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आज़ादी का  
अमृत महोत्सव



Accelerating Sustainable Climate Action

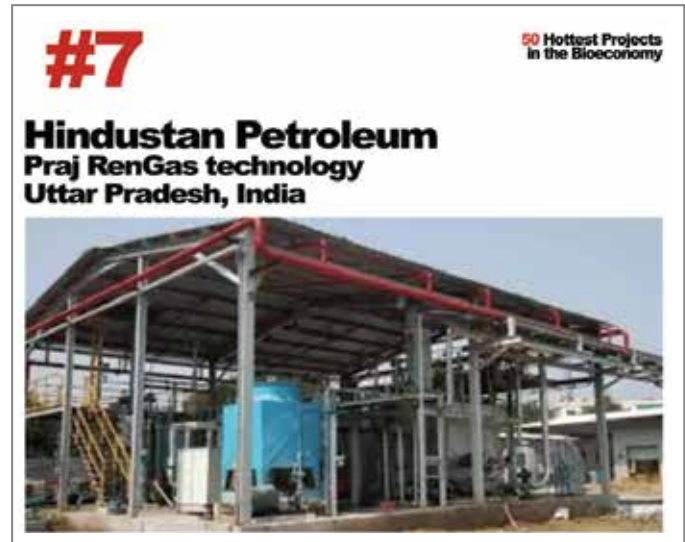
Annual Report 21-22



# Achievements

Two landmark projects being set up using Praj's proprietary technologies featured in top 10 of the Global Hottest 50 Projects\* that are shaping the Advanced Global Bioeconomy.

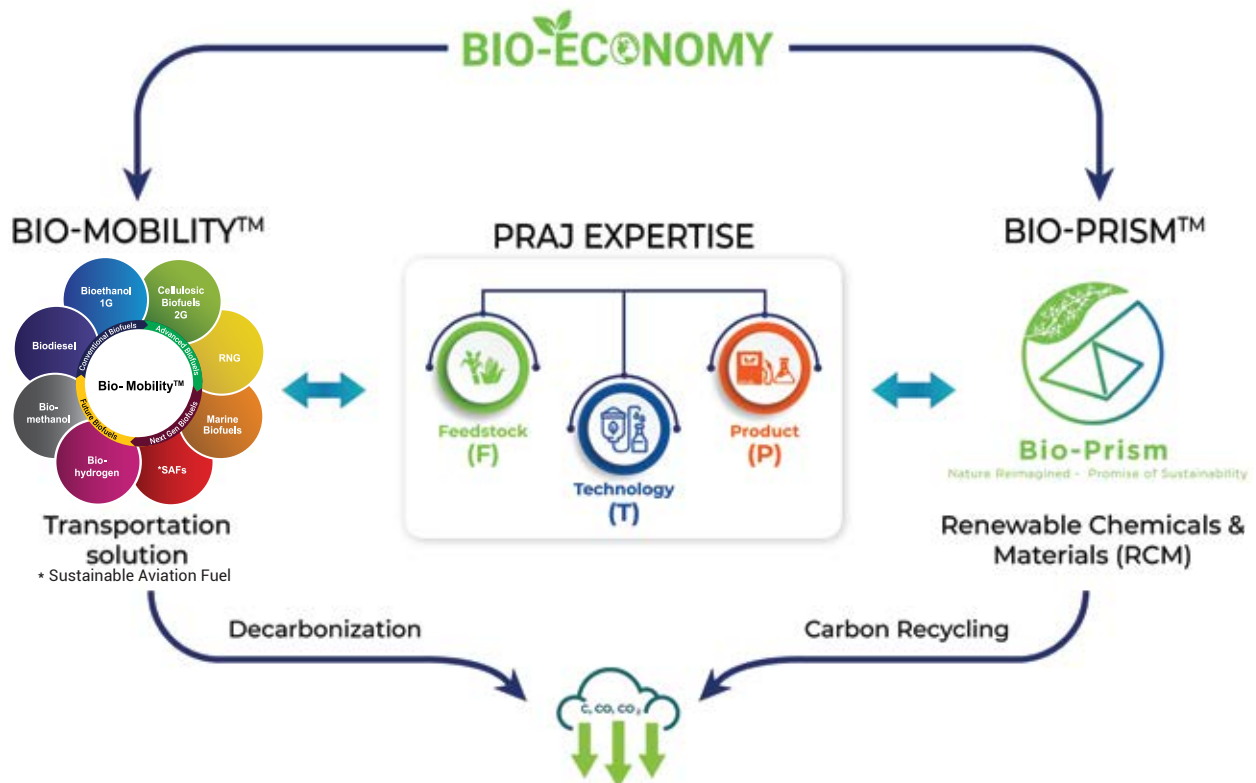
This global recognition reaffirms Praj's technology leadership in Bioeconomy



\*List released by US based Biofuels Digest

## Accelerating Sustainable Climate Action

By enabling energy transition through bioeconomy Praj is helping conserve environment



## Board of Directors



from L to R

**Standing :** Dr Shridhar Shukla, Sivaramakrishnan Iyer, Sachin Raole, Suhas Baxi  
**Sitting :** Mrunalini Joshi, Shishir Joshipura, Dr Pramod Chaudhari, Berjis Desai, Parimal Chaudhari

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## Company Profile

<b>Executive Directors</b>	>	Dr Pramod Chaudhari, Executive Chairman Shishir Joshipura, CEO and Managing Director Sachin Raole, CFO and Director – Resources
<b>Non Executive Directors</b>	>	Berjis Desai Parimal Chaudhari Sivaramakrishnan Iyer Mrunalini Joshi Dr Shirdhar Shukla Suhas Baxi
<b>Chief Internal Auditor &amp; Company Secretary</b>	>	Dattatraya Nimbolkar
<b>Statutory Auditors</b>	>	P G BHAGWAT LLP
<b>Cost Auditors</b>	>	Dhananjay V. Joshi & Associates
<b>Internal Auditors</b>	>	Khare Deshmukh & Co.
<b>Secretarial Auditors</b>	>	KANJ & Co. LLP
<b>Bankers</b>	>	Bank of Maharashtra The Hong Kong and Shanghai Banking Corporation Limited ICICI Bank Limited Citibank N.A. Standard Chartered Bank
<b>Registered Office</b>	>	“Praj Tower”, S.No. 274 & 275/2, Bhumkar Chowk - Hinjewadi Road, Hinjewadi, Pune 411 057, Maharashtra, India
<b>R &amp; D Unit - I</b>	>	Praj Matrix – The Innovation Center Gat No. 402, 403, 1098, Village Urwade, Tal. Mulshi, Pune- 412 108, Maharashtra, India
<b>R &amp; D Unit - II</b>	>	Shreenathnagar, Patethan, P.O. Rahu, Tal. Daund, Dist. Pune 412 207, Maharashtra, India
<b>Manufacturing Facilities</b>	>	S.No.748, Gat No. 745, Sanaswadi, Pune 412 208, Maharashtra, India Gat No. 402, 403, 1098, Village Urwade, Tal. Mulshi, Pune- 412 108, Maharashtra, India
<b>Export Oriented Unit</b>	>	Kandla SEZ Unit I, Plot No 307 to 314, Kandla SEZ Unit II, Plot No. 282 to 286 and 294 to 298, Kandla SEZ Unit III, Warehouse No. 1 to 3, Himalaya Complex, Phase I, Sector IV, Gandhidham, Kutch, 370230, Gujarat, India.
<b>Presence in</b>	>	India, Thailand, USA and The Philippines

# Chairman's Message



Dear Shareholders,

I am privileged to present the 36<sup>th</sup> Annual Report of your Company for FY 2021-22. The year saw socio economic and business environment gradually returning to normalcy post the pandemic onslaught. Hopefully ill effects of the deadly virus are on the wane; thanks to extraordinary efforts of governments all over the world and indomitable spirit of mankind.

Volatile oil prices in international markets because of Russia-Ukraine war have served as a stark reminder for prioritising energy security around the world. Rise in inflation has engulfed global economy. Clarion calls are heard all over for safeguarding energy needs by leveraging captive energy sources and alternative resources.

We have witnessed built up of increasing momentum towards environmental awareness on the back of strong Race to Zero campaign launched during COP 26 Glasgow Summit. Several nations have pledged carbon neutrality targets by committing to sustainable climate actions. Energy transition has emerged as foregone conclusion to curb the temperature rise below 1.5°C. Based on the work of scientists and economists, scholarly analysis indicates that humanity might avert catastrophe by investing the equivalent of just 2% of global GDP into climate solutions.

Bioeconomy is poised to play pivotal role in the energy transition. It is well established that bioeconomy facilitates sustainable climate actions by way of decarbonization and carbon recycling. By institutionalizing progressive policy framework, countries around the world are mainstreaming bioeconomy.

India announced Carbon Neutrality target of 2070 and has tabled Panchamrit agenda during the COP26 Climate Change Summit. As a part of 75<sup>th</sup> anniversary of independence, Hon. Prime Minister launched a global initiative LiFE- 'Lifestyle for the Environment Movement' on occasion of World Environment Day. Being flag bearer of Bioeconomy in India, your company is well positioned to contribute to these important initiatives.

Your Company believes Science is Universal, Technology development is local however Applications are global. We have been leveraging our core competence of developing and deploying innovative technology solutions to secure growth objectives. As a run up to E20 blending by FY 2025-26, India has achieved 10% blending ahead of time and as a market leader, your company has played a crucial role. In the process, share of your company in global ethanol production capacity has also crossed double digits. Your company has launched new technologies and expanded market footprint while adding new customers. Global accolades have only reinforced your company's position as a leading technology solutions provider.

With calls for energy transition getting louder, Your company is in pole position to capitalize on the emerging opportunities. I am pleased to table major developments, your Company achieved

during FY 2021-22. Our Advanced Biofuels Refinery project based on Praj's proprietary 2G Ethanol technology was ranked as 5<sup>th</sup> while our home-grown RenGas™ process based CBG project received the 7<sup>th</sup> Rank in Global Hottest 50 Projects in the Advanced Bioeconomy 2022. Your Company launched an innovative solution to process sugarcane juice into a new sustainable feedstock BIOSYRUP® for round the year ethanol production. We signed an MOU with IOCL to step up and explore opportunities in cleaner and greener sources of energy. The engineering and Hi Purity businesses continue to expand their horizons.

Energy transition is taking a central agenda for energy giants around the world and biofuels are poised to play a pivotal role. E20 blending program has been shaping up robustly. New opportunities are ushering in the form of ethanol blending in diesel and flex fuel engines that essentially work with ethanol blend in the excess of 20%. As calls for cleaner skies are getting louder, Sustainable Aviation Fuel (SAF) has emerged as viable option. Work has also begun on next frontiers of Bio-Mobility™ marine biofuels and bio hydrogen. Renewable chemicals and materials are proving to be promising solution to global majors who are exploring low carbon alternatives in pursuit of carbon neutrality. Even our Critical Equipment and Modularization business is drawing attention from customers globally for their energy transition needs.

Buoyant of the recent global recognition, your company is actively working to strengthen its technology leadership in the bioeconomy. We are also sharpening our ESG focus by adopting to contemporary industry best practices. We are deploying asset light business model to ensure sustainable growth. Continued R&D and Accelerated D&D (Design & Deployment) is the new mantra for commercializing innovative technologies. Praj Matrix, R&D centre with filing of over 300 patents, continues to pursue innovative technology solutions.

Your Company is aligned with Hon. Prime Minister's vision of Energy Independent India by 2047. We are investing in people, infrastructure, and technology resources to realise Atmanirbhar Bharat Mission.

In the closing I want to reiterate our business philosophy viz. Value for Customers & Investors in addition to Wealth & Wellness to employees as well as society. I remain confident of your continued support in realizing company's vision of making the world a better place.

Thank you for your continued support.

**Dr Pramod Chaudhari**  
Executive Chairman  
July 2022, Pune



## CEO & MD's Note

Dear Shareholders,

I am delighted to present the progress of your Company for FY 2021-22. Our Revenues on consolidated basis stood at Rs. 2,333.32 crore (Rs. 1,304.67 crore in FY 2020-21). PAT stood at Rs. 150.24 crore (Rs. 81.06 crore in FY2020-21). The Board of Directors have proposed a final dividend of Rs 4.20 per equity share for the financial year ended 31 March 2022. This comprises of Final Dividend @ 135% plus a Special Amrit Mahostava Dividend @75% in commemoration of 75 years of independence.

FY 2021-22 witnessed world economy managing the challenges posed by two waves of pandemic, runaway and volatile rise in commodity prices, and rising inflation as humanity, business and society along with Governments worked in harmony to address these unprecedented challenges further exacerbated by the war in Europe.

There is a rising awareness on climate change across the globe now and it is clearly reflected in COP26 commitments and NDC's agreed to at the highest level by heads of states across the world. The push for reduction of Green House Gas (GHG) emissions by adopting measures for Energy Transformation to low carbon intensity energy mix is now becoming a movement. These changes are expected to alter the energy basket across economies, currently loaded with high carbon intensity fuels to low carbon intensity fuels, eventually moving to zero carbon fuels. In a move towards energy security and low carbon intensity energy footprints, several governments are looking at creating national policies for enhancing the role of renewable energy in respective energy baskets. As a result, biofuels are finding increasing market traction across the globe. India too has laid a special emphasis on transiting to a different energy mix for the country for production and use of biofuel from alternative sources. This big movement for biofuels and waste to energy across the world is creating a positive opportunity field for your company.

India's Ethanol Blending Program is aimed at reducing the country's dependence on crude oil imports, cutting carbon emissions, and boosting farmers' income. The advancement of E20 target to 2025-26 continued to build on its momentum on the back of very promising build-up of industry ecosystem. The significant gap between demand and supply continued to drive capacity creation during FY21-22. Today the ethanol blending in petrol in India has reached ~10% mark almost five months ahead of the government's plan.

During FY 21-22, you company delivered solid performance with a very strong execution of the order book despite challenges posed by ever increasing commodity prices coupled with challenges of supply chains disruptions and availability. Your company was able to leverage its strong project management capabilities and capacities efficiently. With improved asset turnover and return of capital employed, Praj managed to scale up the operations significantly without affecting the working capital cycle. Our BioMobility™ platform continued to witness strong traction from our customers across the geographies. With rising global awareness about carbon intensity, low carbon biofuels, there is good momentum for setting up new capacities for ethanol production across the globe. Your company launched an innovative solution BIOSYRUP® for round the year

ethanol production. It is attracting lot of attention globally, especially from Brazil. Your Company has formed a 'focussed on revenue budgets' business unit that will serve customers post commissioning of the plants through the lifecycle. The execution of our first 2G ethanol project has progressed up to 90% completion level and it will commence commissioning from quarter 2, of FY 22-23. There has been elevated interest for Celluniti™ our latest offering along with Sekab AB from customers in the Nordic region. This year, your company commissioned two CBG projects based on press mud.

The RCM Program in Praj Matrix is progressing along the timelines envisaged. From the technology readiness point of view, two projects have satisfactorily crossed the bench scale development milestone.

Our Engineering Businesses continue to see momentum by way of healthy order book, expanding reach and improved conversion. Modularisation is fast gaining acceptance with global customers and is clearly emerging as growth engine for our CPES business. The brewery business is on the recovery path as the demand returns to pre-covid levels. Zero Liquid Discharge business continues to enjoy traction in our markets of interest such as metals, chemical, fertilizers etc.

Praj HiPurity systems is well poised to cater to opportunities in complex injectables and fermentation-based manufacturing space by offering critical end to end solutions. International business is experiencing traction as clients are increasingly aiming to be self-sufficient in pharma manufacturing.

Continuously rising and volatile raw material prices coupled with supply chain uncertainties, continue to pose challenges and pressures on margins. To deal with this, we are adopting dynamic costing model coupled with strategic sourcing, digitalization of processes and standardization initiatives.

People are our most valuable assets, and your Company continues to take several measures to ensure their career progression and wellness. Your Company recognizes the imperative to invest and create a robust pool of talent, to make the organization ready for the next phase of growth. One of the highlights of FY 2021-22 was our Founder Chairman, Dr Pramod Chaudhari being bestowed with the coveted 2022 William C. Holmberg Award for 'Lifetime Achievement in the Advanced Bioeconomy'. He is the first non-US citizen to receive this honor. The award is the culmination of critical evaluation by a global panel of industry experts and veterans in the field of bioeconomy.

I remain grateful for guidance and directions I received from the members of the Board from time to time. I wish to record my sincere appreciation of our business partners, customers, bankers, Government authorities, team members and other stakeholders for the strong support through the year. I thank you my dear shareholders for your continued belief in Praj's capabilities and bright future.

My team and I remain confident to continue to collaborate with all stakeholders and to lead Praj to its next phase of growth.

Shishir Joshipura  
CEO & MD  
July 2022, Pune

# Achievements



**William C. Holmberg Award 2022** was bestowed to **Dr Pramod Chaudhari** during the Advanced Bioeconomy Leadership Conference (ABLC) 2022 at Washington DC, USA



Praj launched an innovative solution to process sugarcane juice into a new sustainable feedstock BIOSYRUP® for round the year ethanol production.

## Praj at Glance (Consolidated)

	UOM	21-22	20-21	19-20	18-19	17-18
SALES (GROSS)	INR Min	23333.173	13046.687	11023.657	11411.120	9234.568
SALES (NET OF EXCISE)	INR Min	23333.173	13046.687	11023.657	11411.120	9165.864
OTHER INCOME	INR Min	361.897	257.364	300.214	322.966	267.249
TOTAL INCOME	INR Min	23695.070	13304.051	11323.871	11734.086	9501.817
TOTAL EXPENDITURE EXCLUDING DEPRECIATION	INR Min	21420.385	11951.787	10274.064	10625.337	8730.767
EBIDTA (EXCLUDING OTHER INCOME)	INR Min	2058.494	1190.781	820.070	883.323	610.296
DEPRECIATION	INR Min	225.912	221.218	218.461	229.496	240.925
PROFIT BEFORE TAX	INR Min	2048.773	1131.046	831.346	879.253	530.125
PAT BEFORE MINORITY INTEREST	INR Min	1502.421	810.587	704.363	682.075	394.877
PAT AFTER MINORITY INTEREST	INR Min	1502.395	810.469	704.309	682.032	394.909
OTHER COMPREHENSIVE INCOME	INR Min	(22.437)	11.041	(3.294)	6.291	8.017
TOTAL COMPREHENSIVE INCOME	INR Min	1479.984	821.628	701.069	688.366	402.894
NET BLOCK OF FIXED ASSETS + CWIP	INR Min	2892.399	2845.581	2965.014	2928.679	3020.738
SHARE CAPITAL	INR Min	367.347	366.458	366.320	365.296	361.865
RESERVES AND SURPLUS	INR Min	8789.838	7651.774	6826.168	7084.856	6899.492
NET WORTH	INR Min	9157.185	8018.232	7192.488	7450.152	7261.357
EPS BASIC	INR	8.18	4.43	3.85	3.75	2.19

RATIOS						
EBIDTA (EXCLUDING OTHER INCOME) TO SALES	%	9%	9%	7%	8%	7%
PBT TO SALES	%	9%	9%	8%	8%	6%
PAT TO SALES	%	6%	6%	6%	6%	4%
RONW	%	17%	11%	10%	9%	6%
ROCE	%	23%	15%	12%	12%	8%
NO. OF SHARES	Nos.	183,673,088	183,228,904	183,160,060	182,647,850	180,932,415
DIVIDEND	%	210%	108%	135%	106%	81%
BOOK VALUE PER SHARE	INR	49.86	43.76	39.27	40.79	40.13
CASH EPS	INR	9.41	5.63	5.05	5.01	3.53





## DIRECTORS' REPORT

**To**  
**The Members of Praj Industries Limited,**

Your Directors present their 36th Report together with the Audited Financial Statements for the year ended 31st March, 2022.

### Financial Results (Standalone)

During the year under review, your Company has recorded total income of Rs.21,157 Mn (previous year Rs. 11,117 Mn), registering an increase of 90 % in total income. Profit after Tax increased by 131% to Rs.1,644 Mn (Previous year Rs. 712 Mn.). The performance summary (standalone) is presented herewith:

	(₹ Mn.)	
Particulars	2021-22	2020-21
Turnover	20,532	10,885
Other Income (including exceptional item and foreign exchange gain)	625	232
<b>Total Income</b>	<b>21,157</b>	11,117
Total Expenses	19,018	10,150
PBT	2,139	967
PAT	1,644	712
Other Comprehensive Income	(8)	10
Total Comprehensive Income	1,636	722
(+) Balance in Profit & Loss account	5,045	4,414
<b>Profit Available for Appropriations</b>	<b>6,681</b>	5,136
Appropriations		
- Dividend	397	-
Transfer to / (from) Special Economic zone Re-investment Reserve	(61)	91
<b>Balance in Statement of Profit &amp; Loss</b>	<b>6,345</b>	5,045

### State of Company's Affairs

Please refer Management Discussion & Analysis annexed to this report dealing with the state of the Company's affairs at length. (Refer Annexure 1).

### Summary of Consolidated Results

During the year, the Total Income stood at Rs.23,695 Mn which is 78% more than last year (Rs.13,304 Mn). Profit after tax was 1,502 Mn (previous year's figure Rs.811 Mn) registering an increase of 86% over last year. The performance summary is presented herewith:

	(₹ in Mn)	
Particulars	2021-22	2020-21
Turnover	23,333	13,047
Other income (including foreign exchange gain)	362	257
Total income	23,695	13,304
Total expenses	21,646	12,173
PBT	2,049	1,131
PAT (after Minority Interest)	1,502	811
(+) Other Comprehensive Income	-22	11
Total Comprehensive Income	1,480	822

## Dividend

The Board of Directors at its meeting held on 25th May, 2022 has recommended a Dividend of Rs. 4.20/- per share (210%) of the Face value of Rs.2/- for the financial year 2021-22 (comprising of final Dividend @ 135% plus a Special dividend @ 75% on account of Amrit Mahotsav in commemoration of 75 years of independence).

The dividend is payable subject to shareholders' approval at the ensuing Annual General Meeting (AGM). The final dividend pay-out, if approved by the shareholders in the ensuing AGM, will be around Rs.771 Mn.

The dividend pay-out is in line with the Company's Dividend Distribution Policy.

## Dividend Distribution Policy

In accordance with Regulation 43A of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Company has formulated a Dividend Distribution Policy and the same is annexed herewith as **Annexure 9**. The Policy is also hosted on the website of the Company and can be viewed at [www.praj.net](http://www.praj.net)

## Investor Education and Protection Fund (IEPF)

Pursuant to the Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company has transferred unclaimed/ unpaid dividend of Rs.13,22,461/- pertaining to the financial year 2013-14 to Investor Education and Protection Fund, on 16th September, 2021. Further, the Company has also transferred the corresponding 16,147 shares pertaining to the financial year 2013-14 to IEPF on 14th October, 2021.

## Details of Nodal Officer

Mr. Dattatraya Nimbolkar, Chief Internal Auditor and Company Secretary has been appointed as Nodal Officer of the Company. Details in this regard are available on the website of the Company at [www.praj.net](http://www.praj.net)

## Reserves

The Company is not proposing any transfer to the General Reserve for the financial year 2021-22.

## Credit Rating

- a) CRISIL has re-affirmed "A1+" rating to the Company's short-term banking facilities which signify that the degree of safety regarding timely payment of instruments is very strong.
- b) CRISIL has also re-affirmed its rating of the Company's long-term bank facilities to "AA/stable".

