Registered number: 01201246)

Consolidated Balance Sheet - continued
31st March 2018

| Notes | 2018 £ | 2017 £ |
|----------------------------------|---------------------------|---------------------------|
| Capital and reserves | | |
| Called up share capital | 133,656 | 133,656 |
| Share premium | 22,504 | 22,504 |
| Capital redemption reserve | 142,840 | 142,840 |
| Retained earnings | (3,941,354) | (4,263,278) |
| Shareholders' funds | <u>(3,642,354)</u> | <u>(3,964,278)</u> |
| Non-controlling interests | <u>2,500,000</u> | <u>2,500,000</u> |
| Total equity | <u><u>(1,142,354)</u></u> | <u><u>(1,464,278)</u></u> |

The financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

The financial statements were approved by the Board of Directors on 17th May 2018 and were signed on its behalf by:



W Ross - Director

The notes form part of these financial statements

Thalest Limited (Registered number: 01201246)

**Company Balance Sheet
31st March 2018**

| | Notes | 2018 £ | 2017 £ |
|--|-------|----------------|----------------|
| Fixed assets | | | |
| Intangible assets | 6 | - | - |
| Tangible assets | 7 | 34,026 | 49,314 |
| Investments | 8 | 50,000 | 50,000 |
| | | <u>84,026</u> | <u>99,314</u> |
| Current assets | | | |
| Debtors | 9 | 789,556 | 789,556 |
| Total assets less current liabilities | | <u>873,582</u> | <u>888,870</u> |

The notes form part of these financial statements

Thalest Limited (Registered number: 01201246)

Company Balance Sheet - continued
31st March 2018

| Notes | 2018 £ | 2017 £ |
|--|-------------------------|-------------------------|
| Capital and reserves | | |
| Called up share capital | 133,656 | 133,656 |
| Share premium | 22,504 | 22,504 |
| Capital redemption reserve | 142,840 | 142,840 |
| Retained earnings | 574,582 | 589,870 |
| | <u>873,582</u> | <u>888,870</u> |
| Shareholders' funds | | |
| | <u>873,582</u> | <u>888,870</u> |
| Company's (loss)/profit for the financial year | (15,288) | 37,349 |

The financial statements were approved by the Board of Directors on 17 May 2018 and were signed on its behalf by:



.....
W Ross - Director

The notes form part of these financial statements

Thalest Limited

Notes to the Consolidated Financial Statements for the Year Ended 31st March 2018

1. Statutory information

Thalest Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

2. Accounting policies

Basis of preparing the financial statements

These financial statements have been prepared in accordance with the provisions of Section 1A "Small Entities" of Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Development costs are being amortised evenly over their estimated useful life of nil years.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

| | |
|-----------------------|----------------------------|
| Plant and machinery | - 20% on cost |
| Fixtures and fittings | - 20% on cost |
| Computer equipment | - at varying rates on cost |

Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost is calculated using the first-in, first-out method and includes all purchase, transport, and handling costs in bringing stocks to their present location and condition.

Pension costs and other post-retirement benefits

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to profit or loss in the period to which they relate.

Going concern

The company is a member of the Larsen & Toubro Group of companies. The working capital requirement is currently reliant upon an overdraft facility provided by the company's bankers which is guaranteed by the company's immediate parent company L&T International FZE. Based upon the group's current order book and profit forecasts the directors are satisfied that with the continued support of its holding company the group will continue to be profitable. The directors are therefore satisfied that the preparation of the accounts on a going concern basis remains appropriate.

Thalest Limited

Notes to the Consolidated Financial Statements - continued for the Year Ended 31st March 2018

2. Accounting policies - continued

Revenue recognition

In respect of long term contracts for on-going services, turnover represents the value of work done in the year, including estimates of amounts not invoiced. Turnover in respect of long-term contracts and contracts for on-going services is recognised by reference to the stage of completion.

Revenue from rendering services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reasonably estimated. When the outcome cannot be reasonably estimated, revenue is recognised only to the extent that expenses are recoverable.

3. Employees and directors

The average number of employees during the year was 34 (2017 - 42).

The average number of employees by undertakings that were proportionately consolidated during the year was 34 (2017 - 42).