The "AA/Stable" rating signifies high safety with regard to the timely payment of long-term financial obligations.

## Subsidiaries

Praj Engineering & Infra Ltd. India, Praj HiPurity Systems Ltd. , India, Praj Americas Inc., U.S.A., Praj Far East Co. Ltd., Thailand, Praj Far East Philippines Ltd. Inc., The Philippines, continue to be subsidiaries of your Company.

During the year, Company closed Praj Industries (Africa) (Pty.) Ltd, Subsidiary Company, on 19th January, 2022.

Consolidated Financial Statements of the Company, which include the results of the said Subsidiary Companies, are included in this Annual Report. Further, a statement containing the particulars for each of the Company's subsidiaries is also enclosed (Please refer **Annexure 6**). Copies of Annual Accounts and related detailed information of all the subsidiaries can also be sought by any member of the Company or its Subsidiaries by making a written request to the Company Secretary at the Registered Office of the Company in this regard. The Annual Accounts of the Subsidiary Companies are also available for inspection at the Company's and/or the concerned Subsidiary's Registered Office.

The Company has formulated a policy for determining 'material' subsidiaries and such policy is hosted on the Company's website i.e. [www.praj.net](http://www.praj.net)

Further, a statement containing salient features of the financial statements of subsidiaries in the prescribed format AOC-1 is appended as **Annexure 6** to this Report. The statement also provides the details of the performance, financial position of each of the subsidiaries.

## Corporate Governance

Pursuant to the provisions of Regulation 34 (2) & (3) and 53(f), read with Schedule V to SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, Management Discussion and Analysis Report (**Annexure 1**), Report on Corporate Governance and Compliance Certificate on Corporate Governance (**Annexure 3**), Business Responsibility Report (**Annexure 8**), Dividend Distribution Policy (**Annexure 9**) are annexed to this report.



## Directors

Ms. Parimal Chaudhari (DIN 00724911) will retire at 36th Annual General Meeting and being eligible, has offered herself for re-appointment as Director of the Company.

The existing Agreement entered into with Dr Pramod Chaudhari, Executive Chairman ends on 31st July, 2022. Based on the recommendation of the Nomination and Remuneration Committee, your Directors have approved the extension of the tenure of Dr Pramod Chaudhari for further period of twenty nine (29) months with effect from 1st August, 2022 till 31st December, 2024, subject to the approval of shareholders by way of Special Resolution at the ensuing Annual General Meeting of the Company.

Item No. 5 of Notice of 36th Annual General Meeting contains necessary details of Special Resolution in this regard.

The existing Agreement entered into with Mr. Sachin Raole, CFO and Director-Resources ends on 31st July, 2022. Based on the recommendation of the Nomination and Remuneration Committee, your Directors have approved the extension of the tenure of Mr. Sachin Raole for further period of five (5) years with effect from 1st August, 2022 till 31st July, 2027, subject to the approval of shareholders at the ensuing Annual General Meeting of the Company.

Item No. 6 of Notice of 36th Annual General Meeting contains necessary details of Ordinary Resolution in this regard.

## Composition of Key Managerial Personnel (KMP)

The Company has the following KMPs as on 31st March 2022;

Name of the KMP	Designation	Date of Appointment	Date of Resignation
Dr Pramod Chaudhari	Executive Chairman	08.11.1985	N.A.
Mr. Shishir Joshipura	Chief Executive Officer and Managing Director	02.04.2018	N.A.
Mr. Sachin Raole	CFO and Director- Resources	13.07.2016	N.A.
Mr. Dattatraya Nimbolkar	Chief Internal Auditor & Company Secretary	22.07.2011	N.A.

## Composition of Audit, Nomination & Remuneration Committee

For details, kindly refer to the Corporate Governance Report annexed to this Report (**Annexure 3**).

## Declaration from Independent Directors

The Independent Directors have submitted their annual declaration to the Board confirming that they fulfill all the requirements as stipulated in Section 149(6) of the Companies Act, 2013 read with rules framed there under.

## Auditors

### a) Statutory Auditors

The current tenure of P G Bhagwat LLP, Chartered Accountants, Pune (Firm Regn. No. 101118W/W100682), Statutory Auditors of the Company will expire on the date of the 39th Annual General Meeting to be held in the calendar year 2025.

### b) Internal Auditors

The Internal Auditors, Khare Deshmukh & Co., Chartered Accountants, Pune have conducted internal audits periodically during Financial Year 2021/22 and submitted their reports to the Audit Committee.

Their reports have been reviewed by the Statutory Auditors and the Audit Committee.

The Board has appointed Khare Deshmukh & Co., Chartered Accountants Pune, as Internal Auditors of the Company for the year 2022-23.

### c) Cost Auditors

Your Company has appointed Dhananjay V. Joshi & Associates, Cost Accountants as Cost Auditors of the Company for the financial year 2022-23 at the remuneration as set out in item No.4 of the explanatory statement which is subject to the ratification of members in the ensuing Annual General Meeting.

### d) Secretarial Auditors

KANJ & Co., LLP, Pune, were appointed to conduct the Secretarial Audit of the Company for the financial year 2021-22, as required under Section 204 of the Companies Act, 2013 read with rules framed thereunder. The Secretarial Audit Report (MR-3) for F.Y. 2021-22 forms part of the Annual Report as **Annexure 5**.

The Board has appointed KANJ & Co. LLP, Pune, as Secretarial Auditors of the Company for the financial year 2022-23.

**Material changes and commitments, if any, affecting the financial position of the Company occurred between the end of the financial year to which these financial statements relate and the date of the report:**

There were no material changes and commitments, affecting the financial position of the Company that occurred between the end of the financial year to which these financial statements relate and the date of the report.

**Statement concerning development and implementation of Risk Management Policy of the Company:**

In accordance with the provisions of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, (LODR) the Board has amended the Risk Management Policy and initiated necessary steps for framing, implementing and monitoring the risk management plan for the Company.

Based on market capitalization rank as on 31st March 2022, provisions of Regulation 21 of SEBI (LODR), Regulations 2015, as amended from time to time, are applicable to the Company for the financial year 2022/23. As per amended Regulation 21 of SEBI LODR Regulations, it is mandatory for the Company to constitute Risk Management Committee. The Company had already constituted the Risk Management Committee at its Board Meeting held on 16th May 2019.

The main objective of the Risk Management Policy is to ensure sustainable business growth and to promote a proactive approach in identifying, reporting, evaluating and mitigating risks associated with the business of the Company.

The policy establishes a structured and disciplined approach to Risk Management, in order to guide decisions on risk related issues.

In today's challenging and competitive environment, strategies for mitigating inherent risks associated with business and for accomplishing the growth plans of the Company are imperative. The common risks inter alia are risks emanating from; Regulations, Cyber Risks, Competition, Business, Technology obsolescence, Investments, Retention of talent, Finance, Politics and Fidelity etc. In today's complex business environment, Cyber risks have considerably increased. During the year, we continued our efforts to keep ourselves up to date with cyber security events globally to achieve higher compliance and its continued sustenance.

As a matter of Risk Management Policy, these risks are assessed and steps, as appropriate, are taken to mitigate the same.

The amended Risk Management Policy is hosted on the Company's website i.e. [www.praj.net](http://www.praj.net)

The Company has instituted adequate Internal Controls and processes to have a cohesive view of risks, optimal risk mitigation responses and efficient management of internal control and assurance activities.

In the opinion of the Board, there are no risks which may threaten the existence of the Company.

**Internal Financial Controls**

The Company has in place, adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weaknesses in the design or operation were observed.

**Remuneration Policy for Directors and KMP**

The Company's remuneration policy for Directors/ KMPs is directed towards rewarding performance based on periodical review of achievements. The remuneration policy is in consonance with the existing industry practice.

The said policy is available on Company's website i.e. [www.praj.net](http://www.praj.net) and is also attached as **Annexure 7** to this report.

**ESOP**

During the year, your Company allotted 444,184 shares on the exercise of options under the Employee Stock Option Plan 2011. Consequent to the above, the Issued, Subscribed and Paid-up Share Capital of your Company increased from 183,228,904 (number of shares) (Value Rs. 366.458 Mn.) as on 31st March 2021 to 183,673,088 (number of shares) (Value Rs.367.346 Mn.) as of 31st March, 2022.

Please refer **Annexure 4** to this report for the particulars required to be disclosed pursuant to Rule 12 (2) of the Companies (Share Capital and Debentures) Rules, 2014 and Clause 14 of SEBI (Share Based Employee Benefits) Regulations, 2014.

Board at its meeting held on 17th June, 2021 has granted 1,40,000 options to eligible employees at Rs. 90/- per option under ESOP 2011 - Grant XI.

**Vigil Mechanism / Whistle Blower Policy**

To ensure that the activities of the Company and its employees are conducted in a fair and transparent manner by adopting the highest standards of professionalism, honesty, integrity and ethical behaviour, the Company has adopted a Vigil Mechanism/ Whistle Blower Policy. This policy is explained in the Corporate Governance Report and is also hosted on the website of Company at [www.praj.net](http://www.praj.net).



## Details of policy developed and implemented by the Company on its Corporate Social Responsibility initiatives

Kindly refer **Annexure 2** to this Report.

## Particulars of loans, guarantees or investments made under section 186 of the Companies Act, 2013

Loans, Guarantees and Investments covered under Section 186 of the Companies Act, 2013 form part of the notes to the financial statements provided in this Annual Report. (Please refer Note No. 5 & 26 to the Standalone Financial Statements).

## Contracts and arrangements with Related Parties

All contracts / arrangements / transactions entered by the Company during the financial year 2021/22 with related parties were in the ordinary course of business and on an arm's length basis. Such transactions form part of the notes to the financial statements provided in this Annual Report. (Please refer Note No. 29 to the Standalone Financial Statements).

During the year, the Company had not entered into any contract / arrangement / transaction with related parties which could be considered material in accordance with the policy of the Company on the materiality of related party transactions which is available on the Company's website at [www.praj.net](http://www.praj.net)

## The information in respect of Related Party transactions is given below;

### FORM AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

### Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis ;  
N.A. as there were no transactions during the year which were not at arm's length.
2. Details of material contracts or arrangements or transactions at arm's length basis;  
During the financial year 2021/22, all the transactions entered into with related parties were at arm's length. Also, these transactions were not material.

## Performance Evaluation

Regulation 4 (2) (f) (ii) (9) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 mandates that the Board shall monitor and review the Board evaluation framework annually. Also, the Companies Act, 2013 states that a formal annual evaluation needs to be made by the Board of its performance and that of its Committees and individual Directors. In addition, Schedule IV to the Companies Act, 2013 states that the performance evaluation of Independent Directors shall be done by the entire Board of Directors, excluding the Director being evaluated. The Board works with the Nomination & Remuneration Committee to lay down the evaluation criteria for the performance of Executive / Non-Executive / Independent Directors.

Independent Directors have three key roles -Governance, Control and Guidance. Some of the performance indicators based on which the Independent Directors are evaluated include:

- a) Ability to contribute to and monitor the Company's corporate governance practices.
- b) Ability to contribute by introducing international best practices to address top-management issues.
- c) Active participation in medium to long-term strategic planning.
- d) Commitment to the fulfillment of Directors' obligations and fiduciary responsibilities; which include participation in the Board and the Committee Meetings.

In pursuance of the above, the Company has devised a policy for performance evaluation of Independent Directors, Board, Committees and other individual Directors.

The evaluation of all the Directors, Committees and the Board as a whole was conducted based on the criteria and framework adopted by the Board. The Board approved the evaluation results as collated by the Nomination & Remuneration Committee.

In accordance with the above, the Board at its meeting held on 8th February, 2022 has carried out performance evaluation of all Directors.

### **Explanation or comments on qualifications, reservations or adverse remarks or disclaimers made by the Statutory Auditors and the Secretarial Auditors in their reports**

There were no qualifications, reservations or adverse remarks or disclaimers made by the Statutory Auditors and Secretarial Auditors in their report.

### **Extract of Annual Return**

As per the Companies (Amendment) Act, 2017, effective from 28th August, 2020, Company is not required to disclose Extract of Annual Return (MGT-9) in the Directors' Report. Further, Company is required to place a copy of the Annual Return on its website and the web-link of the Annual Return is required to be given in the Directors' Report. Accordingly, the Annual Return (Form MGT-7) for the financial year 2021/22 is available on the website of the Company at [www.praj.net](http://www.praj.net).

### **Number of Board Meetings conducted during the year under review**

The Board met five times during the financial year (four times through video conferencing and once through physical mode), the details of which are given in the Corporate Governance Report that forms part of this Annual Report. The intervening gap between any two meetings was within the period prescribed by the Companies Act, 2013 and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 as amended from time to time.

### **Directors' Responsibility Statement**

In accordance with the provisions of Section 134(5) of the Companies Act, 2013 the Board hereby submits its responsibility Statement: -

- (a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- (b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period:
- (c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (d) the Directors have prepared the annual accounts on a going concern basis:
- (e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### **Details in respect of frauds reported by auditors under sub-section (12) of Section 143 of the Companies Act, 2013, other than those which are reportable to the Central Government.**

During the year, there was no such incidence of fraud reported by Statutory Auditors to the Management.

### **Deposits**

The Company has neither accepted nor renewed any deposits during the year under review and also did not have any outstanding deposits at the end of the year.

### **Remuneration ratio of the Directors / Key Managerial Personnel (KMP) / Employees**

The information required pursuant to Section 197 read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, in respect of employees of the Company and Directors is furnished hereunder:



Sr. No.	Name	Designation	Remuneration paid during FY 2021-22 Rs. Mn.	% increase/ (Decrease) in remuneration over FY 2020-21	Ratio of the remuneration of each Director to median remuneration of employees.
1	Dr Pramod Chaudhari	Executive Chairman	76.857	28%	*62.3
2	Mr. Shishir Joshipura	CEO & MD	57.252	15%	*37.1
3	Mr. Sachin Raole	CFO and Director- Resources	45.419	28%	*16.7
4	Mr. Dattatraya Nimbolkar	Chief Internal Auditor & Company Secretary	9.290	6%	*7.9
5	Mr. Berjis Desai	Non- Executive Independent Director	2.500	11%	2.1
6	Ms. Parimal Chaudhari	Non- Executive Director	2.000	14%	1.7
7	Mr. Sivaramakrishnan Iyer	Non- Executive Independent Director	2.250	13%	1.9
8	Ms. Mrunalini Joshi	Non- Executive Independent Director	0.650	8%	0.6
9	Dr Shridhar Shukla	Non- Executive Independent Director	0.800	7%	0.7
10	Mr. Suhas Baxi	Non- Executive Independent Director	0.800	7%	0.7

\* Normalised

The median remuneration of employees of the Company during the financial year was Rs. 1.181 Million. In the financial year 2021/22, there was an increase of around 10% in the median remuneration of employees.

There were 1132 permanent employees on the rolls of Company as on 31st March, 2022.

The average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year i.e., 2021-22 was around 11% whereas the managerial remuneration for the same financial year increased by around 23% .

The key parameters for the variable component of remuneration paid to the Directors are considered by the Board of Directors based on the recommendations of the Nomination and Remuneration Committee as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

### Particulars of employees

The information required pursuant to Section 197 of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, duly amended, in respect of employees of the Company, will be provided upon request. In terms of Section 136 of the Act, the Annual Report, excluding the aforesaid information, is being sent to all the members and others entitled to receive it. Any shareholder interested in obtaining such particulars may write to the Company Secretary.

### Details of significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operations in future.

There were no such events that occurred during the financial year 2021-22.

### Prevention of Sexual Harassment Policy

The Company has in place Prevention of Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

The Company has constituted Internal Complaint Committee as per the aforesaid Act.

The following is a summary of Sexual Harassment Complaints received and disposed during Financial Year 2021/22, under the aforesaid Act:

No. of Complaints received : Nil.

No. of Complaints disposed of : Not applicable.

No. of Complaints pending : Nil

### **Energy Conservation, Technology Absorption, Adaptation, Innovation:**

Sustainability is the need of the hour in bio-fuels and bio-materials producing industry. To be able to sell these products in international markets, our customers need to have their operations assessed and certified by an organization such as RSB [Roundtable on Sustainable Bio-materials].

Five out of the ten principles used for such assessment fall perfectly within our sphere of influence. These are given below:

- Continuous effect for improvement of GHG emission savings for production of renewable products (Fuels, chemicals etc)
- Flex plants: Use of multiple raw materials (Molasses C, B-heavy, Syrup, Corn, Rice) with effective utilization of assets for the production of multiple products (Bioethanol, Pharma grade ethanol, perfumery alcohol, Potable alcohol) based on market requirement and dynamics.
- Use of technologies that minimize overall water and energy consumption.
- Value maximization by exploring technology for the creation of value added coproducts (High Protein DDGS, Human protein, Bio-Bitumen)
- Compliance with all applicable safety, health and environmental regulations.

Praj Technology and Engineering Group have their focus on the designing and engineering of plants and machinery and processes that minimize the consumption of energy and water. Also, this group has focused on the reduction of various process related gaseous emissions. The plants are designed to meet regulatory norms of environment, health and safety and thereby reduce customers' compliance risks.

Our Business Sustainability Systems monitor the critical norms demonstrating that every new generation plant beats the previous benchmarks of yield, consumption of water, energy and effluents.

Infusing Sustainability principles into the design and engineering of plants and machinery and providing sustainability solutions to the customers is of prime significance. Number of technologies developed and commercialized successfully;

- **Bio-syrup technology** giving the customer increase in ethanol yield as well as flexibility to store sugar rich stream to extended number of days of operation.
- **EcoSmart Plus:** Efficient removal of impurities for production of pharma grade ethanol.
- **ZLD System:** Advanced Bio-methanated Spent wash Treatment for improving reliability and reduction in cleaning frequency of Evaporators leading to reduction in water and chemicals.
- **Co-product maximization:** Exploring production of human grade protein as valuable coproduct from grain based distillery.
- **EcoCET:** 24 x 7 operation of evaporation plant without use of CIP chemical.
- **IPA (Isopropyl alcohol) Dehydration:** Dehydration of IPA for effective removal of moisture and used as solvent for pharmaceutical industry.
- **RenGas Technology:** Advanced and efficient bioprocess for production of bio-methane from agri-residue and other solid waste.
- **enfinity Technology:** Lignocellulose Ethanol technology developed in house is now under execution and optimization of steam, water, chemical and enzyme consumption with improved GHG savings.
- **CelluNiti Technology:** Praj and Sekab E-technology AB is a unique partnership with proven capabilities to develop, integrate a scale-up advanced bio-fuel technology - CelluNiti™. CelluNiti™ makes it possible to refine almost any form of bio-mass into environment friendly, high quality commercial viable chemical products a raw material such as cellulosic sugars, ethanol bio-gas and lignin.
- **EcoCool :** Optimized design of Air Cooled Heat Exchange (ACHE) being offered for water stressed projects.
- **Sustainable aviation fuel (SAF):** For de-carbonization of aviation industry, From sugary feedstock SAF will be produced via isobutanol route.

As a part of Bio-Prism™ platform, Praj Matrix is focusing on Bioplastics. Bioplastics is an apt sustainable solution to replace single use plastics and reduce menace caused by plastic pollution. Praj is developing technologies for Polylactic acid (PLA) and Polyhydroxyalkanoates (PHA). Currently PLA technology is ready to be scaled up to pilot scale whereas





PHA is under development along with our partners. Matrix is also developing technologies for Bio-Bitumen and Rice protein, which are the co-products of ethanol refineries. Bio-Bitumen product has been validated by our partners for road construction and the technology is ready for scale up to pilot scale. Matrix's Rice Bran Wax, having applications in cosmetics and food sectors, is ready for commercialisation, post successful 1.5 Ton product delivery to potential European customer.

Praj's commitment to decarbonization & sustainable development are the major drivers for Praj Matrix. Matrix's Mantra for technology development is 'Technologies with Lowest in Carbon intensity and Cost and Best in Class' and is committed to contribute significantly to Praj's growth story in the coming years.

### Key Highlights for Financial Year 2021-22:

1. During the financial year 2021-22, the Company has successfully demonstrated Bio syrup, EcoSmart plus technology for production of Pharma-grade Ethanol, Advanced Bio-methanated spent wash treatment technology, Eco-Cool Technology and IPA dehydration technology.
2. Praj developed Bio-Bitumen technology from the lignin generated from the 2G enfinity plant. This can be bolted on the 2G plant to improve overall viability of 2G ethanol plants.
3. In the year gone by, the company was granted 4 Indian and 8 international patents bringing the total to 28 granted Indian patents and 68 granted international patents and over 300 patents applications till date.

### Foreign Exchange Earnings & Outgo

(₹ Mn.)

Particulars	31/3/2022	31/3/2021
Earnings	3,395	3,127
Outgo	1,711	954
Net Foreign Exchange Earnings	1,684	2,173

Your Company has retained its status as a net forex earner consecutively for past 24 years.

### Acknowledgements

Your Directors wish to place on record their appreciation towards all associates including Customers, Collaborators, Government Agencies, Bankers, Suppliers, Shareholders, Auditors, Employees and others who have reposed their confidence in the Company.

For and on behalf of the Board of Directors

Place: Pune  
Date: 25/05/2022

**Dr Pramod Chaudhari**  
Executive Chairman

# ANNEXURE 1

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### Overview

Your company, Praj Industries (Praj), India's most accomplished industrial biotechnology company with global footprint, with its motto of innovation, integration and delivery is at the forefront of global Bioeconomy. Over the last four decades, Praj's solutions have spanned environment, energy, and agri-processing industry, with over 1000 customer references spanning 100+ countries across all 5 continents. Praj's diverse portfolio comprises of Bio-energy solutions, High purity water systems, Brewery & Beverages, Critical Process Equipment & Modularization and Zero liquid discharge systems.

Praj's vision, reflected through all its offerings, is to make the world a better place using innovative technology solutions aimed at sustainable decarbonization, reducing energy, carbon, and water footprints as well as optimization of resources. Praj believes in building deep rooted relationships with different stakeholders such as customers, employees, partners, academia, and society in general.

Your Company has proven expertise in developing and deploying advanced process solutions in the Industrial biotechnology globally. Bio-Mobility™ technology platform for producing biofuels solutions and Bio-Prism™ technology portfolio for production of renewable chemicals and materials are the mainstays of Praj's contribution to the global Bioeconomy.

Your Company delivers value to customers with its unique TEMPO (Technology, Engineering, Manufacturing, Project management and Operations) model. Praj's state-of-the-art R&D center, Praj Matrix provides technology solutions to fulfill both stated and unstated needs of the customers. Praj integrates these technologies through its expertise of process engineering, world class manufacturing and project management. Praj also provides operations and maintenance (O&M) services for the life cycle management of the customer facilities.

In addition to its own technology development, Praj has built strategic collaborations with global technology leaders. These are in the areas of co- developing and integrating complementary technologies, for creating unique customer centric value propositions.

Your company's strength is its unique approach from Research & Development (R&D) to Design and Deployment (D&D). This has helped Praj build time-tested mutually rewarding relationships with customers around the world.

The year gone by was eventful in many ways. Your company launched technologies such as Celluniti™ & BIOSYRUP® etc., commissioned first of its kind press mud based CBG projects, added marquee global customers, expanded geographical footprint while winning global accolades. The year also witnessed two waves of pandemic, resultant disturbances in global supply chains and inflationary volatile commodity pricing that exerted pressure on margins.

During the global flagship industry event - Advanced Bioeconomy Leadership Conference (ABLC) 2022 at Washington DC, USA, our Founder Chairman, Dr Pramod Chaudhari was bestowed with the coveted 2022 William C. Holmberg Award for 'Lifetime Achievement in the Advanced Bioeconomy'. He is the first non-US citizen to receive this honor and assumes special significance as India is celebrating the Diamond Jubilee of Independence.

Since 2014, William C. Holmberg Award is being presented to distinguished individuals around the world for their outstanding contribution to the Advanced Bioeconomy. Named after its first recipient Lt. Col. William Holmberg, this award is the culmination of critical evaluation by a global panel of industry experts and veterans in the field of bioeconomy.

The increased awareness on climate change as reflected in NDCs and COP26 commitments is expected to create a positive push globally towards green, more sustainable energy as opposed to current fossil fuels dominated energy basket. Several governments are looking at creating national policies for enhancing the role of renewable energy in respective energy mix. The push is for reduction of Green House Gas (GHG) emissions through a transition to lower carbon intensity energy and commodities basket. These changes are expected to alter the energy mix currently loaded with high carbon intensity fuels to low carbon intensity fuels, eventually moving to zero carbon fuels. Bioeconomy is going to play a crucial role in realizing this phenomenon of Energy transition.

The 50 Hottest projects that are shaping the Advanced Global Bioeconomy were also announced during the ABLC 2022 Conference. IOCL's advanced biofuels refinery project at Panipat Complex based on Praj's proprietary 2G Ethanol technology was ranked 5th Hottest Project while HPCL's CBG project based on Praj's Rengas technology was ranked 7th Hottest Project globally.

### Business Snapshot

#### Bioenergy

Your Company's Bioenergy portfolio comprises of technology solutions for

- **Conventional Biofuels** such as 1st generation ethanol produced from Sugary & Starchy feedstock



- **Advanced biofuels** such as 2nd generation ethanol and Compressed Bio Gas (CBG)
- **Next Gen biofuels** such as Sustainable Aviation Fuel (SAF), biomarine fuel
- **Future biofuels** such as bio methanol and biohydrogen

Praj's Bio-Mobility™ platform of technologies envisages utilization of Bio based feedstock and organic waste for production of low carbon renewable transportation fuels across all modes of mobility i.e. Surface, Air and Marine. Bio-Mobility™ platform comprises of Biofuels both in liquid as well as gaseous form. Biofuels are produced using bio-based feedstock such as sugary (C molasses, B molasses, sugar syrup etc.), starchy (damaged/ surplus grains) and cellulosic (agri residues and biomass).

In FY 21-22, the ethanol production capacity worldwide, of plants using Praj's ethanol technology has crossed formidable 11 billion liters annually. This translates to over 10% of global ethanol production excluding China, which is manifestation of Your company's leadership position.

### 1st Generation Ethanol: Domestic

India's Ethanol Blending Program is aimed at reducing the country's dependence on crude oil imports, cutting carbon emissions, and boosting farmers' income. The advancement of E20 target to 2025-26 continued to build on its momentum on the back of very promising buildup of industry ecosystem. The significant gap between new demand and existing capacities continued to drive capacity creation in the ethanol sector during FY 21-22.

Currently the ethanol blending in petrol in India has reached ~10% mark. At present, India has a total ethanol production capacity of 8.5 billion liters, which includes 5.7 billion liters based on sugary feedstock while 2.8 billion liters based on starchy feedstock.

During FY 21-22, around 5.78 billion liters of ethanol capacity was ordered to be built. Around 65% of this is expected to use starchy feedstock; an indication that India is diversifying feedstock basket. Majority of these capacities are proposed to be built in non-sugar producing states like Tamil Nadu, Andhra Pradesh, Telangana and states like Bihar, Madhya Pradesh etc. Many state governments are tapping the potential of ethanol and have announced several measures to attract investment in setting up ethanol capacities. The distributed production of ethanol across the country will ensure Anytime Anywhere ethanol.

Department of Food & Public Distribution (DFPD), GoI announced availability of 17 MMT surplus grains that can be used to produce ethanol. Around 196 grain-based ethanol projects, amounting to ethanol production capacity of ~8.6 billion liters, have obtained statutory approvals to proceed.

Sugar industry continues to face the challenges of demand supply imbalance that results in glut situation. To give further encouragement for diverting excess sugar to ethanol, the government has hiked the price of ethanol extracted from sugarcane for by Rs 1.47 per liter for 2021-22. The Union Budget has introduced an additional differential excise duty of Rs. 2 per liter on unblended fuel to incentivize ethanol blending.

Outlook for ethanol industry remains positive beyond accomplishment of E20 target. Several policy measures under discussion include flex fuel vehicles, stationary diesel engine conversion to ethanol, diesel blending program, export of ethanol under certain circumstances- all likely to drive the demand of ethanol further. These auger well for sustained demand for ethanol beyond year 2025.

In FY 21-22, our domestic bioenergy business has delivered a strong performance with a healthy order book. We are seeing robust enquiries and leads for setting up ethanol projects using different feedstock. Given an exponential rise in number of enquiries, Your company has opted for prudent approach in opportunity selection on the basis of parameters such as customer background, appreciation for technology and quality and value etc. Praj continues to maintain its strong leadership position with share of more than 60% in markets of our interest.

### 1st Generation Ethanol: International

With a gradual return to normalcy in post covid era, biofuels are also gaining traction in international market. There is increasing recognition of important role biofuels have in helping reduce GHG emissions.

There is good momentum for setting up new capacities for ethanol production in international markets. With rising global awareness about carbon intensity, low carbon biofuels are finding increasing market traction

Praj's capabilities to customize solutions are finding very good acceptance in international markets as existing and new producers shift focus to low carbon and energy footprint ethanol production. This makes sense from both economic and environmental perspective.

With the first breakthrough order from Brazil and a strong local partnership, we are now making definitive inroads into Brazil's starchy feedstock-based ethanol market. Several Latin American countries are also witnessing an increased demand for ethanol and we are well poised to build further on our leadership position in these markets.

With several projects commissioned in North America, we are now witnessing a strong traction in enquiries for low carbon ethanol from the market. Many other countries are contemplating enhancing share of biofuels in their energy mix.

We have since taken steps to augment our presence and resources in this market. COVID Impact on Southeast Asian market continued in FY 21-22 year due to closure of economies. These economies may take longer to return to normalcy.

In Dec 2021, Your company launched an innovative solution to process sugarcane juice in to a new sustainable feedstock BIOSYRUP® for round the year ethanol production. Praj's first of its' kind patented technology for producing BIOSYRUP® has undergone one year trial and is successfully demonstrated at our customer site. Sugarcane juice is a perishable and seasonal feedstock that cannot be stored for more than 24 hours without loss of sugars. However, if converted into conditioned BIOSYRUP® it can be stored for up to 12 months without contamination. This enables sugar mills to produce ethanol beyond sugar season thus helping increase production capacity & maximize revenue. The unique technology solution, BIOSYRUP® is attracting lot of attention globally, especially from Brazil.

### **Bio based Performance Enhancers**

Our performance enhancers have applications in ethanol and sugar plants to improve yields, product quality and performance. These products are formulated using our deep knowledge of microbial biology, chemistry, feedstock and industrial processes. Praj's performance enhancers are widely used in ethanol plants based on sugary as well as starchy feedstock in over 40 nations.

### **2nd Generation Ethanol**

The execution of three advanced biofuel refineries in India, based on Praj's proprietary 2G enfinity™ technology is in advanced stages. Construction and Installation activities are in full swing at all sites. Execution of the IOCL project has progressed up to 90% completion level. Plant commissioning will start in Q2 of FY 22-23.

Scientists at Praj Matrix R&D center, continue to finetune intricate technical aspects to further improve commercial viability of enfinity™ technology. Specific areas in this regard include- Development of process Integration solutions for both capital and operating cost reduction, co product development viz; CO<sub>2</sub>, lignosulfonates, bio- bitumen, CBG, Organic fertilizer. Your company is also leveraging expertise of its partners in various sub systems.

On international front, The European Commission has revisited its existing energy, transport and climate legislation in order to align them with the goal of achieving carbon neutrality by 2050. According to the suggested amendments of RED II, advanced biofuels will have 2.2% contribution in transportation sector by 2030. This amounts to 2.75 billion liters capacity for all advanced biofuels which translates to opportunity of around 40-50 ethanol plants of 200 KLPD capacity.

Your company's association with Sekab for catering to forest residue-based markets in northern Europe is progressing well. We have optimized and integrated Sekab's CelluAPP™ technology for converting forest residue to ethanol. The jointly optimized technology, Celluniti™, has attracted attention from several customers in Europe and discussions have advanced with several stakeholders in Nordic region for deployment of this technology. Demonstration trials have been held successfully at the pilot facility at Sekab for this technology to several interested customers.

### **Compressed Bio Gas (CBG)**

As for CBG business, the ecosystem development across the value chain continues to be work in progress and is taking more time than expected. During the year, the subsidy was withdrawn for setting up CBG plants that further slowed down the buildup of prospect pipeline. However, in a much-awaited development, government has very recently revised CBG prices from INR 46 per kg to INR 54 and further linked it to retail selling price of CNG. This will enhance financial viability of projects and accelerate development of projects.

Honorable Chief Minister of UP, inaugurated the CBG plant of M/s Indian Potash Limited, Muzaffarnagar built on Praj's RenGas technology in August 2021. This is nation's first of its kind integrated bioenergy complex that produces ethanol, biogas, bio fertilizer and other byproducts. It processes 200 TPD of press mud to produce compressed biogas. Your company also commissioned the press mud based CBG plant in south India for M/s Leafiniti. Your company is also setting up agri-residue to Compressed BioGas (CBG) plant for Hindustan Petroleum Corporation Limited (HPCL) at Budaun, UP.

CBG as an alternative to CNG has been receiving favorable response from consumers. OMCs are also gearing up for distribution and retailing system for last mile connectivity of CBG. Organic manure, the co-product from the plant is gaining acceptance from the farming community & fetching attractive price. This will further enhance project viability of CBG plants.

### **Sustainable Aviation Fuel (SAF)**

Your company signed an MOU with IOCL to explore opportunities in cleaner and greener sources of energy. Both companies will jointly explore avenues such as the production of Sustainable Aviation Fuel (SAF), 1G & 2G Ethanol, Compressed Bio-Gas (CBG). This MOU will boost SAF production capacity and its use in India which will in turn help curb emissions emanating from the airplanes as per IATA's (The International Air Transport Association) mandate. Under the MOU, your Company with IOCL is conducting feasibility study for setting up of facility for SAF.



We believe both domestic and international bioenergy landscapes continue to be very promising. There are several prospects unfolding and your Company is well placed to capitalize on these opportunities.

## **Critical Process Equipment & Skids (CPES)**

CPES specializes in conceptualizing, engineering & manufacturing of modular process packages for energy transition sectors.

Your company has successfully implemented the strategy to work with select group of progressive global customers. Your company has started receiving the repeat orders from the select group of customers after successfully supplying the initial set of equipment. In FY 2021-22, your company has received multiple contracts from a US-headquartered Industrial Gases company for supply of Critical Equipment and Modules used for one of the largest hydrogen plants. We also received large orders for multiple equipment from one of its key customer for supply to LNG projects in USA.

Modularization is fast gaining acceptance with global customers and is clearly emerging as growth engine for the business. Our growth strategy is to become a "Go To Company for Modularization in new energy sectors". To leverage our multi-disciplinary engineering strengths and expertise of manufacturing, we have set up a Center of Excellence for Modularization. The center will work collaboratively with key customers to create modular solutions for their new technologies.

## **Brewery & Beverage**

Your Company offers customized plants, equipment & technology solutions to customers in the brewing & beverage industry. Praj has proven expertise ranging from engineering and designing to construction of plants and process equipment.

In FY 20-21, the business was adversely impacted on account of fall in consumption levels owing to pandemic. Although signs of recovery were evident in H2 of FY 21-22, overall market remained subdued in FY 21-22. Major Greenfield investment decisions were deferred during the year due to lack of business visibility. Now hospitality & tourism sectors are slowly picking up and beer consumption is reaching pre-covid levels. With this, many brewery players are now considering their plans to put up greenfield projects and also looking to accelerate new product launches in flavored beer & Non Alcoholic Beer (NAB) categories. We expect the business to return to normalcy over next 12 months' period.

During FY 21-22 Your company won few orders for the brownfield projects. On the international business front, Investments in African beer market coming back on track with new inquiries received from major groups. We have expanded our footprint in the region with key strategic order wins coming in from Niger and Kenya.

Our execution for India's largest Apple Juice Concentrate plant being set up in Himachal Pradesh is progressing as per schedule and is expected to be commissioned in 2nd quarter of FY 22-23.

## **Zero Liquid Discharge Solutions**

Your Company offers comprehensive range of solutions for industrial effluent treatment, recycling and zero liquid discharge (ZLD) systems to customers across several sectors namely metals, power, specialty chemicals, fertilizers, refinery & petrochemicals, F&B, etc.

In FY 21-22, your Company witnessed robust enquiry pipeline across key focus segments such as metals, power, refinery & petrochemical.

Your company is executing the IOCL project at Dumad, Gujarat which will treat water from entry in pipe till exit and save 4.7 million liters per day of water.

Your company continues to find strong market traction in the metals sector with an order win from a metal major. We see this repeat order win from one of the leading Indian conglomerates is a testament of our technology and delivery capabilities.

Your company is strategically looking to realign the business processes to make some course corrections. We are also leveraging our expertise in microbiology and developing advanced technology for treating high TDS wastewater streams.

## **Praj HiPurity Systems (PHS)**

PHS is a wholly-owned subsidiary of Praj Industries Limited. PHS offers high purity water systems (WS), Modular Process Systems (MPS) including fermentation-based solutions to customers engaged in biopharmaceuticals, sterile formulations, complex injectables & nutraceutical.

In FY 21-22 PHS focused on delivering solutions for complex injectables, fermentation and other segments in Biologics space. With continued focus on NDDS (New Drug Delivery Systems) there is an unprecedented activity right from research to product development to commercialization in the space of Complex injectables. PHS as a leader offers process engineering and complex process skids. There is a huge interest and potential for creating fermentation-based manufacturing capacity in the country. PHS has expertise to set up fermentation plants from pilot scale to Ultra-High capacity. There is a drive for "localization" for critical medicines and outreach of Indian Pharma to semi-regulated & regulated markets globally. PHS is well poised to cater to opportunities in this space by offering critical end to end high purity water systems. International business is experiencing traction as clients from various countries are increasingly aiming to be self-sufficient in pharma & biologics products.

PHS is partnering with the pharma companies in India and select international markets for delivering solutions for Water & Critical processes for life saving drugs and vaccines.

### **Operations and Maintenance (O&M) Services**

To help customers run their plants with maximum efficiency, Your company has extended offerings in operations and maintenance space. This includes expertise in trouble-free and smooth operations of the plant as well as spares management. There has been growing demand from Customers for O&M services offered by your Company.

### **Innovation and R&D**

Your company's focus has always been on expanding its business horizons in the bioeconomy by leveraging its technology led innovative solutions. Praj Matrix, our R&D center, continued its relentless efforts on two technology initiatives, "Bio-Mobility™ & "Bio-Prism™."

Praj Matrix is committed to improve 2G technology further and widen its expanse by adding different feedstocks for production of ethanol by processing mixed & separate soft & hard wood feedstocks including pine, birch & spruce.

Under Bio-Mobility™ platform, Your company is actively pursuing developments of Next gen and Future fuels including Sustainable Aviation Fuel & Bio-Hydrogen.

As a part of Bio-Prism™ platform, Your company is focusing on Bioplastics, an apt sustainable solution to provide alternative to plastics. We are in advance stages of developing technologies for production of Polylactic acid (PLA) and Polyhydroxyalkanoates (PHA).

Your company is also developing technologies for Bio-Bitumen. Bio-Bitumen samples produced at our 2G demo plant, are validated by our partners for usage in road construction. Rice Bran Wax technology, having applications in cosmetics and food sectors, is ready for commercialization, post successful 1.5 Ton product delivery to potential European customer.

Your company is committed to developing innovative solutions for decarbonization & carbon recycling. The guiding principle for technology development is 'Technologies with lowest Carbon intensity and Best in Class'.

### **Manufacturing Capability**

Your Company's manufacturing capability is substantiated by a multi-disciplinary engineering team, world class manufacturing facilities at four different locations with excellent connectivity to ports and highways. These are located at Sanaswadi, Urawade, Wada in Maharashtra and in Kandla (Gujarat). We have also created a dedicated sub vendor base to cater to increased demand of domestic ethanol market

Sanswadi and Kandla facilities are approved by global multinational and EPC companies for supply of equipment and skids. The facilities are accredited with ASME U & U2, R Stamps and NB Registrations.

The ASME BPE compliant facility located at Wada serves clients in the pharmaceutical industry.

With utmost importance to employee safety, all our facilities including project sites adhere to Health Safety and Environment (HSE) norms.

Your Company continues to strengthen dedicated vendor base across geographies to improve efficiency and effectiveness of project delivery.

### **Digitalization**

Your company takes continued effort, to adopt new technologies that help in process improvements to deliver customer centric solutions. Pratibimb, is an organization wide platform that gives a consolidated view and insight into our operations and systems, thereby helping in increasing the process efficiency and enhancing capacity. RemoteBridge™ – our unique remote plant monitoring system leverages Industry 4.0 technologies to delivering reliability to customers plant operations. It works as Lifecycle Management tool and helps improve plant performance by providing insights for strategic interventions through real time data analytics.

### **Human Capital**

Your Company truly believes that people are its true assets. Attract, Nurture, Grow and Retain talent is a way of life at Praj. Your Company recognizes the imperative to invest and create a robust pool of talent, to make the organization ready for the next phase of growth.

During the pandemic phase, Your company had shifted to work from home environment by empowering employees with up to date IT facilities. Throughout the year, internal communication within employees and with management was maintained. Periodic webinars were conducted to help employees stay abreast with company developments and engage with Chairman, CEO and Leadership team. This ensured that employees remained motivated and committed to company objectives. Your company conducted various employee engagement initiatives like Hi-Tea with Leadership, social and cultural gatherings amongst others.



Health and Wellness is an important aspect in productivity. As a part of Employee Wellness Initiative different sessions by subject matter experts were organized with focus on mental and physical health. Your company also implemented the 'COVID Vaccination Drive' for employees and their families.

To highlight importance of workplace safety, several awareness programs were organized in the interest of employees.

As part of Talent Management, top performing employees were nominated under Learning and Development program with an objective of unleashing, developing, accelerating, and nurturing talent. As part of talent pipeline development and providing career growth opportunities, succession planning exercise was carried out. This involved mapping of critical positions for current and future requirements as well as identifying pool of successors.

## Awards & Recognition

In FY 2021-22, Your Company was bestowed with the following awards, certifications, and accolades-

- Praj Executive Chairman Dr Pramod Chaudhari received William C Holmberg Award for the Lifetime achievement in Bioeconomy
- IOCL's Advanced Biofuels Refinery project based on Praj's proprietary 2G Ethanol technology was ranked as 5th in Global Hottest 50 Projects in the Advanced Bioeconomy 2022
- Praj's home-grown RenGas™ process based HPCL CBG project received the 7th Rank in Global Hottest 50 Projects in the Advanced Bioeconomy 2022
- Praj Executive Chairman Dr Pramod Chaudhari received 'AsiaOne Global Indian of the Year 2020-21' by AsiaOne Magazine and URS Media International.
- Praj was awarded with "World's Greatest Brand of 2020-21" by AsiaOne Magazine & URS Media International
- Received certificate of safety achievement from Indian Potash Ltd. for achieving 1.1 million safe-man hours without lost time injury during construction of 60 KLPD biorefinery complex at Indian Potash Ltd. (IPL), Uttar Pradesh
- Praj Far East Philippines Limited Inc. project team received a Certificate for HSE Excellence from Green Future Innovative Inc. Isabela, Philippines for completing 25,768 safe-man hours without lost time injury during construction, pre-commissioning, and commissioning of 60 KLPD Alcohol Purification Plant Project at the site.
- Praj team received a Safety Appreciation Certificate for achieving 4,688 safe-man hours without lost time injury during construction site at our respected customer Saphip Co, Ltd, Lopburi, Thailand.
- Praj Project team has received a Certificate of Safety for achieving 7380 safe-man hours without lost time injury during ongoing Construction of 55 KLPD Extra Neutral Alcohol Plant Project at Illovo Distillers Tanzania Ltd, Tanzania.

## Future Outlook

COP 26 summit at Glasgow, brought renewed focus on environment issues and dire need for climate actions. COP26 was a step forward in creating awareness and generating momentum towards sustainable climate actions. Several nations have pledged net zero targets and have committed to energy transition. India announced its climate commitments referred as Panchamrit that plans to bring down carbon intensity of economy by more than 45% by 2030 while achieving Net Zero by 2070.

Bioeconomy, that encompasses 12 of 17 Sustainable Development Goals (SDGs), is poised to play an important role in Sustainable Climate Action. Your company has two-pronged strategy in Bioeconomy viz. Bio-Mobility™ platform of technologies for sustainable decarbonization and Bio-Prism™ portfolio of technologies for carbon recycling. Through these solutions, Your company is making significant contributions for sustainable climate actions.

We believe CI reduction and energy transition are two major themes emerging for sustainable development. In the Union Fiscal Budget FY 22-23, these have been identified as major pillars of development.

During the World Economic Forum (WEF) annual meeting in Davos, Minister of Petroleum and Natural Gas said that special emphasis is being given on biofuel blending and exploration and production of biofuel from alternative sources.

With array of innovative industrial biotech solutions, your company is geared to help customers in helping fulfill their sustainability goals.

The decision of advancing 20% blending target by 5 years from 2030 to 2025-26 has created huge opportunities in the ethanol sector. Ethanol plants based on Starchy feedstock are going to drive the new capacities.

We believe that commissioning of our first 2nd Gen ethanol plant will reinforce confidence among potential developers, not only from India but also from the globe and pave way for more opportunities for Praj. Ecosystem development is still underway for the CBG business in India. Commissioning of initial commercial scale CBG projects in immediate future will demonstrate end to end functioning of the value chain. This will help in creation of meaningful CBG capacity as envisaged in the SATAT Policy.

As we go forward some further favorable developments are likely in form of flex fuel policy, ethanol blending in diesel, expansion of biofuels basket and feedstock differentiated pricing for ethanol.

There is heightened interest in Sustainable Aviation Fuels (SAF) internationally. Technologies for lowering carbon intensity in existing plants are in demand as the campaign for carbon neutrality gains momentum. Ligonocellulose based biofuels being among lowest CI solutions are catching the fancy of the green developers.

The engineering and Hi Purity businesses continue to expand their horizons. PHS business will continue to focus on opportunities in complex injectable, fermentation and Bio-pharma space.

CPES business is establishing strong foothold in modularization business which is fast gaining acceptance among global customers and is clearly emerging as growth engine for the business.

With water as an essential resource, our ZLD solution will continue to find increasing acceptance for treatment of industrial effluent.

Despite, promising economic recovery post covid, global economy remains on weak wicket owing to high inflation, global supply chain and crude oil pricing attributable to geo-political scenarios. All of this is creating cost pressures and is going to have challenges on the margins front.

Notwithstanding the external challenging environment, your company remains cautiously optimistic about the outlook based on the preparedness to deliver future ready offerings across the value chain, strong momentum for climate actions solution and diversified market portfolio in addition to resilient home market.