4. Operating profit/(loss)

The operating profit (2017 - operating loss) is stated after charging:

| | 2018 | 2017 |
|--------------------------------|---------|---------|
| | £ | £ |
| Depreciation - owned assets | 112,575 | 111,376 |
| Development costs amortisation | 381,898 | 209,792 |

5. Individual income statement

As permitted by Section 408 of the Companies Act 2006, the Income statement of the parent company is not presented as part of these financial statements.

Thalest Limited

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31st March 2018**

6. Intangible fixed assets

Group

| | Development costs £ |
|------------------------|--------------------------------|
| Cost - | |
| At 1st April 2017 | 2,681,360 |
| Additions | 152,849 |
| Disposals | (166,198) |
| | <u>2,668,011</u> |
| At 31st March 2018 | <u>2,668,011</u> |
| Amortisation | |
| At 1st April 2017 | 772,912 |
| Amortisation for year | 381,898 |
| Eliminated on disposal | (166,198) |
| | <u>988,612</u> |
| At 31st March 2018 | <u>988,612</u> |
| Net book value | |
| At 31st March 2018 | <u>1,679,399</u> |
| At 31st March 2017 | <u>1,908,448</u> |

7. Tangible fixed assets

Group

| | Short leasehold £ | Plant and machinery £ | Fixtures and fittings £ | Computer equipment £ | Totals £ |
|------------------------|------------------------------|----------------------------------|------------------------------------|---------------------------------|---------------------|
| Cost | | | | | |
| At 1st April 2017 | 157,769 | 145,643 | 161,540 | 230,523 | 695,475 |
| Additions | - | 899 | - | 15,976 | 16,875 |
| Disposals | - | - | (747) | (17,886) | (18,633) |
| | <u>157,769</u> | <u>146,542</u> | <u>160,793</u> | <u>228,613</u> | <u>693,717</u> |
| At 31st March 2018 | <u>157,769</u> | <u>146,542</u> | <u>160,793</u> | <u>228,613</u> | <u>693,717</u> |
| Depreciation | | | | | |
| At 1st April 2017 | 108,455 | 54,606 | 119,312 | 169,742 | 452,115 |
| Charge for year | 15,288 | 20,709 | 32,157 | 44,421 | 112,575 |
| Eliminated on disposal | - | - | (619) | (16,579) | (17,198) |
| | <u>123,743</u> | <u>75,315</u> | <u>150,850</u> | <u>197,584</u> | <u>547,492</u> |
| At 31st March 2018 | <u>123,743</u> | <u>75,315</u> | <u>150,850</u> | <u>197,584</u> | <u>547,492</u> |
| Net book value | | | | | |
| At 31st March 2018 | <u>34,026</u> | <u>71,227</u> | <u>9,943</u> | <u>31,029</u> | <u>146,225</u> |
| At 31st March 2017 | <u>49,314</u> | <u>91,037</u> | <u>42,228</u> | <u>60,781</u> | <u>243,360</u> |

Thalest Limited

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31st March 2018**

7. Tangible fixed assets - continued

Company

| | Short leasehold £ |
|--|----------------------------------|
| Cost | |
| At 1st April 2017 and 31st March 2018 | 157,769 |
| Depreciation | |
| At 1st April 2017 | 108,455 |
| Charge for year | 15,288 |
| At 31st March 2018 | 123,743 |
| Net book value | |
| At 31st March 2018 | 34,026 |
| At 31st March 2017 | 49,314 |

8. Fixed asset investments

Company

| | Shares in group undertakings £ |
|--|---|
| Cost | |
| At 1st April 2017 and 31st March 2018 | 50,000 |
| Net book value | |
| At 31st March 2018 | 50,000 |
| At 31st March 2017 | 50,000 |

The group or the company's investments at the Balance sheet date in the share capital of companies include the following:

Subsidiary

Servowatch Systems Limited

Registered office: Endeavour House, Holloway Road, Heybridge, Maldon, Essex

Nature of business: Marine instrumentation

| | |
|------------------|-------------------|
| Class of shares: | % |
| Ordinary shares | holding 100.00 |