**Details of significant changes (change of 25 % or more as compared to immediately previous financial year) in Key Financial Ratios, along with detailed explanations therefor required vide Part B of schedule V to SEBI (Listing Obligations and Disclosure Requirements (Amendment) Regulations 2018:**

Sr. No.	Ratio	U/M	31-03-2022	31-03-2021	Variation (%)	Major reasons for variance
1	Debtors' Turnover	Days	81	127	(36.22%)	Favorable terms and better realization from the debtors
2	Inventory Turnover	Days	126	91	38.46%	Pro-active Inventory Management to manage Commodity Price variation
3	Interest coverage	Time	N.A.	N.A.	N.A.	-
4	Current Ratio	Time	1.44	1.58	(8.86%)	No major variance
5	Debt-Equity Ratio	Time	N.A.	N.A.	N.A.	-
6	Operating profit margin.	%	8.97%	9.31%	(4%)	No major variance
7	Net Profit margin	%	8.01%	6.54%	22.48%	No major variance
8	Return on Net worth (RONW)	%	19.53%	9.62%	103%	Increase in operating profit due to increase in revenue by 88.62%. Increase in other income due to increase in dividend.

**Forward looking statements:**

Statements in this report particularly those which relate to Management Discussion and Analysis describing the Company's future plans, projections, estimates, and expectations may constitute forward looking statements within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied.





## ANNEXURE 2 CSR REPORT

### 1 **A brief outline of the Company's CSR policy including overview of projects or programmes proposed to be undertaken and reference to the weblink to the CSR Policy :-**

Praj Industries Limited "PIL" is a socially responsible corporate citizen. PIL recognizes trusteeship as a critical function of an organization in discharging its responsibility towards the society, environment and its resultant ecosystem.

The early start on CSR activities has given PIL a tremendous learning and understanding of how CSR projects should be selected, implemented and sustained. PIL has a separate team dedicated to CSR activities. Along with Praj Foundation (CSR arm of PIL), PIL is engaged in various projects. Many of the themes selected also resonate well with the overall national agenda like Health, Water, Clean India (Swacch Bharat).

PIL is committed to supporting sustainable development through effective interventions at various levels.

To ensure this, PIL shall undertake the following activities:

- Environment sustainability and Rural development.
- Healthcare including Preventive health and Eradication of Malnutrition;
- Promotion of Education, Capacity Building, Employment and Gender equality;
- Assistance to Orphanage, Old Age Homes and Differently Abled;
- Training to promote nationally recognized Sports;
- Protecting art and culture.
- Areas covering Relief to underprivileged.

#### **Implementation of CSR Activities**

PIL undertakes CSR activities primarily in and around the areas of operation of the Company. PIL executes the CSR activities directly or through Praj Foundation a Charitable Trust having CSR registration number CSR00001195 or appropriate NGOs.

Majority of the CSR funds is expended through Praj Foundation.

The Board approves the Annual Action Plan having the list of CSR activities, eligible expenditure to be incurred on CSR activities, modalities of utilization of funds, implementation schedule, etc. on the recommendation of CSR Committee in the beginning of every financial year.

#### **Monitoring of CSR Activities**

PIL has established CSR Committee as per the provision of the Companies Act, 2013. CSR Committee recommends CSR activities to be undertaken by the Company, to the Board as specified in Schedule VII of the Companies Act, 2013 (here in after referred to as "the Schedule VII").

The CSR Committee takes periodical review of CSR Activities carried out during the financial year and report to the Board.

PIL spends, in every financial year, at least 2 per cent of the average net profits of the Company made during the 3 immediately preceding financial years, in pursuance of the Companies Act, 2013 and rules framed there under for the purposes specified in Schedule VII and also in pursuance of this CSR Policy. Surplus arising out of the CSR activity does not form the part of business profits of the Company.

PIL monitors the progress of the CSR project and activities regularly with respect to quality of its implementation, cost and schedule with the same vigor as its business activities. The impact assessment of its projects are conducted voluntarily at suitable intervals diligently.

PIL also encourages Personal Social Responsibility (PSR) amongst PRAJites to enhance their social sensitivity by voluntarily self-engagement in social activities recognized under Schedule VII. PIL endeavors to undertake activities, not specifically mentioned above, but covered under Schedule VII.

**2. The Composition of the CSR Committee:-**

Name of Director	Chairperson /Member	Date of Joining
Ms. Parimal Chaudhari	Chairperson	25.10.2013
Mr. Sivaramakrishnan S. Iyer	Member	25.10.2013
Ms. Mrunalini Joshi	Member	11.08.2017

**3. Web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company :-**

<https://www.praj.net/investorslounge/policies/praj-policies/CSR Policy>

**4. Details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report) :-**

**Not applicable**

**5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any :**

**Nil**

**6. Average net profit of the Company for last three financial years:-**

Rs. 931.744 Mn.

**7. (a) Two percent of average net profit of the company as per section 135(5) :**

Rs. 18.635 Mn

**(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years.**

Nil

**(c) Amount required to be set off for the financial year if any**

Nil

**(d) Total CSR obligation for the financial year (7a+7b-7c).**

18.635 Mn

**8. (a) CSR amount spent for the financial year: Rs 21.715 Mn**

Total Amount Spent for the Financial Year (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135 (5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
2,17,15,006/-	Nil	N.A.	Nil	Nil	N.A.



**(b) Details of CSR amount spent against ongoing projects for the Financial Year**

1	2	3	4	5		6	7	8	9	10	11	
				State.	District.						Name	CSR registration number.
Sl. No.	Name of the project	Item from the list of activity in schedule VII to the Act.	Local area (Yes/No).	Name of the project.		Project duration.	Amount allocated for the project (in Rs.).	Amount spent in the current financial year (in Rs.).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.).	Mode of implementation Direct (Yes/No).	Mode of implementation - through implementing agency.	
1	Providing financial assistance for Creating livelihood opportunities in rural areas through Entrepreneurship Development	Cl.II	No	Maha-rash-tra	Pune, Ahmed-nagar	3 years	7,23,095	7,23,095	NIL	No	Praj Foundation	CSR00001195
2	Empowerment of tribal population and making them self reliant	Cl.III	Yes	Maha-rash-tra	Palghar	4 years	9,33,226	9,33,226	NIL	No	Praj Foundation	CSR00001195
3	Tree plantation in Koyana- Chandoli corridor	Cl. IV	Yes	Maha-rash-tra	Satara & Kolhapur	3 years	6,86,400	6,86,400	NIL	No	Praj Foundation	CSR00001195
<b>Total</b>							<b>23,42,721</b>	<b>23,42,721</b>				

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

1	2	3	4	5		6	7	8	
				State.	District.			Name.	CSR registration number.
Sl. No.	Name of the project	Item from the list of activity in schedule VII to the Act.	Local area (Yes/No).	Name of the project.		Amount spent for the project (in Rs.).	Mode of implementation Direct (Yes/No).	Mode of implementation - through implementing agency.	
1	Support for COVID Care	Cl. i	Yes	Maharashtra	Pune	50,00,000	No	Praj Foundation	CSR00001195
2	Support for Diploma In Basic Rural Technology (DBRT) Course	Cl. ii	Yes	Maharashtra	Pune	9,80,000	No	Praj Foundation	CSR00001195
3	Support for vocational training courses	Cl. ii	Yes	Maharashtra	Pune	10,00,000	No	Praj Foundation	CSR00001195
4	Sustainable water resources development at Pankheda	Cl. iv	Yes	Maharashtra	Jalna	14,00,000	No	Praj Foundation	CSR00001195
5	Sustainable water resources development at Adgaon Bhombe	Cl. iv	Yes	Maharashtra	Jalna	17,20,000	No	Praj Foundation	CSR00001195
6	Sustainable water resources development at Dungaon	Cl. iv	Yes	Maharashtra	Jalna	7,69,560	No	Praj Foundation	CSR00001195
7	Sustainable water resources development at Shivri, Pangare & Sakurde	Cl. iv	Yes	Maharashtra	Pune	32,82,510	No	Praj Foundation	CSR00001195
8	Traffic control to reduce fuel wastage	Cl. iv	Yes	Maharashtra	Pune	2,57,690	No	Praj Foundation	CSR00001195
9	Support for establishing rural haat at Shelgaon	Cl. x	Yes	Maharashtra	Jalna	15,45,000	No	Praj Foundation	CSR00001195
10	Institute of Psychological Health	Cl. i	Yes	Maharashtra	Pune	50,000	Yes	-	CSR00002456
11	Indian Institute of Science Education and Research	Cl. ix	Yes	Maharashtra	Pune	20,05,000	Yes	-	CSR00006468
12	IIT Bombay	Cl. ix	No	Maharashtra	Mumbai	10,00,000	Yes	-	CSR00007536
13	Pragati Foundation	Cl. ii	Yes	Maharashtra	Pune	25,000	Yes	-	-
<b>Total</b>						<b>1,90,34,760</b>			

- (d) **Amount spent on Administrative Overheads : Nil**
  - (e) **Amount spent on Impact Assessment, if applicable : Rs. 3,37,525/-.** Though the Impact Assessment is not applicable to the Company, we have carried out it voluntarily.
  - (f) **Total amount spent for the Financial Year (8b+8c+8d+8e) Rs. 21.715 Mn**
  - (g) **Excess amount for set off: Rs. Nil**
9. (a) **Details of Unspent CSR amount for the preceding three financial years: Nil**
- (b) **Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): Nil**
10. **In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details) : Nil**
11. **Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5) : Not applicable.**

**Shishir Joshipura**  
CEO & Managing Director

Place: Pune  
Date: 25th May, 2022

**Parimal Chaudhari**  
Chairperson - CSR Committee



## ANNEXURE 3 REPORT ON CORPORATE GOVERNANCE

### 1. Company's philosophy on Code of Governance

Corporate Governance sets forth guidelines for managing and sustaining a transparent, information-oriented culture wherein authority and responsibilities are co-existent and co-extensive. It also provides guidelines on accountability of various positions within the organization. These values govern not only the Board of Directors, but also the management and the employees of the Company. This Governance protects and balances the interests of all stakeholders thereby enhancing shareholder value.

### 2. Board of Directors (the Board):

#### a) Composition and Category of Directors:

The Composition of the Board of your Company is a fair mix of Executive, Non- Executive, and Independent Directors, which is appropriate for the size and operations of your Company and is compliant with the applicable rules and guidelines. The strength of the Board was Nine Directors as on 31st March, 2022, comprising of three Whole-time Directors, six Non-Executive Directors. Five of the Non-Executive Directors are Independent Directors. As on the date of this report, all Directors of the Company meet the criteria of maximum number of Directorship as laid down in Section 165 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR Regulations).

#### Details of skills/ expertise/ competence of Board of Directors:

Pursuant to the requirement of SEBI (LODR) Regulations, 2015, as amended, the Board has identified the following core skills, expertise and competencies of the Directors in the context of Company's business. While all the Board Members possess the skills identified, their areas of core expertise are given below:

Dr Pramod Chaudhari	Global outlook, Strategic Planning, Business Knowledge, Policy Shaping and industry advocacy, Risk Management, Human Capital Management, Sustainability and Environment, Social and Governance (ESG)
Mr. Shishir Joshipura	Business Knowledge, Strategic Planning, Global outlook, Policy Shaping and industry advocacy, Risk Management, Human Capital Management, Sustainability and Environment, Social and Governance (ESG)
Mr. Sachin Raole	Risk Management, Human Capital Management, Business Knowledge, Sustainability and Environment, Social and Governance (ESG)
Mr. Berjis Desai	Strategic Planning, Risk Management, Policy Shaping and industry advocacy, Global outlook, Sustainability and Environment, Social and Governance (ESG)
Ms. Parimal Chaudhari	Human Capital Management, Strategic Planning, Global outlook, Sustainability and Environment, Social and Governance (ESG)
Mr. Sivaramakrishnan Iyer	Strategic Planning, Risk Management, Policy Shaping and industry advocacy, Global Outlook
Ms. Mrunalini Joshi	Business Knowledge, Global outlook, Policy Shaping and industry advocacy, Sustainability and Environment, Social and Governance (ESG)
Dr Shridhar Shukla	Strategic Planning, Global outlook, Policy Shaping and industry advocacy, Sustainability and Environment, Social and Governance (ESG)
Mr. Suhas Baxi	Business Knowledge, Strategic Planning, Global outlook, Sustainability and Environment, Social and Governance (ESG)

b) **Attendance of Directors at Board Meetings, last Annual General Meeting (AGM) and number of other Directorships and Chairmanships / Memberships of Committees of each Director:**

Name of Director	Nature of Directorship	Board Meetings attended during the year	Whether attended last AGM held on 11th August, 2021.	Number of Directorships in other Public Limited Companies <sup>2</sup>	No. of Committee Memberships <sup>3</sup>	
					Chairman	Member
Dr Pramod Chaudhari <sup>1</sup>	PD, ED	5	Yes	1	Nil	Nil
Mr. Shishir Joshipura	ED	5	Yes	2	Nil	Nil
Mr. Sachin Raole	ED	5	Yes	1	Nil	2
Mr. Berjis Desai	ID, NED	5	Yes	7	1	3
Ms. Parimal Chaudhari <sup>1</sup>	PD, NED	5	Yes	Nil	Nil	1
Mr. Sivaramakrishnan S. Iyer	ID, NED	5	Yes	2	1	2
Ms. Mrunalini Joshi	ID, NED	5	Yes	2	Nil	2
Dr Shridhar Shukla	ID, NED	5	Yes	1	Nil	1
Mr. Suhas Baxi	ID, NED	5	Yes	Nil	Nil	Nil

{PD – Promoter Director, ED – Executive Director, ID – Independent Director, NID – Non-Independent Director, NED - Non –Executive Director}

- 1 Dr Pramod Chaudhari and Ms. Parimal Chaudhari are spouse. None of the other Directors is related to any other director.
- 2 Excludes private (which are not holding or subsidiary of Public Companies), foreign Companies & Section 8 Companies
- 3 Memberships / Chairmanship of Audit Committee and Stakeholders' Relationship Committee of Public Companies only have been considered for this purpose.

Information as required under SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 is furnished to the Board from time to time.

**Names of Listed Companies in which Director holds Directorship and category of directorship pursuant to SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018.**

Sr. No.	Name of the Director	Name of Listed Companies in which Director holds Directorship and category of Directorship.
01	Dr Pramod Chaudhari	Praj Industries Ltd.-Executive Chairman (Executive Director)
02	Mr. Shishir Joshipura	Praj Industries Ltd-CEO & Managing Director (Executive Director)
03	Mr. Sachin Raole	Praj Industries Ltd-CFO & Director – Resources (Executive Director)
04	Mr. Berjis Desai	Praj Industries Ltd.-Independent Director Great Eastern Shipping Company Ltd., Non-Executive Non-Independent Director Jubilant Food Works Ltd-Independent Director Man Infraconstruction Ltd.- Non-Executive Chairman, Non-Independent Director. Nuvoco Vistas Corporation Ltd. Independent Director Star Health and Allied Insurance Company Ltd., Independent Director
05	Mr. Sivaramakrishnan S. Iyer	Praj Industries Ltd-Independent Director
06	Ms. Parimal Chaudhari	The Phoenix Mills Limited –Independent Director Praj Industries Ltd-Non-Executive Non-Independent Director, Woman Director
07	Ms. Mrunalini Joshi	Praj Industries Ltd-Non-Executive- Independent Woman Director
08	Dr Shridhar Shukla	Praj Industries Ltd-Non-Executive- Independent Director
09	Mr. Suhas Baxi	Praj Industries Ltd-Non-Executive- Independent Director



**c) Number of Board Meetings and Dates :**

Five (5) Board Meetings were held during the year ended 31st March 2022. The dates are – 6th May, 17th June, 11th August, 27th October in the calendar year 2021 and 8th February in the calendar year 2022.

**d) Number of shares and convertible instruments held by Non-Executive Directors as on 31/03/2022 :**

Name of Director	Number of Equity Shares held	Stock Options outstanding	Grant Price per option (Rs.)	Last date for conversion of options
Mr. Berjis Desai	3,28,410	Nil	N. A.	N. A.
Ms. Parimal Chaudhari	14,400,000	Nil	N. A.	N. A.
Mr. Sivaramakrishnan S. Iyer	60,000	Nil	N. A.	N. A.
Ms. Mrunalini Joshi	756	Nil	N. A.	N. A.
Dr Shridhar Shukla	Nil	Nil	N. A.	N. A.
Mr. Suhas Baxi	Nil	Nil	N. A.	N. A.

**e) Familiarization programme for Independent Directors:**

The Board of Directors of the Company has adopted familiarization program for Independent Directors. The details of such program are posted on the Company's website at: <https://www.praj.net/wp-content/uploads/2021/11/familiarization-program-for-independent-directors-of-Praj-industries.pdf>. This program aims to provide insights into the Company to enable the Independent Directors to understand its business in depth and contribute significantly to the Company.

**f) Declaration from Independent Directors:**

The Independent Directors have submitted their annual declaration to the Board that they fulfill all the requirements as stipulated in Section 149(6) of the Companies Act, 2013 read with rules framed there under.

**g) Confirmation from Board of Directors regarding independence of Independent Directors**

In the opinion of the Board of Directors, the Independent Directors fulfil the conditions specified in SEBI LODR Regulations and are independent of the Management.

**3. Audit Committee:**

**a. Terms of Reference:**

The terms of reference of Audit Committee include overseeing the Company's financial reporting process and disclosure of financial information, reviewing with the management, the quarterly and annual financial statements before submission to the Board for approval; reviewing with the management, the performance of Statutory and Internal Auditors and adequacy of internal control systems and all other matters specified under Regulation 18 read with Part C of Schedule II of SEBI LODR Regulations, 2015 and as per Section 177 of the Companies Act, 2013 read with rules framed there under.

**b. Composition:**

As on 31st March, 2022, the Audit Committee of the Company comprises of three Independent Non-Executive Directors namely Mr. Berjis Desai (Chairman of the Committee), Mr. Sivaramakrishnan S. Iyer and Ms. Mrunalini Joshi and one Executive Director namely Mr. Sachin Raole. Composition of the Audit Committee meets the requirements of Section 177 of the Companies Act, 2013 and Regulation 18 of SEBI LODR Regulations, 2015 as amended.

**c. Meetings:**

This Committee met five times during the year i.e. 6th May, 17th June, 11th August, 27th October in the calendar year 2021 and 8th February in the calendar year 2022.

**Attendance of each Member at the Audit Committee meetings held during the year:**

Name of Director	No. of Meetings entitled to attend	Meetings attended
Mr. Berjis Desai	5	5
Mr. Sivaramakrishnan S. Iyer	5	5
Mr. Sachin Raole	5	5
Ms. Mrunalini Joshi	5	4

In addition to the members of Audit Committee, Executives of Accounts Department, Secretarial Department and Representatives of the Statutory, Cost and Internal Auditors attended the Audit Committee Meetings. Senior Functional Executives are also invited as and when required, to provide necessary inputs to the Committee. The Company Secretary acts as the Secretary of the Audit Committee.

**4. Nomination & Remuneration Committee:**

**a. Terms of Reference:**

The Nomination & Remuneration Committee has been constituted to recommend / review the remuneration of Executive Directors of the Company, to identify persons who are qualified to become Directors and who may be appointed in Senior Management and to carry out such other duties and functions as stipulated in Section 178 of the Companies Act, 2013 read with rules framed thereunder and Regulation 19 read with Part D of Schedule II of SEBI LODR Regulations, 2015 and further amendments thereto. The Nomination & Remuneration Policy of the Company is attached as Annexure –7 to the Directors' Report.

**b. Composition:**

As on 31st March, 2022, the Nomination & Remuneration Committee of the Company comprises of three Non-Executive Directors namely Mr. Berjis Desai (Non-Executive Independent Director, Chairman of the Committee), Mr. Sivaramakrishnan S. Iyer (Non-Executive Independent Director) and Dr Shridhar Shukla (Non-Executive Independent Director) and one Executive Director Dr Pramod Chaudhari.

**c. Meetings:**

This Committee met three times during the year i.e. on 6th May, 17th June in the calendar year 2021 and 8th February in the calendar year 2022.

**Attendance of each Member at the Nomination & Remuneration Committee meetings held during the year:**

Name of Director	No. of Meetings entitled to attend	Meetings attended
Mr. Berjis Desai	3	3
Mr. Sivaramakrishnan S. Iyer	3	3
Dr Pramod Chaudhari	3	3
Dr Shridhar Shukla	3	2

**d. Performance Evaluation Criteria for Independent Directors:**

Reference please be made to the Directors' Report wherein information regarding Performance Evaluation has been provided.

**5. Remuneration Policy :**

The Remuneration Policy of the Company takes into account the individual performance and contribution of the Director, the profitability of the Company, prevalent industry standards and government policy in this regard.

The Policy is displayed on Company's website i.e. <https://www.praj.net/wp-content/uploads/2021/11/nomination-and-remuneration-policy.pdf>





**(a) Remuneration of Executive Directors:**

The aggregate value of Salary & Perquisites including commission for the year ended 31st March, 2022 to the Executive Directors is as follows:

Dr Pramod Chaudhari, Executive Chairman Rs 76.857 Mn. (Salary Rs 63.148 Mn, Perquisites Rs. 1.109, Commission & Variable Pay Rs 12.600), Mr. Shishir Joshipura, CEO and Managing Director Rs. 57.252 Mn (Salary Rs.33.460 Mn, Perquisites other than ESOP Rs. 3.112Mn., ESOP 11.680Mn.), Mr. Sachin Raole, CFO and Director – Resources Rs. 45.420Mn. (Salary Rs. 11.986Mn., Perquisites other than ESOP Rs. 0.847Mn., ESOP Rs. 25.487Mn., Commission and Variable pay Rs. 7.100Mn.). Besides this, the Executive Directors are also entitled to gratuity and encashment of leave, as per the rules of the Company.

The current tenure of office of the Executive Chairman is for a period of 3 years from the date of appointment i.e. up to 31st July, 2022. As per agreement, Severance Fee is restricted to 36 months' salary. Notice period is not applicable.

Based on recommendation made by Nomination and Remuneration Committee at its meeting held on 25th May, 2022, and subject to approval of shareholders at ensuing Annual General Meeting, the Board has extended the tenure of appointment of Dr Pramod Chaudhari for a further period of Twenty nine (29) months till 31st December, 2024.

The current tenure of office of the Chief Executive Officer and Managing Director is for a period of 5 years from the date of appointment i.e. up to 31st March, 2023. As per agreement notice period is six months.

The current tenure of office of the CFO and Director – Resources is for a period of 3 years from the date of appointment i.e. up to 31st July, 2022. As per agreement notice period is three months.

Based on recommendation made by Nomination and Remuneration Committee at its meeting held on 25th May, 2022, and subject to approval of shareholders at ensuing Annual General Meeting, the Board has extended the tenure of appointment of Mr. Sachin Raole for a further period of five (5) years till 31st July, 2027.

Under ESOP 2011 Grant XI, 75,000 and 25,000 options were granted to Mr. Shishir Joshipura and Mr. Sachin Raole respectively at Rs. 90/- per option.

This scheme is valid up to 31st December 2022.

**(b) Compensation to Non – Executive Directors:**

As a policy, the Company does not pay any sitting fees to Directors for attendance of the Meetings. The commission on profit is payable to Non-Executive Directors on the basis of their time and contribution. The criteria of making payments to Non-Executive Directors are disclosed in the Nomination & Remuneration Policy which forms part of this report.

The shareholders of the Company had, in the 28th Annual General Meeting held on 28th July, 2014, approved payment of commission on profits to Non – Executive Directors up to a limit of 3% of the net profit of the Company calculated in accordance with the provisions of the Companies Act, 2013. The Board of Directors is authorized, within this limit, to decide the quantum and the recipients for such payment.

The Commission to Non – Executive Directors for 2021-22 is Rs. 9.000 Mn. The details are as follows:

Mr. Berjis Desai Rs. 2.500 Mn, Ms. Parimal Chaudhari Rs. 2.000 Mn., Mr. Sivaramakrishnan S. Iyer Rs. 2.250 Mn, Ms. Mrunalini Joshi Rs.0.650 Mn, Dr Shridhar Shukla Rs. 0.800 Mn and Mr. Suhas Baxi Rs. 0.800 Mn

The Non-Executive Directors have no pecuniary relationship or transaction with the Company other than commission paid to them.

## 6. Other Committee Meetings :

### 6.1 Stakeholders' Relationship Committee:

**a. Composition:**

As on 31st March, 2022, the Stakeholders' Relationship Committee of the Board comprises of three Directors namely Mr. Sivaramakrishnan S. Iyer, Non- Executive Independent Director (Chairman of the Committee), Mr. Sachin Raole, Executive Director and Ms. Parimal Chaudhari Non-Executive Non-Independent Director.

**b. Name and Designation of Compliance Officer:**

Mr. Dattatraya Nimbolkar, Chief Internal Auditor & Company Secretary acts as a Compliance Officer.

**c. Number of Complaints :**

During the year the Company received 4 complaints which were duly attended to. No investors' complaint is pending as on 31st March, 2022. All the complaints were resolved to the satisfaction of shareholders.

**d. Meetings:**

This Committee met four times during the year ended 31st March, 2022. The dates are – 6th May, 11th August, 27th October in the calendar year 2021 and 8th February in the calendar year 2022.

**Attendance of each Member at the Stakeholders' Relationship Committee meetings held during the year:**

Name of Director	No. of Meetings entitled to attend	Meetings attended
Mr. Sivaramakrishnan S. Iyer	4	4
Ms. Parimal Chaudhari	4	4
Mr. Sachin Raole	4	4

**6.2 Risk Management Committee :**

**a. Terms of Reference :**

The Committee was constituted at the Board Meeting held on 16th May, 2019 to;

- i) To evaluate risks related to cyber security and ensure that appropriate procedures are in place to mitigate these risks in timely manner.
- ii) To review and approve the Enterprise Risk Management Framework (ERMF) of the Company.

**b. Composition:**

As on 31st March, 2022, the Risk Management Committee of the Board comprises of Six (6) Directors namely, Dr Shridhar Shukla (Non-Executive Independent Director, Chairman of the Committee), Mr. Shishir Joshipura (Executive Director), Mr. Sachin Raole (Executive Director), Mr. Sivaramakrishnan Iyer (Non-Executive, Independent Director), Ms. Mrunalini Joshi (Non-Executive -Independent Director) and Mr. Suhas Baxi (Non-Executive -Independent Director).

**c. Meetings:**

This Committee met twice during the year ended on 31st March, 2022, i.e. on 8th February and 25th March, 2022.

**Attendance of each Member at the Risk Management Committee meetings held during the year:**

Name of Director	No. of Meetings entitled to attend	Meetings attended
Dr Shridhar Shukla	2	2
Mr. Shishir Joshipura	2	2
Mr. Sachin Raole	2	2
Mr. Sivaramakrishnan S. Iyer	2	2
Ms. Mrunalini Joshi	2	1
Mr. Suhas Baxi	2	2

**6.3 Corporate Social Responsibility Committee:**

**a. Terms of Reference :**

The Committee was constituted at the Board Meeting held on 25th October, 2013 to;

- i. Formulate and recommend to the Board, a Corporate Social Responsibility Policy indicating the activities to be undertaken by the Company as specified in Schedule VII to the Companies Act, 2013.
- ii. Recommend the amount of expenditure to be incurred on the activities referred to in clause (i).
- iii. Monitor the Corporate Social Responsibility Policy of the Company from time to time.



**b. Composition:**

As on 31st March, 2022, the Corporate Social Responsibility Committee of the Board comprises of three Directors namely Ms. Parimal Chaudhari (Non-Executive Non-Independent Director, Chairperson of the Committee), Mr. Sivaramakrishnan Iyer (Non-Executive, Independent Director) and Ms. Mrunalini Joshi (Non-Executive – Independent Director)

**c. Meetings:**

The Committee met five times i.e. on 6th May, 17th June, 11th August, 27th October in the Calendar year 2021 and 8th February in the calendar year 2022.

**Attendance of each Member at the Corporate Social Responsibility Committee Meetings held during the year:**

Name of Director	No. of Meetings entitled to attend	Meetings attended
Ms. Parimal Chaudhari	5	5
Mr. Sivaramakrishnan S. Iyer	5	5
Ms. Mrunalini Joshi	5	4

## 6.4 Share Transfer Committee:

**a. Composition:**

As on 31st March, 2022, the Share Transfer committee of the Board comprises of three Directors namely Mr. Sachin Raole (Executive Director, Chairman of the Committee), Ms. Parimal Chaudhari (Non-Executive Non-Independent Director) and Mr. Sivaramakrishnan Iyer (Non-Executive, Independent Director)

**b. Meetings:**

This Committee met five times during the year ended 31st March, 2022. The dates are - 1st April, 6th May, 5th October, 27th October in the calendar year 2021 and 8th February in the calendar year 2022.

**Attendance of each Member at the Share Transfer Committee meetings held during the year:**

Name of Director	No. of Meetings entitled to attend	Meetings attended
Mr. Sachin Raole	5	5
Ms. Parimal Chaudhari	5	5
Mr. Sivaramakrishnan S. Iyer	5	3

## 6.5 Compensation & Share Allotment Committee :

**a. Composition:**

As on 31st March, 2022, the Compensation & Share Allotment Committee of the Board comprises of Five (5) Directors namely, Mr. Sachin Raole (Executive Director, Chairman of the Committee), Dr Pramod Chaudhari (Executive Chairman), Mr. Berjis Desai (Non-Executive Independent Director), Ms. Mrunalini Joshi (Non-Executive -Independent Director), and Mr. Suhas Baxi (Non-Executive -Independent Director).

**b. Meetings:**

This Committee met ten times during the year ended 31st March, 2022. The dates are – 9th April, 6th May, 27th May, 17th June, 13th July, 11th August, 30th August, 29th September and 22nd October in the calendar year 2021 and 8th February in the calendar year 2022.

**Attendance of each Member at the Compensation and Share Allotment Committee meetings held during the year:**

Name of Director	No. of Meetings entitled to attend	Meetings attended
Mr. Sachin Raole	10	10
Dr Pramod Chaudhari	10	10
Mr. Berjis Desai	10	4
Ms. Mrunalini Joshi	10	9
Mr. Suhas Baxi	10	10

## 7. General Body Meetings:

Details of last three Annual General Meetings (AGMs) are given in table below:

Year	Venue	Date & Time	Special Resolutions passed
2020-21	Through video conferencing "Praj Tower", S.No. 274 & 275/2, Bhumkar Chowk- Hinjewadi Road, Hinjewadi, Pune – 411 057	11th August, 2021 at 10.00 a.m.	i. To consider and approve increase in remuneration, if any, of Executive Directors of the Company for the financial years 2021/22 and 2022/23, in excess of limits specified under Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time
2019-20	Through video conferencing "Praj Tower", S.No. 274 & 275/2, Bhumkar Chowk- Hinjewadi Road, Hinjewadi, Pune – 411 057	18th September, 2020 at 10.00 a.m.	i. Re-appointment of Ms. Mrunalini Joshi as an Independent Director for a further period of three years.
2018-19	"Praj Tower", S. No. 274 & 275/2, Bhumkar Chowk- Hinjewadi Road, Hinjewadi, Pune – 411 057	23rd July, 2019 at 10.00 a. m.	i. Extension of appointment of Executive Chairman beyond the age of 70 years. ii. Re-appointment of Mr. Berjis Desai as an Independent Director for a further period of five years. iii. Re-appointment of Mr. Sivaramakrishnan S Iyer as an Independent Director for a further period of five years.

No Special Resolution was passed through postal ballot during the year 2021-22.

## 8. Means of Communication:

- The quarterly / half – yearly financial results : Quarterly / half yearly financial results are published in widely circulating dailies such as Loksatta, Financial Express.
- News Release, Presentations etc. : Official news release, detailed presentations made to media, analysts etc. are displayed on the Company's website [www.praj.net](http://www.praj.net). Official Media Releases are sent to the Stock Exchanges.
- Website : The Company's website [www.praj.net](http://www.praj.net) contains a dedicated section "Investors' Lounge" where information for shareholders is available. The Annual Reports of the Company are also available on the website in a downloadable form.
- Annual Report : Annual Report containing, inter alia, Audited Financial Statements , Consolidated Financial Statements, Directors' Report, Auditors' Report and other important information is circulated to members and others entitled thereto. The Management Discussion and Analysis (MDA) Report forms part of the Annual Report. The quarterly / half – yearly un-audited financial results and official news releases are displayed on the Company's website.

## 9. General Shareholder Information :

### Annual General Meeting:

<b>Date &amp; Time</b>	:	Thursday, the 4th August, 2022.
<b>Venue and Mode</b>	:	At Pune, through video conferencing.
<b>Financial Year</b>	:	1st April, 2021 to 31st March, 2022
<b>Dividend Payment Date</b>	:	By 31st August, 2022.



## Stock / Scrip Code / ISIN / CIN/Address of Stock Exchanges

National Stock Exchange Ltd. (NSE)	
Stock Code	PRAJIND Plot no. C/1, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051
BSE Ltd.	
Stock Code	522205 Phiroze Jeejeebhoy Towers, 25 <sup>th</sup> Floor, Dalal Street, Mumbai – 400 001
ISIN with NSDL & CDSL	INE074A01025
Company Identification Number (CIN)	L27101PN1985PLC038031

The Annual Listing Fees for 2022-2023 have been paid to both the Stock Exchanges.

## Financial Calendar

For the year ended 31st March, 2022 quarterly results were announced on:

Results for the quarter ended June 2021	11th August, 2021
Results for the quarter ended September 2021	27th October , 2021
Results for the quarter ended December 2021	8th February , 2022
Results for financial year ended March 2022	25th May, 2022

For the year ended 31st March, 2023, the tentative announcement dates are:

Results for the quarter ending June 2022	First week of August 2022
Results for the quarter ending September 2022	Second week of November 2022
Results for the quarter ending December 2022	Second week of February 2023
Results for last quarter ending March 2023	Third week of May 2023

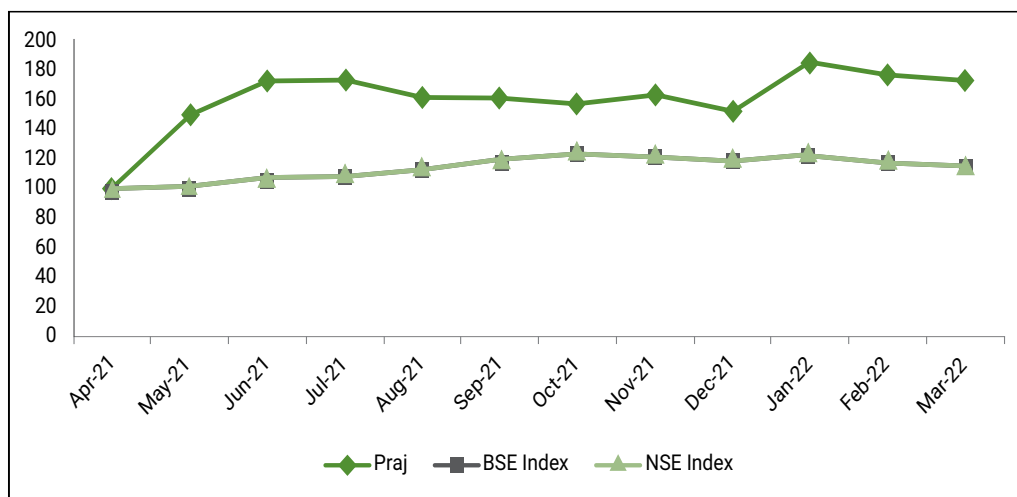
## Stock Market Price Data

### Monthly high / low during the year 2021 – 2022 on BSE & NSE:

Month	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April 2021	251.80	182.75	251.90	182.20
May 2021	398.00	234.65	398.25	235.00
June 2021	407.00	319.45	407.00	319.45
July 2021	386.80	349.25	387.00	356.60
August 2021	395.90	292.60	399.00	292.05
September 2021	368.75	325.10	369.00	327.00
October 2021	358.80	310.40	359.00	311.10
November 2021	385.00	301.25	385.00	301.60
December 2021	357.65	301.20	360.00	301.05
January 2022	448.25	330.00	448.00	330.00
February 2022	448.00	315.20	448.00	315.45
March 2022	403.00	333.55	402.20	333.00

(Source: This information is compiled from the data available from the websites of BSE and NSE)

## PERFORMANCE AND COMPARISON TO BROAD BASED INDICES SUCH AS BSE SENSEX, NSE INDEX



### Investor Services:

#### Share Transfer Agent

Link Intime India Private Limited.  
Block No. 202, 2nd Floor, Akshay Complex  
Off Dhole Patil Road, Pune - 411 001  
Tel. : (020) – 26160084, 26161629

#### Share Transfer system

The Company's shares, which are in compulsory dematerialized (demat) form, are transferable through the depository system. Shares in physical form are processed by R & T Agents, Link Intime India Private Limited. The share transfers are processed within a period of 15 days from the date of receipt of the transfer documents by Link Intime India Private Limited at the above address.

The members holding shares in electronic mode should address their correspondence to their respective Depository Participant regarding change of address, change of bank account mandate and nomination.

#### Investor Help – desk

Share transfers and all other investor related activities are attended to and processed at the office of our R & T Agents viz. Link Intime India Private Limited.

In order to facilitate investor servicing, the Company has designated an e-mail id [investorsfeedback@praj.net](mailto:investorsfeedback@praj.net) mainly for registering complaints by investors. Shareholders are requested to address their complaints, if any, on this designated email id only, for quick redressal thereof.

#### Dividend

Dividend and other related activities are handled jointly by in – house Secretarial Department and R & T Agents.

#### Distribution of shareholding as on 31st March, 2022

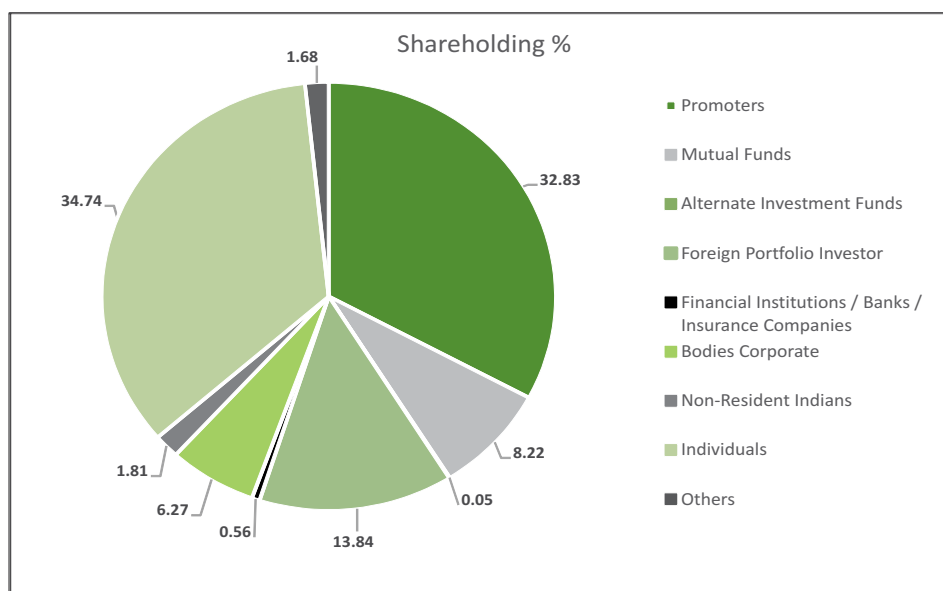
Shares range	Shareholders	Percentage	Total shares for the range	Percentage
1 - 500	266451	93.60	19737970	10.75
501 - 1000	9694	3.41	7424796	4.04
1001 - 2000	4508	1.58	6745392	3.67
2001 - 3000	1344	0.47	3416195	1.86
3001 - 4000	678	0.24	2435524	1.33
4001 - 5000	470	0.17	2190246	1.19
5001 - 10000	776	0.27	5658734	3.08
10001 and above	744	0.26	136064231	74.08
<b>Total</b>	<b>284665</b>	<b>100.00</b>	<b>183673088</b>	<b>100.00</b>



## Shareholding Pattern as on 31st March, 2022

Category	31/03/2022		31/03/2021	
	No. Of shares of Rs. 2/- each	% of holding	No. Of shares of Rs. 2/- each	% of holding
Promoters Holding	60,300,000	32.83	60,300,000	32.91
Non-Promoters' holding				
Mutual Funds	15,093,166	8.22	26,988,246	14.73
Alternate Investment Funds	100,500	0.05	840,787	0.46
Foreign Portfolio Investor	25,421,820	13.84	21,290,150	11.62
Financial Institutions / Banks / Insurance Companies	10,28,979	0.56	40,105	0.02
Bodies Corporate	11,519,661	6.27	17,165,521	9.36
Non-Resident Indians	3,316,383	1.81	2,545,857	1.39
Individuals	63,798,766	34.74	50,397,856	27.51
Others	30,93,813	1.68	3660382	2.00
<b>TOTAL</b>	<b>183,673,088</b>	<b>100.00</b>	<b>183,228,904</b>	<b>100.00</b>

### Pie chart regarding shareholding pattern:



### Dematerialisation of Shares and Liquidity:

As on 31st March, 2022, 99.90% of shareholding was held in dematerialized form with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL).

**Physical and Demat Shares:**

	As on 31st March, 2022	%
No. of Shares held by NSDL	91,151,082	49.63
No. of Shares held by CDSL	92,340,146	50.27
Physical Shares	181,860	0.10
<b>Total</b>	<b>183,673,088</b>	<b>100.00</b>

**Unclaimed Dividend:**

Members may please note that pursuant to Section 124 of the Companies Act, 2013, the dividend remaining unpaid or unclaimed for a period of seven years from the date of transfer to Unpaid Dividend Account of the Company will be transferred to the Investor Education and Protection Fund (IEPF) set up by Government of India.

Given below are the dates of declaration of dividend and corresponding dates when unpaid/unclaimed dividends are due for transfer to the IEPF.

Financial Year	Type	Date of Declaration	Due date of transfer to IEPF
2014-15	Dividend 2014-15	06/08/2015	10/09/2022
2015-16	Interim Dividend 2015-16	12/03/2016	17/04/2023
2016-17	Dividend 2016-17	11/08/2017	15/09/2024
2017-18	Dividend 2017-18	06/08/2018	10/09/2025
2018-19	Interim Dividend 2018-19	28/01/2019	04/03/2026
	Final Dividend 2018-19	23/07/2019	27/08/2026
2019-20	Interim Dividend 2019-20	05/03/2020	10/04/2027
2020-21	Dividend 2020-21	11/08/2021	15/09/2028

**Plant Locations:**

The Company has its manufacturing facilities at the following places;

1. S. No. 748, Sanaswadi, Pune- 412 307, Maharashtra, India.
2. Praj Matrix R & D Center, Division of Praj Industries Ltd., 402/403/1098, Urawade, At. Pirangut, Tal. Mulshi, Dist. Pune 412115. India.
3. Kandla SEZ Unit I Plot No 307 to 314, Unit II at Plot No. 282 to 286 and 294 to 298 and Unit III Warehouse No. 1 to 3, Himalaya Complex, Phase I, Sector IV, Kandla, Gandhidham, Kutch, 370230, Gujrat, India

**Address for correspondence:**

As stated earlier, investors are requested to contact Link Intime India Pvt. Ltd., Block No. 202, 2nd floor, Akshay Complex, Near Ganesh Temple, Off Dhole Patil Road, Pune 411 001 for queries and share related matters.

**10. Other Disclosures:****a. Materially significant Related Party Transactions:**

There were no materially significant related party transactions which could have had potential conflict with the interests of the Company. Transactions with related parties are entered into by the Company in the normal course of business and at arm's length. The details of transactions are periodically placed before the Audit Committee for review and approval. Members may refer to the notes to the accounts for details of related party transactions.

The Board of Directors of the Company has, on the recommendation of the Audit Committee, adopted a policy to regulate transactions between the Company and its Related Parties, in compliance with the applicable provisions of the Companies Act, 2013 read with the Rules framed there under including the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. The policy has been placed on the website of the Company at <https://www.praj.net/wp-content/uploads/2021/11/praj-policy-on-related-party-transactions.pdf>





**b. Statutory compliance, Penalties and Strictures:**

There has not been any non – compliance, penalties or strictures imposed on the Company by the Stock Exchanges, or any other statutory authority on any matter relating to the Capital Market during the last three years.

**c. Vigil mechanism/ Whistle Blower Policy :**

In accordance with requirement of Companies Act, 2013 as well as SEBI LODR Regulations, 2015 and further amendments made thereto a vigil mechanism/Whistle Blower Policy has been adopted by the Board of Directors and accordingly a whistle blower policy has been formulated with a view to provide a mechanism for employees of the Company to approach the Audit Committee of the Company to report any grievance. No person has been denied access to the Audit Committee.

**d. Details of Compliance with mandatory requirements and adoption of Non- Mandatory Requirements :**

The Company has complied with the applicable mandatory requirements of the SEBI LODR Regulations, 2015 and further amendments thereto.

The Company has adopted following non-mandatory requirements as specified in Part E of Schedule II of the SEBI LODR Regulations, 2015;

**i. Shareholders' Rights:**

The financial results are published in the Loksatta and Financial Express and are also displayed on the Company's website as well as the websites of the Stock Exchanges on which the Company's shares are listed and therefore, have not been separately circulated to the shareholders.

**ii. Modified Opinion(s) in Audit Report :**

During the year under review, there was no audit qualification in the Auditors' Report on the Company's Financial Statements.

Details of fees paid to P G Bhagwat LLP, Statutory Auditors of the Company for the financial year 2021-22 are as follows:

Audit Fees	Rs 5.011 Mn.
Taxation Services	Rs. 1.550 Mn.
Others	Rs. 0.092 Mn.
<b>Total</b>	<b>Rs 6.653 Mn.</b>

**iii. Separate posts of Chairperson and Chief Executive Officer:**

Dr Pramod Chaudhari is Executive Chairman and Mr. Shishir Joshipura is a Chief Executive Officer and Managing Director of the Company.

**iv. Reporting of Internal Auditors:**

Internal Auditors directly report to the Audit Committee.

**v. Retirement Guidelines:**

Executive Directors will retire at the age of 65 years and Non – Executive Directors at the age of 70 years.

However, the Board is at liberty to grant extensions according to which, the term of office of Dr Pramod Chaudhari, Executive Chairman is extended despite his crossing the age of 65 years which is well within the maximum age limit prescribed under Section 196 (3)(a) of the Companies Act, 2013.

**e. Web link where policy for determining 'material' subsidiaries is disclosed:**

The policy for determining 'material' subsidiaries is disclosed on at <https://www.praj.net/wp-content/uploads/2021/11/policy-on-material-subsidiary.pdf>

**f. Web link where policy on dealing with related party transactions is disclosed:**

The policy on dealing with related party transactions is disclosed on at <https://www.praj.net/wp-content/uploads/2021/11/praj-policy-on-related-party-transactions.pdf>

**g. Disclosure of Commodity price risks and commodity hedging activities:**

The principal raw material of the Company is steel. It is procured from the domestic as well as overseas suppliers. Some of the other raw materials are also procured from the overseas markets. The Company has got appropriate mechanism to deal with fluctuation in material prices.