Thalest Limited

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31st March 2018**

9. Debtors

| | Group | | Company | |
|---|------------------|------------------|----------------|----------------|
| | 2018 | 2017 | 2018 | 2017 |
| | £ | £ | £ | £ |
| Amounts falling due within one year: | | | | |
| Trade debtors | 2,073,191 | 913,524 | - | - |
| Amounts owed by group undertakings | - | - | 789,556 | 789,556 |
| Other debtors | 8,100 | 5,800 | - | - |
| VAT | 9,152 | - | - | - |
| Prepayments and accrued income | 131,369 | 88,579 | - | - |
| | <u>2,221,812</u> | <u>1,007,903</u> | <u>789,556</u> | <u>789,556</u> |
| Amounts falling due after more than one year: | | | | |
| Tax | <u>29,035</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Aggregate amounts | <u>2,250,847</u> | <u>1,007,903</u> | <u>789,556</u> | <u>789,556</u> |

10. Creditors: amounts falling due within one year

| | Group | |
|------------------------------|------------------|------------------|
| | 2018 | 2017 |
| | £ | £ |
| Bank loans and overdrafts | 2,420,188 | 2,356,712 |
| Trade creditors | 1,195,991 | 754,589 |
| Payments on account | 791,210 | 913,836 |
| PAYE/NI control | 51,114 | 61,768 |
| VAT | - | 4,393 |
| Other creditors | 6,807 | 16,856 |
| Tamco Switchgear SDN BHD | 650,000 | 750,000 |
| Accruals and deferred income | 459,499 | 580,164 |
| | <u>5,574,809</u> | <u>5,438,318</u> |

Thalest Limited

Notes to the Consolidated Financial Statements - continued for the Year Ended 31st March 2018

11. Related party disclosures

List of related parties who exercise control

| | |
|------------------------------------|---------------------------|
| Larsen & Toubro Limited | Ultimate Holding Company |
| Larsen & Toubros International FZE | Immediate Holding Company |

Related parties with whom the company have transactions during the year

Larsen & Toubro Limited
Tamco Switchgear (Malaysia) SDN BHD
Servowach Systems Limited
L & T Electrical & Automation FZE
L & T Technology Services Limited
L & T Technology Services Limited Korea

Transactions and balances with related parties

Balances with related parties

| | |
|-------------------------------------|----------|
| Trade debtors | |
| L&T Technology Services | £228 |
| Tamco Switchgear (Malaysia) SDN BHD | £109,722 |
| Trade creditors | |
| Larsen & Toubro Limited | £126,259 |
| L & T Technology Services Limited | £31,907 |
| Tamco Switchgear (Malaysia) SDN BHD | £34,351 |
| L&T Corporate Accounts | £5,618 |

| | |
|-------------------------------------|----------|
| Other current liabilities | |
| Servowach Systems Limited | £789,556 |
| Tamco Switchgear (Malaysia) SDN BHD | £650,000 |

Share capital

Investment by Tamco Switchgear SDN BHD £2,5000,000 redeemable preference shares of £1 each

Investment by Thalest Limited £50,000 ordinary shares of £1 each

Transactions with related parties

| | |
|---|----------|
| Overheads and services charged by | |
| Tamco Switchgear (Malaysia) SDN BHD | £24,747 |
| L & T Technology Services Limited Korea | £(22) |
| Larsen & Toubro Limited | £319,145 |
| L & T Electrical & Automation FZE | £(3,067) |
| L & T Technology Services Limited | £97,393 |
| L&T Tech Services (India) | £1,210 |
| L&T Corporate Accounts | £5,618 |
| L&T US Branch | £264 |

Thalest Limited

Notes to the Consolidated Financial Statements - continued for the Year Ended 31st March 2018

12. Ultimate controlling party

The Ultimate holding company is Larsen & Toubro Limited, a company incorporated in India. The company is a publicly owned company listed on the Indian Stock Exchange which does not have a single controlling party.

13. Controlling party

The company prepares consolidated group accounts, which are the only UK group accounts incorporating this company, which are filed at Companies House. The immediate parent company of Thalest Limited is L & T International FZE which consolidate their accounts and has its headquarters in Sharjah, UAE. The ultimate parent of L & T International FZE is Larsen & Toubro Limited, a company registered in India.