**h. Prevention of Sexual Harassment :**

The Company has in place Prevention of Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

The Company has constituted Internal Complaint Committee as per the aforesaid Act.

The following is a summary of Sexual Harassment Complaints received and disposed during Financial Year 2021/22, under the aforesaid Act:

No. of Complaints received : Nil.

No. of Complaints disposed of : Not applicable.

No. of Complaints pending : Nil.

**i. Loans and Advances in the nature of loans to Firms/ Companies in which Directors are interested:**

Refer Note No. 5 of Annual Report for the financial year 2021-22.

**11. Code of Conduct:**

With reference to SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018, the Board has approved revised Code of Conduct for monitoring and regulating insider trading. The Code is posted on Company's website; <https://www.praj.net/wp-content/uploads/2021/11/praj-code-of-conduct-for-board-and-senior-management.pdf>

The Board members and Senior Management Personnel have affirmed compliance with the Code. A declaration to that effect signed by Mr. Shishir Joshipura, CEO & Managing Director and Mr. Sachin Raole, CFO & Director Resources forms part of this Report.

**12. Certification by CEO and MD and Chief Financial Officer (CFO) :**

As per the requirement of Regulation 17(8) of the SEBI LODR Regulations, 2015, read with the FAQs dtd. January 8, 2016, issued by SEBI, a Certificate, duly signed by CEO and CFO of the Company, was placed at the Board Meeting of the Company held on 25th May, 2022 and the same forms part of this report.

**13. The Company has complied with all the requirements of Corporate Governance Report of sub-paras (2) to (10)**

**14. Certificate on Corporate Governance:**

The Company has obtained a Certificate from Mr. Vikas Khare, Partner, KANJ & Co. LLP, regarding Compliance of conditions of Corporate Governance as stipulated in Regulation 15(2) read with Clause C of Schedule V of the SEBI LODR Regulations, 2015 and the same forms part of this Report.



## CERTIFICATE OF COMPLIANCE WITH THE CORPORATE GOVERNANCE REQUIREMENTS

To,  
The Board of Directors  
Praj Industries Limited  
Pune

Dear Sir/Madam,

This is to certify that;

- A. We have reviewed financial statements and the cash flow statement for the year ended on 31st March, 2022 and that to the best of our knowledge and belief:
- (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
  - (2) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the listed entity during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the listed entity pertaining to financial reporting and we have disclosed to the auditors and the audit committee, that there were no deficiencies in the design or operation of such internal controls of which we are aware.
- D. We have indicated to the auditors and the Audit Committee;
- (1) that there were no significant changes in internal control over financial reporting during the year;
  - (2) that there were no significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (3) that there were no instances of significant fraud of which we have become aware and the involvement therein, of the management or an employee having a significant role in Company's internal control system over financial reporting.

### FOR PRAJ INDUSTRIES LIMITED

Date : 25th May, 2022  
Place : Pune

**SHISHIR JOSHIPURA**  
CEO and MANAGING DIRECTOR

**SACHIN RAOLE**  
CFO and DIRECTOR –  
RESOURCES

## CERTIFICATE OF COMPLIANCE WITH THE CORPORATE GOVERNANCE REQUIREMENTS

(As per clause C of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with regulation 34(3) of the said Listing Regulations).

To,  
The Members,  
Praj Industries Limited  
"Praj Tower",  
S. No. 274 and 275/2  
Bhumkar Chowk-Hinjewadi Road  
Hinjewadi, Pune 411 057

We have examined the compliance of conditions of Corporate Governance by Praj Industries Limited ("the Company") for the year ended on 31st March, 2022, as referred to in regulation 15(2) read with clause C of Schedule V read with regulation 34(3) of the said Listing Regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended (Hereinafter, collectively referred to as the Listing Regulations).

I have examined the compliance by the Company of the requirements under Listing Regulations, for the year ended 31st March, 2022.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance.

In our opinion, and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **KANJ & CO LLP**  
Company Secretaries

**Vikas Y. Khare**  
Partner  
Membership No: FCS- 3541  
CP No: 2107

Pune, dated 25th May 2022

UDIN: F003541D000382304



The Members,  
Praj Industries Limited,  
Praj Tower  
S. No. 274 and 275/2, Bhumkar Chowk-Hinjewadi Road  
Hinjewadi,  
Pune 411 057

## Secretarial compliance report of Praj Industries Limited for the year ended 31st March 2022

[Pursuant to Regulation 24A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

I, Vikas Y. Khare, Designated Partner of M/s KANJ & Co. LLP, have examined

- a. all the documents and records made available to us and explanation provided by Praj Industries Limited ("the listed entity"),
- b. the filings/ submissions made by the listed entity to the stock exchanges,
- c. website of the listed entity,
- d. any other document/ filing, as may be relevant, which has been relied upon to make this certification,

for the year ended 31st March 2022 ("Review Period") in respect of compliance with the provisions of:

- a. the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and]
- b. the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, issued thereunder by the Securities and Exchange Board of India ("SEBI);

The specific Regulations, whose provisions and the circulars/ guidelines issued thereunder, have been examined, include: -

- a. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- b. Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- c. Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as applicable;
- d. Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018. (Not Applicable to the listed entity during the year under review)
- e. Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2014;
- f. Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not Applicable to the listed entity during the year under review)
- g. Securities and Exchange Board of India (Issue and Listing of Nonconvertible and Redeemable Preference Shares) Regulations, 2013; (Not Applicable to the listed entity during the year under review)
- h. Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- i. Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act, 2013 and dealing with the client; and circulars/ guidelines issued thereunder,

and based on the above examination, we hereby report that, during the review period:

- a. The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder, except in respect of matters specified
- b. The listed entity has maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued thereunder insofar as it appears from our examination of those records.
- c. No actions taken against the listed entity/ its promoters/ directors/ material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI/ through various circulars) under the aforesaid Acts/ Regulations and circulars/ guidelines issued thereunder.
- d. The listed entity has taken the following actions to comply with the observations made in previous reports: Not Applicable.

- e. The reporting of clause 6(A) and 6(B) of the circular No. CIR/CFD/CMD1/114/2019 dated 18 October 2019 issued by the Securities and Exchange Board of India on "Resignation of statutory auditors from listed entities and their material subsidiaries" is not applicable during the Review Period

For **KANJ & CO LLP**  
Company Secretaries

**Vikas Khare**

Partner

FCS No.: 3541 C P No.: 2107

Place: Pune, Date: 23rd May, 2022

UDIN: F003541D000368488

The Members,

Praj Industries Limited

Praj Tower

S. No. 274 and 275/2, Bhumkar Chowk-Hinjewadi Road

Hinjewadi, Pune 411 057

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Praj Industries Limited having CIN L27101PN1985PLC038031 and having registered office at S. No. 274 and 275/2, Bhumkar Chowk-Hinjewadi Road, Hinjewadi, Pune 411 057 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations' and Disclosure Requirements) Regulations, 2015. In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2022 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No	DIN	Name	Begin date
1	196415	Pramod Madhukar Chaudhari	08-11-1985
2	153675	Berjis Minoo Desai	27-08-1993
3	503487	Sivaramakrishnan Srinivasan Iyer	17-04-2003
4	724911	Mrs. Parimal Pramod Chaudhari	05-06-2007
5	431438	Sachin Vinayak Raole	16-01-2017
6	957617	Mrs. Mrunalini Harish Joshi	11-08-2017
7	574970	Shishir Joshipura	02-04-2018
8	7607	Shridhar Bhalchandra Shukla	12-04-2018
9	649689	Suhas Gangadhar Baxi	08-08-2019

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **KANJ & CO. LLP**  
Company Secretaries

**Vikas Y. Khare**

Designated Partner

Membership No: FCS- 3541 CP No: 2107

Pune, 23rd May 2022

UDIN: F003541D0003688



## ANNEXURE 4 ESOP DISCLOSURE

Statement as on 31st March, 2022 for Employee Stock Option Scheme 2011 as required under Regulation 14 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

Sr. No.	Particulars	ESOP 2011
1	Date of Meeting	Annual General Meeting held on 22/07/2011
2	Total number of options approved under the Scheme	92,38,936
3	Vesting requirements	1 to 4 years
4	Exercise price or pricing formula	27th Sept., 2017 Rs. 50/- 15th Dec, 2018 Rs. 50/- 15th Jan.2019, Rs 70/- 28th Jan., 2019 Rs.70/- 17th June, 2021 Rs. 90/-
5	Source of shares	Primary
6	Variation in terms of options	Nil
7	Options movement during the year	
	i. Number of Options outstanding at the beginning of the year	4,53,464
	ii. Number of Options granted during the year	1,40,000
	iii. Number of Options forfeited / cancelled/ lapsed during the year	9,280
	iv. Number of Options exercised during the year	4,44,184
	v. Number of shares arising as a result of exercise of options	4,44,184
	vi. Money realised by exercise of options during the year	Rs. 26.209 Mn
	vii. Number of Options outstanding at the end of the year	1,40,000
	viii. Number of Options exercisable at the end of the year	0
8	Employee wise details of options granted to:	
	i. Key Managerial Personnel	
	1. Mr. Shishir Joshipura, CEO & Managing Director	75,000
	2. Mr. Sachin Raole, CFO and Director Resources	25,000
	ii. Any other employee who receives a grant in any one year of option amounting to 5% or more of options granted during that year Mr. Atul Mulay	40,000
	iii. Identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	None
9	Weighted average fair value of options as on the date of grant	27th Sept., 2017 Rs. 24.96 15th Dec., 2018 Rs. 59.41 15th Jan., 2019 Rs. 89.90 28th Jan., 2019 Rs. 61.86 17th June, 2021 Rs. 265.74
10	Method used for calculating fair value of options	Black Scholes Option pricing model

Significant assumptions used in arriving at the fair value of Options under Black Scholes model are as stated below :

- The price of the underlying instrument follows a geometric Brownian motion with constant drift and volatility, and the prices changes are log-normally distributed;
- It is possible to short sell the underlying stock.
- There are no arbitrage opportunities.
- Trading in the stock is continuous.
- There are no transaction costs or taxes.
- All securities are perfectly divisible (e.g. it is possible to buy any fraction of a share).
- It is possible to borrow and lend cash at a constant risk-free interest rate.

Following variables are used in the calculation of Black-Scholes model:- Volatility

- Risk free interest rate
- Expected option life
- Expected dividend yield
- Market price and
- Exercise price

Except for dividend yield and exercise price all variables have direct impact on option value as derived using Black-Scholes model.

As per IND AS 102, fair value of an option estimated at the grant date shall not be subsequently adjusted for changes in the price of the underlying stock or its volatility, the life of the option, dividends on the stock, or the risk-free interest rate etc.





## ANNEXURE 5

### Form No. MR-3

### SECRETARIAL AUDIT REPORT

### FOR THE FINANCIAL YEAR ENDED 31st MARCH 2022

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

To,  
The Members,  
Praj Industries Limited,  
"Praj Tower", S. No. 274 and 275/2, Bhumkar Chowk-Hinjewadi Road  
Hinjewadi,  
Pune 411 057

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Praj Industries Limited (hereinafter called the company). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information, including copies of the scan documents or soft documents, provided by the company its officers, agents and authorized representatives during the conduct of Secretarial Audit, in view of partial disruption of work due to Covid-19 pandemic and work from home policy which was continued during financial year 2021-22, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March 2022, subject to our specific observations, if any, substantially complied with the statutory provisions listed hereunder and also that the company has proper board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed, and other records maintained by the Company for the financial year ended on 31st March 2022 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder.
- ii. The Securities Contracts (Regulation) Act, 1956 and the rules made thereunder.
- iii. The Depositories Act, 1996 and the Regulations and byelaws framed thereunder.
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment.
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - i. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - ii. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - iii. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (Not Applicable during the audit period)
  - iv. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - v. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not Applicable during the audit period)
  - vi. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - vii. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not Applicable during the audit period)

- viii. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not Applicable during the audit period);
- ix. The following other law as applicable specifically to the company, which includes the Narcotic Drugs and Psychotropic Substances Act, 1985. As the travel was not advisable due to Covid restrictions, we could not physically check compliances of the Atomic Energy Act, 1962 as applicable specifically to the company.

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

- i. Secretarial Standards issued by the Institute of Company Secretaries of India as are applicable to the company,
- ii. The Listing Agreements entered by the Company with BSE Limited / National Stock Exchange of India Limited read with SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 (LODR).
- iii. During the period under review the Company has substantially complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**We further report that:**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. In the 35th Annual General meeting held on 11th August 2021 Mrs. Parimal Chaudhari, (DIN-00724911) representing Woman Director in category of Non-Executive Director retired by rotation and was reappointed in the same class and category.

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

As per the minutes of the meeting all the decisions were taken unanimously in as much as there were no dissenting views appearing in the minutes of the meetings.

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

We further report that during the audit period as per the information provided and to the best of our knowledge there were no specific events / actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, and the Secretarial Standards.

For **KANJ & Co LLP**  
Company Secretaries

**Vikas Y. Khare**  
FCS No. 3541  
C P No.: 2107

Place: Pune

Date: 25 May 2022

UDIN: F003541D000381481



The Members,  
Praj Industries Limited,  
"Praj Tower",  
S. No. 274 and 275/2  
Bhumkar Chowk-Hinjewadi Road  
Hinjewadi,  
Pune 411 057

Our report of even date provided in Form MR-3 to Praj Industries Limited (the company) for the year ended on 31st March 2022 is to be read along with this letter.

1. Maintenance of Secretarial records and complying with the provisions of the various laws as applicable including the laws specifically applicable to the company is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records and legal compliances based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain responsible assurance about the correctness of the contents of secretarial records and the records of legal compliances. The verification was done on test basis to ensure that correct facts are reflected in secretarial and other relevant records. We believe that the processes and practices, we follow provide a responsible basis for our opinion.
3. We are not required to verify the correctness and appropriateness of financial records and books of accounts of the company as it is part of financial audit as per the provisions of the Companies Act, 2013 and we have relied upon audited accounts.
4. Wherever required, we have obtained the management representation about the practices followed, compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provision of corporate and other applicable laws, rules, regulations, secretarial standards is the responsibility of management. Our examination was limited to verification of procedures on test basis.
6. The secretarial audit report is neither an assurance as to the future viability of the company nor the efficacy or effectiveness with which the management has conducted the affairs of the company.

For **KANJ & Co LLP**  
Company Secretaries

**Vikas Y. Khare**  
Partner  
FCS No. 3541  
C P No.: 2107  
UDIN: F003541D000381481  
Place: Pune  
Date: 25th May 2022

## ANNEXURE 6

### Notes forming part of the Consolidated financial statements for the year ended 31 March 2022

SALIENT FEATURES OF FINANCIAL STATEMENTS OF SUBSIDIARIES PUSUANT SECTION 129 (3) READ WITH RULE 5 OF COMPANIES (ACCOUNTS) RULES, 2014

Sr. No.	NAME OF THE SUBSIDIARY COMPANY	Praj Far East Philippines Ltd., The Philippines	Praj Americas Inc. USA	Praj Far East Co. Ltd. Thailand	Praj HiPurity Systems Limited, India.	Praj Engineering and Infra Limited, India
1	FINANCIAL PERIOD OF THE SUBSIDIARY ENDED ON	31-03-2022	31-03-2022	31-03-2022	31-03-2022	31-03-2022
2	% OF SHAREHOLDING	100% of Equity Capital	100% of Equity Capital	100% of Equity Capital	100% of Equity Capital	99.65% of Equity Capital
3	SHARE CAPITAL	11.167	9.281	12.519	50.000	3.098
4	RESERVES AND SURPLUS	8.695	4.074	11.687	835.036	124.363
5	TOTAL ASSETS	40.601	17.959	44.355	1684.449	696.447
6	TOTAL LIABILITIES (EXCLUDING SHARE CAPITAL AND OTHER EQUITY)	20.737	4.605	20.148	799.416	568.551
7	INVESTMENTS	NIL	NIL	NIL	NIL	72.500
8	TURNOVER	39.632	57.776	78.066	2055.374	740.336
9	PROFIT/(LOSS)FOR THE CURRENT YEAR (BEFORE TAXES)	(3.319)	8.160	3.942	191.692	11.965
10	PROVISION FOR TAXATION (INCLUDING DEFERRED TAXES)	(0.185)	-	0.893	49.914	4.454
11	PROFIT/(LOSS)FOR THE CURRENT YEAR (AFTER TAXES)	(3.134)	8.160	3.049	141.779	7.485
12	OTHER COMPREHENSIVE INCOME	(1.497)	0.334	(0.490)	0.528	-
12	TOTAL COMPREHENSIVE INCOME	(4.631)	8.494	2.559	142.307	7.485
13	ORIGINAL CURRENCY	PESO	US DOLLAR	THAI BAHT	INR	INR
14	EXCHANGE RATE AS ON 31 ST MARCH 2022 IN INR-CLOSING RATE	1.4646	76.2400	2.2800	1.00	1.00
15	EXCHANGE RATE FROM 1 ST APRIL-21 TO 31 ST MARCH 2022 IN INR-AVERAGE RATE	1.4881	74.5077	2.2829	1.00	1.00

#### For and on behalf of the Board of Directors of Praj Industries Limited

**Dr Pramod Chaudhari**  
Executive Chairman  
(DIN : 00196415)

**Shishir Jashipura**  
CEO and Managing Director  
(DIN : 00574970)

**Sachin Raole**  
CFO and Director - Resources  
(DIN : 00431438)

Place: Pune  
Date: 25 May 2022

**Dattatraya Nimbolkar**  
Chief Internal Auditor and  
Company Secretary (M.No.: ACS4660)



## ANNEXURE 7 Nomination & Remuneration Policy

### 1. PHILOSOPHY:

The Company strongly believes that the system of Corporate Governance protects the interest of all the stakeholders by inculcating transparent business operations and accountability from management towards fulfilling the consistently high standard of Corporate Governance in all facets of the Company's operations.

The Company is committed to provide employment to all eligible applicants on the principles of equality without any discrimination.

### 2. OBJECTIVE:

- Transparent process of determining remuneration at Board and Senior Management level of the Company would strengthen confidence of stakeholders in the Company and its management and help in creation of long term value for them.
- Appropriate balance between the elements comprising the remuneration so as to attract potential high performing candidates for critical position in the Company for attaining continual growth in business.
- The Nomination and Remuneration Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Regulation 19(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as may be amended from time to time).

### 3. COVERAGE:

The policy is applicable to determining remuneration of:

Executive Directors

Non- Executive Directors

Key Managerial Personnel

Senior Management Personnel

In the backdrop of the above, the Board of Directors in its meeting held on 25th May, 2022, has suitably amended this Policy with immediate effect.

### 4. DEFINITIONS:

- **Board** means Board of Directors of the Company.
- **Key Managerial Personnel** shall have the same meaning as given in Section 2(13) of the Companies Act, 2013 read with rules framed there under.
- "Senior Management" shall mean personnel of the company (which include persons engaged as retainer or on contractual basis) who are members of its core management team excluding Board of Directors, comprising all members of management one level below the Executive Directors i.e. Level L4. Also any appointment or cessation of the functional head, shall be placed for noting by the Nomination & Remuneration Committee.

Explanation 1: - In case of any dispute whether a person is member of Senior Management or not, decision of concerned Executive Director shall be final.

Explanation 2: Considering the criticality of a particular function, even if a person is not covered in the above definition, the Chairman will have discretion to treat him/ her as member of Senior Management for the purpose of this Policy.

Explanation 3: The term " Functional Head" shall mean the person, other than those in Level L4 and includes a person who is in an independent charge of any function.

The words and definitions not described herein above shall have the respective meanings under the Acts and legislations governing the same.

## **5. TERMS OF REFERENCE/ROLE OF COMMITTEE**

The Terms of Reference of the Committee shall be:

- To identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down, recommend to the Board their appointment and removal and to carry out evaluation of every Director's performance.
- To ensure that the level and composition of remuneration is reasonable and is sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully.
- To ensure that relationship of remuneration to performance in respect of Directors, Key Managerial Personnel and employees of Senior Management is clear and meets appropriate performance benchmarks; and
- To ensure that remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and variable pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals:
- To formulate the criteria for determining qualifications of Directors, Key Managerial Personnel and employees of Senior Management, and also to determine criteria for positive attributes and independence of Directors.
- To formulate criteria for evaluation of every Director including Independent Director and the Board.
- To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation by the Board.
- To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and employees of Senior Management.
- To provide to Key Managerial Personnel and Senior Management, reward linked directly to their efforts, performance, dedication and achievement relating to the Company's operations.
- To devise a policy on Board diversity from time to time.
- To develop a succession plan for the Board and to regularly review the plan;

## **6. RETIREMENT AGE OF DIRECTORS, KMP AND SENIOR MANAGEMENT PERSONNEL**

The KMP and Senior Management Personnel shall retire as per the prevailing HR policy of the Company.

As decided by the Board of Directors in its meeting held on 24.05.2011 the retirement age for Executive Directors shall be 65 years and for Non-Executive Directors shall be 70 years. The Board of Directors shall be at liberty to grant any extension as and when required on case to case basis.

## **7. STATUTORY POWERS OF THE COMMITTEE**

- The committee shall have a power to express opinion whether the Director possesses the requisite qualification for the practice of the profession, when remuneration is proposed to be paid for the services to be rendered in any other capacity and such services to be rendered are of a professional nature.
- Where in any financial year during the currency of tenure of a managerial person, a company has no profits or its profits are inadequate, the Committee may approve the payment of remuneration as per Section II of Part II of Schedule V to the Companies Act, 2013.

## **8. COMPOSITION OF COMMITTEE**

The Committee shall comprise of at least three Non-Executive Directors, at least half of whom shall be independent Directors. The Board may appoint the Chairperson of the Company whether executive or non-executive as member of this committee.

## **9. CHAIRPERSON**

- The Chairperson of the Committee shall be an Independent Director.
- In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one of the Independent Directors amongst them to act as Chairperson.
- The Chairperson of the Nomination and Remuneration Committee shall endeavor to be present at the Annual General Meeting.



## 10. MISCELLANEOUS

- A member of the Committee is not entitled to be present when his or her own or his or her relative(s) remuneration is discussed at a meeting or when his or her or his or her relative(s) performance is being evaluated.
- The Committee may invite Executive Directors, functional heads and outside experts, as it considers appropriate, to be present at the meetings of the Committee.

The Company Secretary of the Company shall act as Secretary of the Committee.

## ANNEXURE 8

# BUSINESS RESPONSIBILITY REPORT

### SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

- 1 Corporate Identity Number (CIN) of the Company: L27101PN1985PLC038031
- 2 Name of the Company : Praj Industries Ltd.
- 3 Registered address : "Praj Tower", S.No. 274 & 275/2, Bhumkar Chowk- Hinjewadi Road, Hinjewadi, Pune – 411 057.
- 4 Website: www.praj.net
- 5 E-mail id :info@ praj.net
- 6 Financial Year reported: 01.04.2021- 31.03.2022
- 7 Sector(s) that the Company is engaged in (industrial activity code-wise) - Manufacture of other Special- Purpose Machinery n.e.c. NIC Code of the Product/ Service: 28299
- 8 Three key products/services that the Company manufactures/provides (as in Balance sheet)
  - a. Bioenergy Plants - 1st and 2nd Generation ethanol and renewable bio-gas that can substitute fossil fuels and promote Sustainable Decarbonization through Circular Bio-Economy
  - b. Engineering Businesses - Critical Process Equipment & Skids, Processes & Systems, Brewery Beverages Plants Water and Wastewater Plants
  - c. Water systems, modular process systems and value added services related thereto.
- 9 Total number of locations where business activity is undertaken by the Company
  - a. Number of International Locations:  
As of 31st March, 2022 Praj Industries Ltd., has three overseas Subsidiaries as mentioned below:
    1. Praj Far East Co. Ltd., Thailand
    2. Praj Far East Philippines Ltd Inc., The Philippines
    3. Praj Americas Inc., USA
  - b. Number of National Locations:  
Praj Industries Limited has Registered Office at Hinjewadi, Pune and manufacturing activities at:
    1. S. No. 748, Sanaswadi, Pune-412307, Maharashtra, India
    2. Three Units at SEZ Kandla-Unit I Plot No. 307 to 314, Unit II at Plot No. 282 to 286 and 294 to 298 and Unit III Warehouse No. 1 to 3, Himalaya Complex, Phase I, Sector IV Gandhidham, Kutch 370230, Gujarat, India.
    3. Praj HiPurity Systems Ltd., 100% Subsidiary Company of Praj Industries Ltd. has Registered Office at Goregaon (West), Mumbai and manufacturing activity at Wada, Dist. Thane (Maharashtra).
    4. R&D at 2 Research Centers,
    5. 65 project sites , totaling to 74 national locations as on 31 March 2022.
10. Markets served by the Company – Local/State/National/International  
The Company serves both national and international markets.

### SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. Paid up Capital (INR Mn.) : 367.346
2. Total Turnover (INR Mn.) : 20532.360
3. Total Profit after Taxes and OCI (INR Mn.): 1634.544
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of Profit Before Tax (%) : 2.33% of average Net Profits for last three financial years.
5. List of activities in which expenditure in 4 above has been incurred:-
  - (a) ensuring environmental sustainability





- (b) promoting preventive health care.
- (c) promoting education
- (d) promoting gender equality.

## SECTION C: OTHER DETAILS

### 1. Does the Company have any Subsidiary Company/ Companies?

Yes. The Company has subsidiaries as on 31st March, 2022

### 2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(ies).

Praj Industries' policies and codes of conduct, Vision, Mission and Values are applicable to all its six subsidiaries who participate in its group-wide BR initiatives. Names of these 6 subsidiaries are given below with their locations:

1. Praj HiPurity Systems Ltd., India
2. Praj Engineering & Infra Ltd., India
3. Praj Far East Co. Ltd., Thailand
4. Praj Far East Philippines Ltd Inc., The Philippines
5. Praj Americas Inc., USA.
6. Praj Industries (Africa) (Pty) Ltd., South Africa (till 19th January, 2022)

### 3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]

Praj Industries Ltd. encourages its other entities/associates to participate in the BR initiatives of the Company. The percentage of the same is more than 60 %.

As on 31st March, 2022, there are 1728 Suppliers /Transporters collectively addressed as Business partners. All are registered and issued the Code of Conduct for Suppliers. 1091 have issued us undertaking / self-certification regarding critical labor, health, safety and other compliances and there are 791 suppliers which are evaluated and periodically re-evaluated as per Company standard.

Physical Sustainability Audits of 81 Suppliers have been completed during this year in a structured manner.

In addition, there are 153 business partners who have successfully undertaken Praj Green Certification that involves HSE Criteria sequel to which our "Green Purchases" have reached 55% of the total purchases.

Further, there are more than 470 suppliers with ISO certified QMS, 162 suppliers that have ISO certified Environment Management Systems and 123 suppliers who have ISO certified Health and Safety Management Systems.

Based on these records from Sustainability Management System [SMS], number of business partners participating in BR initiatives of the company will score in excess of 60 %.

## SECTION D: BR INFORMATION

### 1. Details of Director responsible for BR

#### (a) Details of the Director responsible for implementation of the BR policy/policies:

1. Name : Mr. Sachin Raole
2. DIN : 00431438
3. Designation: CFO and Director – Resources
4. Telephone number 020- 71802000
5. e-mail id sachinraole@praj.net

### Principle-wise (as per the National Guidelines on Responsible Business Conduct, 2018) BR Policy/policies:

The National Guidelines on Social, Environmental and Economic Responsibilities of Business released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These are as follows:

P1	Business should conduct and govern themselves with Integrity in a manner that is Ethical, Transparent and Accountable.
P2	Businesses should provide goods and services in a manner that is safe and sustainable.
P3	Businesses should respect and promote the well-being of all employees, including in the value chain.
P4	Businesses should respect the interests of and be responsive towards all stakeholders.
P5	Businesses should respect and promote human rights.
P6	Business should respect and make efforts to protect and to restore the environment.
P7	Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.
P8	Businesses should promote inclusive growth and equitable development.
P9	Businesses should engage with and provide value to their consumers in a responsible manner.

**(a) Details of compliance (Reply in Y/N)**

No.	Principle wise polices	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	Do you have a policy/ policies for respective principles?	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Y	Y	Y	Y	Y	Y	Y	Y	Y
<b>About business responsibility policy</b>										
The Board approved policies and Codes of Conduct cover the National Guidelines on Responsible Business Conduct, 2018 (NGRBC) besides all applicable national and international regulations as well as International Norms of Behavior.										
In addition, they reflect the purpose and intent of the international standards such as ISO 26000 Guidance on Social Responsibility, ISO50001 GRI – Global Reporting Initiative, TfS –Together for Sustainability and RSB – Roundtable on Sustainable Bio Materials and standard by GHG Protocol.										
The certification by Internal Standards Organization for ISO 9001, ISO 14001 and ISO 45001 and its updating is satisfactorily carried out over a period of decade.										
This demonstrates the seriousness of purpose behind the formation of the policies.										
4	Has the policy being approved by the Board? If yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5	Does the company have a specified Committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online.	<a href="http://www.praj.net/investorslounge/policies">http://www.praj.net/investorslounge/policies</a>								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8	Does the company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
Committee consists of members from all functions at each location and their HOD as Lead Sustainability. They work under the guidance of CEO & CFO.										
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y
Internal audits at all work centers and many Suppliers' end is carried out annually and for Project Sites, once in its tenure.										



### 3. Governance related to BR

- (a) **Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.**

Praj has established a system for improvement of significant aspects of Business Responsibility Principles. CEO & MD and Members of the Board undertake broad planning for improvement of these significant aspects and release documented targets. Heads of all locations carry out detailed planning and initiate improvement as per the directions. Quarterly reports are received from all its locations in India and abroad.

These are reviewed quarterly by the Head of the Divisions. CEO & MD / Board undertake annual review and give feedback and encouragement.

CEO/Board take care of any budgetary or policy needs that are necessary for the improvements planned.

- (b) **Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?**

The Company has published a Sustainability Report on annual basis up to Financial Year 2019-20 which are available on following hyperlink

<https://www.praj.net/investors-type/business-sustainability-report/>

## SECTION E: PRINCIPLE-WISE PERFORMANCE

### Principle 1 - Business should conduct and govern themselves with Ethics, Transparency and Accountability

1. **Does the policy relating to ethics, bribery and corruption cover only the company? (yes/no). Does it extend to the Group/ Joint Ventures/ Suppliers/Contractors/NGOs /Others?**

Yes. The Board approved Policies and Codes of Conduct serves as the ethical roadmap for all Praj Companies and Business Associates. All suppliers, partners and associates are expected to adopt and follow these Policies and Code of Conduct.

There is a separate compliance certificate taken from Supply Chain members. As on 31 March 2022 more than 63 % [1091/1728] vendors have given the undertaking and all 1728 have been sent the Code of Conduct based on Business Responsibility Principles. Above includes business partners handled by individual plants / project site location and Admin at various offices and factories.

2. **How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**

There were no stake holder complaints during Financial Year 2021-22 related to Ethics, Transparency and Accountability.

### Principle 2 - Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

1. **List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

Ethanol Plants, Brewery Plants, Compressed Bio- Gas plants, Water and Waste water plants

2. **For major products, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**

Sr No	Description of Impact on resource utilisation.	1G Ethanol Plants		Brewery Plants	
		Unit	Details for FY 2021-22	Unit	Details for FY 2021-22
1	Energy consumption – steam	kgs / litre of product	up to 3.4	Kgs / Hectolitres of product	24.4
2	Energy consumption – electricity	kwh / litre of product	Up to 0.40	kwh / Hectolitres of product	8.6
3	Water consumption	Litres / litre of product	Up to 5.5	Litres / litre of product	1.9
4	Liquid effluent	Litres / litre of product	Nil	Litres / litre of product	3.4

**3. Does the company have procedures in place for sustainable sourcing (including Transportation)? If yes, what percentage of your inputs was sourced sustainably? Also provide details thereof in about 50 words or so.**

Yes.

For Praj, sustainable sourcing is the integration of social, ethical and environmental performance factors. Sustainable sourcing is the key element in the process of selecting and retaining Business Partners.

Praj considers that the restraint is needed to ensure that when we seek lower costs and greater production capacity, we do not expose ourselves to an ever wider array of risks. These risks include not only risk of supply disruption, cost volatility and compliance with local laws and regulations, but also in brand reputation.

Praj has introduced Suppliers' Code of Conduct which is written in line with National Guidelines on Responsible Business Conduct 2018.

As on 31 March 2022, 100% of engineering manufacturers and service providers have agreed to abide by the said code. Further 63% have provided with an annual affirmation regarding compliance to the said code, 45% Suppliers have been periodically evaluated. The Suppliers' sustainability performance assessment has been conducted for 5 % at their operation site to ensure compliance with Code of Conduct.

Further, there are more than 28% suppliers with ISO certified Quality Management Systems.

Additionally, Praj conducts Green Certification Program for its critical suppliers. The program is conducted with the help of BSI as knowledge Partners. There are 153 business partners who have successfully undertaken Praj Green Certification that involves HSE Criteria and our Green Purchase has reached 55% of our total sourcing.

**4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?**

The nature of Company's business is such that the sourcing has to be necessarily done from supply chain partners with specific technical competencies and makes as specified by customers. However, wherever feasible, Company ensures procurement of goods and services from local & small producers

**(a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

N.A

**5. Does the Company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as <5%, 5 to 10% and >10%). Also, provide details thereof, in about 50 words or so.**

**Recycling of waste arising in manufacturing process** - Praj manufactures plants and machinery for bio-energy, chemical, water treatment, beer making industries. Equipment is mostly metallic and % of non-recyclable material is virtually nil. In the manufacturing process the scrap generation is under 6%. Scrap is sold to recycling vendors. The percentage of recycling of scrap is 100.

**Recycling of product** - The product being plant and machinery, its life cycle could be in decades. Even then, the metal characteristics do not change and the entire product can be used at lower capacities [de-rated] dismantled and used in smaller plants and lower duties or disintegrated and converted in to metallic scrap for recycling. Here again the percentage of recycling of product at the end of its life cycle is 100.

**Principle 3 -Businesses should promote the well-being of all employees**

1. Total number of permanent employees: 1132
2. Total number of employees on temporary/contractual/casual basis: 495
3. Number of permanent women employees: 95
4. Number of permanent employees with disabilities : 4
5. Do you have an employee association that is recognized by management. : There is no employee association that is recognized by management
6. Percentage of permanent employees who are members of recognized employee association? Not Applicable
7. Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.  
  
During the year, there were no cases of child labour/forced or labour/involuntary labour. No discriminatory employment was reported and no complaints were received for sexual harassment.
8. Following is the Percentage of employees who were given safety & skill up- gradation training in the last year



- (a) Permanent Employees Safety : 100 % & Skills: 75%
- (b) Permanent Women Employees Safety: 100 % & Skill: 85%
- (c) Casual/Temporary/Contractual Employees: Safety: 100 % & Skill: 50
- (d) Employees with Disabilities Safety: 100 % & Skill : 70%

**Principle 4- Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised**

**1. Has the company mapped its internal and external stakeholders?**

Yes, Company has mapped all its significant stake holders

**2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?**

Yes - Company has identified certain groups of disadvantaged, vulnerable & marginalized stakeholders with the help of reputed NGOs and conducts CSR activities amongst them.

**3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.**

Praj has been implementing specific community development initiatives around its manufacturing and R&D units. These projects are based on the needs of the community. The selected interventions are sustainable, innovative and replicable. Some of the initiatives include Preventive Healthcare, Education and Skills development, Water resources Development & Biodiversity conservation.

Individuals working on project sites in India and abroad join in the Customer run CSR programs. At a time , on green field sites, they undertake programs such as cleaning , hygiene promotion , school renovation activities on their own.

**Principle 5-Businesses should respect and promote human rights**

**1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/ NGOs/ Others?**

Yes. The policy extends to the Company and its Subsidiaries. Efforts are extended to implement the policy with company's Suppliers, Contractors, our own and associated Foundations and others within our sphere of influence. Praj Supplier's Code of Conduct covers all aspects of Business Responsibility and Business Sustainability.

**2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

There were no complaints received during the year.

**Principle 6 - Business should respect, protect and make efforts to restore the environment**

**1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/ NGOs/others.**

Policy related to Environment applies to the Company and its Subsidiaries. As part of ISO 14001, it is subjected to rigorous assessment at our large engineering units. It is extended to Contractors' working at our premises. Indirectly, the Company extends this policy to its Suppliers through Green Purchase Initiative and evaluation and re-evaluation of vendors on sustainability Principles. The policy is also extended to NGOs through environment support projects.

**2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.**

Yes.

- a) Company monitors its own carbon print for manufacture of plant and equipment, supply chain, its administration offices and construction work.

Large part of company's business is related to Ethanol which is used as additive to petrol thus reducing the CO2 emissions. Bio-Gas Plants built by us convert bio waste in to clean fuel that replaces fossil based fuels. Praj has supplied plants globally which are instrumental in reducing CO2 emissions.

<https://www.praj.net/businesslines-type/bio-energy/>

**Potential saving in CO2 emission from 1 G Business alone**

All ethanol plants built by us can be converted to fuel ethanol with minimum capital and zero down time for conversion and hence the estimate is prepared considering 100 % use for blending.

Ethanol when used for blending leads to saving in CO2 emission @1.14 kg C/ltrs of ethanol. Considering annual production from plants commissioned by us for our customers during the past five years is 6,501,146.

## Water Treatment

Capacity generated for water treatment by company's Water & Waste Water Division, Ethanol Plants Overseas and Ethanol Plants India for last five years is 96,757 cubic meter per day.

Recycling capacity involves water being cleaned enough for reuse for irrigation and back to some processes.

Disposal Capacity means water cleaned enough to use for irrigation/ disposal to any water body

ZLD- Zero Liquid Discharge means effluent is completely evaporated, dry sludge is given for dry disposal or burning in a boiler and steam is condensed in to water for using it back in process.

- b) Orders for the innovative Second Generation technology are being processed this year. This new technology uses agro waste such as sugarcane bagasse, wheat and rice stocks, corn cobs etc, which were hitherto burnt, to manufacture fuels such as ethanol for petrol replacement.
- c) PRAJ's Technology for converting various feed stocks like agri residues, Industrial wastes, variety of grasses into the Compressed Bio Gas (CBG), focuses on Circular Bioeconomy with nature's balance in a carbon negative manner.

Our first set of commercial projects for production of CBG from different types of wastes are in various stages of commissioning / operation. The impact will be reported next year.

### 3. Does the company identify and assess potential environmental risks? Y/N

Yes. Risks, mitigation strategies and contingency measures are reviewed and revised every year. Health, Safety and Environment team organizes multiple workshops for various functions.

### 4. Does the company have any project related to Clean Development Mechanism (CDM) ? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

No. However technologies developed and plants built up by Praj qualify for CDM. These include all our 1st Generation, 2nd Generation Ethanol Plants and Compressed Bio CNG gas plants.

### 5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc? Y/N. If yes, please give hyperlink for web page etc.

The company constantly endeavors to reduce its carbon footprints through advancement in the areas of clean technology, energy efficiency and renewable energy. This is aptly spelt out in the vision statement of the Company which is as follows: "To make the world a better place". Company measures and monitors its own and its subsidiaries' carbon print and the result shows a continual reduction.

Company's Net Zero Plan is under finalisation and will commence in the later part of financial year 2022-23. The plan has actionable objectives related to improving energy efficiency of existing facility through internal energy audit, procurement of energy efficient equipment new/ replacement, progressively installing solar energy plants on available roof-tops and buying more and more renewable energy through open access.

**Record of last 5 years indicates that Carbon Foot Print per Cr of sales is continuously reducing.**

#### Carbon Foot Print - Actuals for last 5 years

Period	FY 2021-22	FY 2020-21	FY 2019-20	FY 2018-19	FY 2017-18
Carbon Foot print MT	43628	33218	31145	29578	30043
Sales Rs Cr	2333	1305	1102	1141	923
Carbon Foot print per Rs. Cr Sales	18.55	25.45	28.26	25.92	32.55

### 6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?

Yes - The Emissions/Waste generated by the Company are within the permissible limits given by Central/State Pollution Control Boards for the financial year being reported.

### 7. Number of show cause / legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

Nil



## Principle 7 - Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

### 1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

- (a) E-PURE : An association of stakeholders of fuel ethanol industry in European Union
- (b) CII National Bioenergy Committee: Committee of Stakeholders for promotion of Bioenergy in India
- (c) Confederation of Indian Industries (CII)
- (d) The Sugar Technologists' Association of India
- (e) Bombay Chambers of Commerce
- (f) Alternative Fuels & Chemicals Coalition (AFCC)
- (g) Leaders of Sustainable Biofuels (LSB)
- (h) Association of Bio Technology led Enterprises
- (i) World Circular Bioeconomy Forum
- (j) Confederation of Biomass Energy Industry of India (CBEII)
- (k) Institute of Electrical and Electronics Engineers (IEEE)
- (l) Federation Of Indian Chambers Of Commerce And Industry (FICCI)
- (m) Process Plant & Machinery Association of India
- (n) Indo-American Chamber of Commerce
- (o) Council of EU Chambers of Commerce in India
- (p) Mahratha Chamber of Commerce, Industries & Agriculture
- (q) Indian Green Council

### 2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas

Yes. As member of CII National Bioenergy Committee, the Company advocates use of bioenergy to mitigate GHG emissions. A policy document called Report on Bioenergy Sector, was also prepared enabling Sustainable Energy Access for India.

As a member of CII Affirmative Action Committee ( Pune Zone council) the Company and other Committee members have taken initiative to create awareness regarding the importance of Affirmative Actions to enhance social stability and cohesion, which are necessary for business . As a result of this, many companies have embedded affirmative actions in their HR and business processes under four heads: Employability, Entrepreneurship, Education and Employment.

The CII Affirmative Action's Committee facilitates organising SC/ST vendor meet in collaboration with Dalit Chamber of Commerce & Industries (DCCI). Some of the vendors are part of our vendor community.

## Principle 8 - Businesses should support inclusive growth and equitable development

### 1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

Yes Praj has specific projects which support inclusive growth and equitable development

These projects are based on the needs of the community. The selected interventions are sustainable, innovative and replicable. In fact many of the projects selected are complimentary to overall national agenda like Preventive Healthcare, Drinking Water & Sanitation, Education and Skills development, Water Resources Development, Protection of Environment and Biodiversity conservation.

### 2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/ any other organization?

The projects are undertaken through our own foundation as well as local NGOs.

### 3. Have you done any impact assessment of your initiative?

Yes, the impact assessment is periodically done for the long term projects where substantial impact on the community can be measured.

**4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.**

Rs. 21.715 Mn. Refer page No. 24 of Annual Report 2021-22.

**5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

Yes.

Company's project interventions were need based, cost effective leading to positive results in a short span. The interventions are implemented through reputed NGOs and monitored by team of internal experts. Extensive involvement of community in planning and implementation helped in capacity building as well as created ownership of the project.

Through regular interaction with the community, positive impact created was shared with them to further enhance adoption level by the NGOs as well as our expert team.

**Principle 9 - Businesses should engage with and provide value to their customers and consumers in a responsible manner**

**1. What percentage of customer complaints/consumer cases are pending as on the end of financial year:**

The customer complaints are around 10%.

**2. Does the company display product information on the product label, over and above what is mandated as per local laws**

N.A.

Majority of your Company's products are customised and hence, it is not applicable . However, for Bio products, the Company displays product information on the product label as is mandated as per local laws.

**3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year? If so, provide details thereof, in about 50 words or so.**

No.

**4. Did your company carry out any consumer survey/ consumer satisfaction trends?**

The Company carries out the Customer Satisfaction Survey periodically.





## ANNEXURE 9 DIVIDEND DISTRIBUTION POLICY

### 1. PREAMBLE:

As per Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (SEBI LODR Regulations), it is mandatory for top 500 listed entities, based on market capitalization (calculated as on March 31 of every financial year) to formulate a dividend distribution policy which shall be disclosed in their annual reports and on their websites.

This Policy sets out the circumstances and different factors for consideration by the Board at the time of taking decisions of distribution or retention of profits, in the interest of providing transparency to its shareholders.

Accordingly, the Board of Directors of the Company ("the Board"), in its meeting held on 25th May, 2022, has amended the Dividend Distribution Policy of the Company ("the Policy") which endeavors for fairness, consistency and sustainability while distributing profits to the shareholders.

### 2. SCOPE:

This Policy applies to payment of interim and final dividend by the Company to its shareholders.

### 3. OBJECTIVE:

The objective of the Policy is to regulate dividend payment and a well-defined approach, dividend pay-out, keeping in view compliance with all applicable regulations.

### 4. DECLARATION OF DIVIDEND:

The Board reserves the right to declare interim dividend/ recommend final dividend to the shareholders during any financial year out of the surplus in the profit and loss account and/ or out of the profits of the financial year in which such interim dividend is sought to be declared, subject to the provisions of the Companies Act, 2013 and the rules made thereunder ("Act"), including the Companies (Declaration and Payment of Dividend) Rules, 2014 ("Rules") and other applicable laws and conditions, as amended from time to time.

### 5. THE FACTORS CONSIDERED WHILE RECOMMENDING/DECLARING DIVIDEND:

- The Board, while declaring or recommending dividend shall ensure compliance with statutory requirements under applicable law including the provisions of the Companies Act, 2013, Rules and the SEBI LODR Regulations.
- The Board may not declare or recommend dividend for a particular period, if it is of the view that it would be prudent to conserve profits for the then ongoing or planned business expansion or other activities for the benefit of the Company.
- The Board may consider declaring interim dividends during the year. Additionally, the Board may recommend the final dividend for the approval of the shareholders at the annual general meeting.
- The dividend for any financial year shall be paid:
  - (a) out of the Company's profits for that year (arrived at after providing for depreciation in accordance with applicable law and transferring such amount to reserves as may be prescribed or as may be considered appropriate by the Board of the Company); and / or
  - (b) out of accumulated profits of any previous financial year(s) in accordance with provisions of the Companies Act, 2013, Rules, Listing Regulations, and any other applicable law, as applicable.
- In the event of inadequacy or absence of profits in any year, if the Board considers appropriate, the Company may declare dividends out of the accumulated profits earned by it in previous years and transferred by the Company to the free reserves subject to the fulfilment of the conditions laid down in the applicable law.

### 6. FINANCIAL PARAMETERS CONSIDERED FOR DECLARATION OF DIVIDEND:

The Board shall consider the following financial/ internal parameters while declaring or recommending dividend to the shareholders of the Company:

- (a) Investment opportunities, i.e., opportunities for expansion and diversification into new projects, acquisitions and/ or any other potential strategic actions that may help the Company grow.
- (b) Liquidity position of the Company.

- (c) Growth in earnings of the Company.
- (d) Restrictions in debt agreements, if any, executed with lenders in relation to the payment of dividends.
- (e) Track record of payment of dividend, historically.
- (f) State of the economy and nature of industry.
- (g) Macro-economic and business conditions in general; and
- (h) Current year profits and outlook in line with the development of internal and external environment.
- (i) Operating cash flows and treasury position.
- (j) Possibilities of alternate usage of cash, e.g. capital expenditure etc., with potential to create greater value for shareholders.
- (k) Providing for unforeseen events and contingencies with financial implications.

The Board may declare interim dividend(s) as and when they consider it fit, and recommend final dividend to the shareholders for their approval in the general meeting of the Company.

In case the Board proposes not to distribute the profit; the grounds thereof and information on utilization of the undistributed profit, if any, shall be disclosed to the shareholders in the Annual Report of the Company.

The dividend distribution shall be in accordance with the applicable provisions of the Companies Act, 2013, Rules framed thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other legislations governing dividends and the Articles of Association of the Company, as in force and as amended from time to time.

#### **7. UTILISATION OF RETAINED EARNINGS:**

The Company maintains enough retained earnings to address the financing of working capital, capital expenditure, corporate actions, inter alia, buyback and reduction of capital, and unanticipated and emergency expenditures. The Company may also use the retained earnings for such purposes as are within the provisions the Act, Rules, Listing Regulations, and any other applicable law.

#### **8. AMENDMENTS:**

The Board may, subject to applicable law, amend, suspend, or rescind this Policy at any time. Any difficulties or ambiguities in this Policy will be resolved by the Board, in line with the broad intent of this Policy, as and when required.

#### **9. CHANGE IN LAW**

In case of any subsequent changes in the provisions of the Companies Act, 2013 or further rules and regulations / guidelines including SEBI LODR Regulations, or any other regulations which make any of the provisions of this Policy inconsistent, the provisions of the Act or such other regulations would prevail over this Policy and the relevant provisions contained in the Policy would be modified accordingly in due course to make it consistent with applicable laws.

#### **10. DISCLAIMER**

This Policy shall not be construed as a solicitation for investments in the Company's securities and shall neither act as an assurance of guaranteed returns (in any form), on investments in the Company's securities.



## Independent Auditors' Report

### TO THE MEMBERS OF PRAJ INDUSTRIES LIMITED

#### Report on the Audit of the Standalone Financial Statements

##### Opinion

We have audited the Standalone Financial Statements of Praj Industries Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2022, and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the Financial Statements, including a summary of Significant Accounting Policies and other explanatory information (hereinafter referred to as "the Standalone Financial Statements")

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the Standalone state of affairs of the Company as at March 31, 2022, and its Standalone profit (including Other Comprehensive Income), Standalone changes in equity and its Standalone cash flows for the year ended on that date.

##### Basis for Opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the Management Discussion and Analysis; Board of Directors' Report along with its Annexures and Corporate Governance Report included in the Annual Report but does not include the Standalone Financial Statements and our auditor's report thereon.

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

In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone 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.

##### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Financial Statements of the current period. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be key audit matters to be communicated in our report.

#### 1) Recognition of Revenue from Contracts with Customers

##### Description of Key Audit Matters

Revenue from Projects is recognized as per Ind-AS 115 on satisfaction of performance obligation overtime, where progress towards complete satisfaction of performance obligation is measured under Input Method. For the year ended 31st March 2022 project revenue recognized amounted to Rs. 19510.521 Mn, opening and closing Contracts in Progress amounted to Rs. 726.742 Mn and Rs. 2023.298 Mn respectively.

Measuring of satisfaction of performance obligation under Input Method involves estimation of budget costs in respect of projects contracted and capturing of actual costs incurred against such projects. As the revenue is recognized in proportion of project costs incurred to the total budgeted cost, inaccurate capturing of costs incurred as well as inaccurate budget estimates would result in incorrect recognition of revenue.

### **Description of Auditors' Response**

We have performed the following processes in relation to the accuracy of revenue recognized and accrued:

- a) Understood, evaluated and tested key controls over the 'Statement of Revenue Recognition', which is a statement prepared in which data related to Contract price, Budgeted costs, Progressive billings raised and Percentage completion of contract is captured and on the basis of which proportionate revenue is recognized under Input Method.
- b) Tested on sample basis the process of estimation / revision of budget costs of the projects which are considered in 'Statement of Revenue Recognition'.
- c) Checked on sample basis contract values considered in 'Statement of Revenue Recognition' from the approved contracts with the Customers.
- d) Tested on sample basis the process of capturing of costs in 'Statement of Revenue Recognition' with respect to the projects in process.
- e) Tested on sample basis the provision for Anticipated losses in respect of projects considered in the financial Statements.
- f) Verified revenue to be recognized for the year under audit from 'statement of Revenue Recognition'.

Our Audit process did not identify any material incorrect Recognition of Revenue.

## **2) Trade Receivables**

### **Description of Key Audit Matters**

Trade Receivables, net of impairment allowance, amounts to Rs. 4169.398 Mn as on 31st March 2022, which constitutes about 20% of the total Assets of the Company. Impairment provision carried in the books as on 31st March 2022 is Rs. 372.364 Mn.

Management's judgment is involved in identifying impairment in the value of the receivable as well as in formulating a policy for creating provisioning against impairment which has an adverse effect on the profits of the Company.

### **Description of Auditors' Response**

We have performed the following processes in relation to Management's Judgment in identification of impairment of value of Receivables and adequacy of impairment provision:

We have referred to the defined policy in place stipulating the methodology of making impairment provision in respect of overdue Receivable amounts. We have also reviewed age-wise analysis in respect of Receivables and ensured that the provisioning is made according to such policy. The above referred provisioning policy stipulates different provisioning norms for Receivables with confirmations and without confirmations.

We have sought information and explanations from the Project Heads regarding the status of receivable for the purpose of ensuring adequate impairment provisions.

We have also tested subsequent collections made from the overdue receivables.

Our Audit process did not identify any material inadequate provisioning for impairment in the value of Receivables.

## **3) Investment in Subsidiaries**

### **Description of Key Audit Matters**

In terms of option of Deemed Cost as per Ind-AS 101 'First Time Adoption of Indian Accounting Standards' the Company has valued its investments in Subsidiaries amounting to Rs.1568.676 Mn as on 31st March 2022 at cost.

As per Ind-AS 36 'Impairment of Assets' Management has to assess at the end of each reporting period whether there is any indication that an Asset may be impaired and if such indication exists the Management has to estimate the recoverable amount and compare the same with the carrying amount of the investment in order to identify an impairment loss. Impairment loss, if any, has to be recognized immediately in the Statement of Profit and Loss.

### **Description of Auditors' Response**

We have performed the following processes in relation to Management's Judgment in identification of impairment of value of Investment in Subsidiaries:

- a) We have obtained representation from the Management regarding indication of likely impairment loss in respect of Investments made in Subsidiaries and process of estimation of recoverable amount. During the year the management has not identified any impairment in the value of investment in its subsidiaries.



- b) In case of a Subsidiary having material value under Investment, in respect of which no observable inputs were available, we have referred to the valuation obtained by the Management from the independent valuer regarding its Value in Use and tested and discussed the assumptions used in the process of valuation with the management as well as checked the actual financial performance of the subsidiary with the forecast considered in the valuation report to ensure that no impairment provision against the same is required.

Our Audit process did not identify any requirement of provisioning for impairment in the value of Investment in Subsidiaries.

## **Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the Standalone financial position, Standalone financial performance including other comprehensive income, Standalone changes in equity and Standalone cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

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

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A; a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid Standalone Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended.
  - e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
  - g) As required by section 197 (16) of the Act; in our opinion and according to information and explanation provided to us, the remuneration paid by the company to its directors is in accordance with the provisions of section 197 of the Act and remuneration paid to directors is not in excess of the limit laid down under this section.
  - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - (i) The Company has disclosed the impact of pending litigations on its financial position in its Financial Statements – Refer Note 26 to the Financial Statements.
    - (ii) The Company has made provision as required under the applicable law or Indian Accounting Standards for the material foreseeable losses on the long term contracts as at 31st March, 2022 .
    - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
    - (iv)
      - (a) The management has represented to us that, to the best of its knowledge and belief no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries. (Refer Note No. 40)
      - (b) the management has represented to us, that, to the best of its knowledge and belief no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide



- any guarantee, security or the like on behalf of the Ultimate Beneficiaries. (Refer Note No. 40)
- (c) Based on the information and explanation given to us and audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations made by the management and as mentioned under sub-clause (iv)(a) and (iv)(b) above contain any material misstatement.
  - (v) As stated in Note 11 and 12 to the Standalone financial statements;
    - (a) The final dividend proposed in the previous year, declared and paid by the Company during the year is in accordance with Section 123 of the Act.
    - (b) The Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with section 123 of the Act, as applicable.
  - (vi) The requirement to the use of accounting software for maintaining Company's books of account which has a feature of recording audit trail (edit log) facility is deferred to financial years commencing on or after April 1, 2023, therefore reporting under Rule 11(g) of Companies (Audit & Auditors) Rules, 2014 is not applicable for financial year ended on March 31, 2022.

For **P G BHAGWAT LLP**  
Chartered Accountants  
Firm Registration Number: 101118W/W100682

**Sandeep Rao**  
Partner  
Membership Number: 047235  
UDIN: 22047235AJONZY5764

Pune: 25th May, 2022

## Annexure A to Independent Auditors' Report

Referred to in paragraph 1 under the heading, "Report on Other legal and Regulatory Requirements" of our report on even date:

- i.
  - (a)
    - (A) The Company is maintaining proper records showing full particulars, including quantitative details and situation of Property, Plant & Equipment.
    - (B) The Company is maintaining proper records showing full particulars of intangible assets;
  - (b) The Property, Plant & Equipment are physically verified by the Management according to a phased program designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, a portion of the Property, Plant & Equipment has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
  - (c) The title deeds of immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee), as disclosed in Note 3 on Property, Plant & Equipment, Investment Property to the financial statements, are held in the name of the Company.
  - (d) The Company has adopted cost model and as such not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets during the year.
  - (e) According to the information and explanations provided to us there are no proceedings have been initiated or are pending against the company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended in 2016) and rules made thereunder. Hence reporting under clause 3(i) (e) of the Order is not applicable.
- ii.
  - (a) The physical verification of inventory excluding stocks with third parties have been conducted at reasonable intervals by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion and based on the policy adopted by the management, the coverage and procedure of such verification is appropriate. The discrepancies noticed on physical verification of inventory as compared to book records were not 10% or more in aggregate for each class of inventory.
  - (b) According to the information and explanations provided to us, the company has been sanctioned working capital limits in excess of five crore rupees during the year, in aggregate, from banks or financial institutions on the basis of security of current assets though there is no utilization of funded limits during the year. The management of the company has provided us with the quarterly returns or statements, which they have represented to us have been filed by the company with their banks or financial institutions. In our opinion, these quarterly returns or statements are in agreement with the books of account of the Company after taking into consideration the detailed note given in the returns / statements.
- iii.
  - (a) The company during the year has stood guarantee to a company. The Company has not made investments in, or provided any security or granted any loans or advances in the nature of loans, secured or unsecured to companies, firms, Limited Liability Partnerships or any other parties.

The aggregate amount of such guarantee given during the year and balances thereof as at balance sheet date are as under –

Particulars	Guarantees
Aggregate amount of guarantee provided during the year	
- Subsidiary	24,00,00,000
Balance outstanding as at balance sheet date in respect of above guarantee	
- Subsidiary	24,00,00,000

- (b) In terms of the information and explanations given to us and the books of account and records examined by us and considering the fact that there is no utilization of fund based limit and position of net current asset as at 31st March, 2022 of the subsidiary, guarantees provided during the year is not prima facie prejudicial to the Company's interest.
- (c) The Company has not provided loans and advances in the nature of loans during the year hence reporting under clause 3(iii) (c) is not applicable.





- (d) There are no loan having overdue amount outstanding for more than ninety days.
- (e) There are no loans or advances in the nature of loan granted which have fallen due during the year and the same has been renewed or extended or fresh loans granted to settle overdues of such existing loans.
- (f) The Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment.
- iv. In our opinion, and according to the information and explanations given to us, the Company has not given any loans under Section 185 and the company has complied with section 186 of the Companies Act, 2013 in respect of the loans and investments made, and guarantees and security provided by it.
- v. The Company has not accepted any deposits or amounts which are deemed to be deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified. According to the information and explanations given to us, no Order has been passed by The Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the relevant cost records data maintained in SAP ERP as integrated common database system which is capable of being extracted by setting the required parameters and therefore are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the data / records with a view to determine whether they are accurate or complete.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including Goods and Service Tax, provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities. According to the information and explanation provided to us, no undisputed amounts payable in respect of statutory dues were in arrears as at March 31st, 2022, for a period more than six months from the date they became payable.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no statutory dues of Goods and Service Tax, provident fund, employees' state insurance, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues which have not been deposited on account of any dispute. The particulars of sales tax and Income tax as at balance sheet date which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount Rs Mn	Period to which the amount relates	Forum where the dispute is pending
Sales tax laws	Demand as per Sales tax Assessment	20.17	FY- 2010-11	Joint Commissioner (Appeals)
Sales tax laws	Demand as per Sales tax Assessment	166.62	FY- 2006-07, 2007-08, 2008-09, 2009-10 and 2011-12	Maharashtra Sales Tribunal, Mumbai
Sales tax laws	Demand as per Sales tax Assessment	2.87	FY- 2017-18	Maharashtra Sales Tribunal, Mumbai
Income Tax Act 1961	Demand u/s 143(1)	14.17	AY- 19-20	CIT, Appeals
Income Tax Act 1961	Demand u/s 143(1)	141.03	AY- 20-21	CIT, Appeals

- viii. In terms of the information and explanations given to us and the books of account and records examined by us, the Company has not surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961. Hence reporting under clause 3(viii) of the Order is not applicable.
- ix. (a) As the Company does not have any loans or other borrowings from any lender during the year, hence the provisions of Clause 3(ix)(a) of the Order are not applicable to the Company.
- (b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

- (c) According to the information and explanations given to us and on the basis of our audit procedures, the Company has not availed any term loan.
  - (d) According to the information and explanations given to us and on the basis of our audit procedures, the funds on short term basis have not been utilized for long term purposes by the company.
  - (e) According to the information and explanations given to us and on an overall examination of the financial statements of the company, we report that the company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries. The company does not have any associates or joint ventures.
  - (f) According to the information and explanations given to us and procedures performed by us, we report that the company has not raised loans during the year on the pledge of securities held in its subsidiaries. The company does not have any associates or joint ventures.
- x. (a) The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) during the year. Accordingly, the provisions of Clause 3(x)(a) of the Order are not applicable to the Company.
- (b) The Company has not made any preferential allotment or private placement of shares or fully or partly or optionally convertible debentures during the year. In respect of ESOP's allotted during the year, the company has complied with the requirements of applicable sections of the Companies Act, 2013 / 1956.
- xi. (a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or on the Company noticed or reported during the year, nor have we been informed of any such case by the Management.
- (b) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, report in the form ADT-4 as specified under sub-section (12) of section 143 of the Companies Act has not been filed. Accordingly reporting under clause 3(xi)(b) of the Order is not applicable.
- (c) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us and as represented to us by the management, there are no whistle blower complaints received by the company during the year.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, accordingly the provisions of Clause 3(xii) (a), (b), (c) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of related party transactions have been disclosed in the financial statements as required under Ind AS 24, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. Refer Note 29
- xiv. (a) In our opinion and based on our examination, the company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the internal audit reports of the company issued till date, for the period under audit.
- xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi)(a) of the Order are not applicable to the Company.
- (b) According to the information and explanations given to us and procedures performed by us, we report that the Company has not conducted any Non-Banking Financial or Housing Finance activities during the year. Therefore reporting under clause 3(xvi)(b) of the Order is not applicable.
- (c) According to the information and explanations given to us and procedures performed by us, the Company is not Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India, hence reporting under clause 3(xvi)(c) of the Order is not applicable.



- (d) Based on information and explanation given to us and as represented by the management, the Group does not have any Core Investment Company (CIC) as part of the Group, hence reporting under clause 3(xvi)(d) of the Order is not applicable.
- (xvii) The Company has not incurred cash losses during current financial year and had not incurred cash losses during immediately preceding financial year.
- (xviii) There has been no resignation by statutory auditors during the year hence reporting under clause 3(xviii) of the Order is not applicable.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.
- (xx) (a) There are no unspent amounts towards Corporate Social Responsibility (CSR) on other than ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (5) of Section 135 of the Act. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable for the year.
- (b) There are no unspent amounts towards Corporate Social Responsibility (CSR) in respect of ongoing projects requiring a transfer to a Special Account in compliance with sub-section (6) of Section 135 of the Act. Accordingly, reporting under clause 3(xx)(b) of the Order is not applicable for the year.
- (xxi) There have been no qualifications or adverse remarks by the respective auditors in the Companies (Auditor's Report) Order (CARO) reports of the companies included in the consolidated financial statements during the year hence reporting under clause 3(xxi) of the Order is not applicable.

For **P G BHAGWAT LLP**  
Chartered Accountants  
Firm's Registration Number: 101118W/ W100682

**Sandeep Rao**  
Partner  
Membership Number: 47235  
UDIN: 22047235AJONZY5764

Pune: 25th May, 2022

## Annexure B to the Independent Auditors' Report

Referred to in paragraph 2 (f) under the heading, "Report on Other legal and Regulatory Requirements" of our report on even date:

### **Report on the Internal Financial Controls with reference to Standalone Financial Statements**

#### **under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls with reference to the Standalone Financial Statements of Praj Industries Limited ("the Company") as of March, 31, 2022 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to the Standalone Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to the Standalone Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to the Standalone Financial Statements included obtaining an understanding of internal financial controls with reference to the Standalone Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal controls based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to the Standalone Financial Statements.

#### **Meaning of Internal Financial controls with reference to the Standalone Financial Statements**

A company's internal financial controls with reference to the Standalone Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to the Standalone Financial Statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Standalone Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Standalone Financial Statements.



## **Inherent Limitations of Internal Financial Controls with reference to the Standalone Financial Statements**

Because of the inherent limitations of internal financial controls with reference to the Standalone Financial Statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to the Standalone Financial Statements to future periods are subject to the risk that the internal financial controls with reference to the Standalone Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## **Opinion**

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to the Standalone Financial Statements and such internal financial controls with reference to the Standalone Financial Statements were operating effectively as at March 31, 2022, based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **P G BHAGWAT LLP**  
Chartered Accountants  
Firm's Registration Number: 101118W/ W100682

**Sandeep Rao**  
Partner  
Membership Number: 47235  
UDIN: 22047235AJONZY5764

Pune: 25th May, 2022

## Balance Sheet as at 31<sup>st</sup> March 2022

(All amounts are in Indian rupees million unless otherwise stated)

Particulars	Note no.	31 March 2022	31 March 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	1875.135	1864.596
Capital work-in-progress	3	14.261	3.566
Investment property	3	136.928	136.928
Intangible assets	3	10.007	5.850
Intangible assets under development	3	6.656	2.578
Financial assets			
Investments	4	2220.854	1973.735
Others	5	77.733	89.895
Deferred tax assets (net)	24	-	74.964
Other assets	6	23.983	17.770
		<b>4365.557</b>	<b>4169.882</b>
<b>Current assets</b>			
Inventories	7	3048.009	894.476
Financial assets			
Investments	4	3906.273	2777.567
Trade receivables	8	4169.398	3727.288
Cash and cash equivalents	9	782.092	721.294
Other bank balances	10	277.691	250.514
Others	5	72.752	44.778
Other assets	6	4085.778	2094.961
		<b>16341.993</b>	<b>10510.878</b>
		<b>20707.550</b>	<b>14680.760</b>
<b>TOTAL ASSETS</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity share capital	11	367.346	366.458
Other equity	12	8697.130	7403.480
<b>TOTAL EQUITY</b>		<b>9064.476</b>	<b>7769.938</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
Lease Liability		126.140	113.159
Provisions	13	154.616	144.004
Deferred tax liabilities (net)	24	30.343	-
		<b>311.099</b>	<b>257.163</b>
<b>Current liabilities</b>			
Financial liabilities			
Trade payables	14		
(i) Total outstanding dues of micro enterprises and small enterprises		251.595	251.620
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		3439.749	2656.543
Lease Liability		46.293	33.908
Other financial liabilities	15	190.256	104.825
Other current liabilities	16	7087.683	3341.496
Provisions	13	293.196	231.901
Current tax liabilities (net)		23.203	33.366
		<b>11331.975</b>	<b>6653.659</b>
		<b>11643.074</b>	<b>6910.822</b>
<b>TOTAL LIABILITIES</b>		<b>20707.550</b>	<b>14680.760</b>
<b>TOTAL EQUITY AND LIABILITIES</b>			
Corporate Information	1		
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For **P G BHAGWAT LLP**  
Chartered Accountants  
Firm Regn. No: 101118W/W100682

**Sandeep Rao**  
Partner  
Membership No.: 47235

Place: Pune  
Date: 25 May 2022

For and on behalf of the Board of Directors of **Praj Industries Limited**

**Dr Pramod Chaudhari**  
Executive Chairman  
(DIN : 00196415)

**Shishir Joshipura**  
CEO and Managing Director  
(DIN : 00574970)

**Dattatraya Nimbolkar**  
Chief Internal Auditor and  
Company Secretary (M.No.: ACS4660)

**Sachin Raole**  
CFO and Director - Resources  
(DIN : 00431438)



## Statement of profit and loss for the year ended 31<sup>st</sup> March 2022

(All amounts are in Indian rupees million unless otherwise stated)

Particulars	Note no.	31 March 2022	31 March 2021
<b>INCOME</b>			
Revenue from operations	17	20532.360	10885.371
Other income	18	324.366	232.070
<b>Total income</b>		<b>20856.726</b>	<b>11117.441</b>
<b>EXPENSES</b>			
Cost of materials consumed	19	13577.796	6248.985
Changes in inventories of finished goods and work-in-progress	20	(301.349)	35.364
Employee benefits expense	21	1858.885	1431.712
Finance costs	22	21.424	23.306
Depreciation and amortisation expense	3	198.433	190.694
Other expenses	23	3662.584	2220.621
<b>Total expenses</b>		<b>19017.773</b>	<b>10150.682</b>
<b>Profit before exceptional items and tax</b>		<b>1838.953</b>	<b>966.759</b>
<b>Exceptional items- Dividend from subsidiary</b>		<b>300.000</b>	<b>-</b>
<b>Profit before tax</b>		<b>2138.953</b>	<b>966.759</b>
<b>Tax expense</b>			
Current tax	24	361.000	204.500
Deferred tax		108.119	46.218
Adjustments of tax relating to earlier periods		25.930	3.628
<b>Total tax expense</b>		<b>495.049</b>	<b>254.346</b>
<b>Profit for the year</b>		<b>1643.904</b>	<b>712.413</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit and loss:</b>			
Re-measurement of defined benefit plans		(11.172)	15.024
Income tax effect		2.812	(5.250)
<b>Other comprehensive income</b>		<b>(8.360)</b>	<b>9.774</b>
<b>Total comprehensive income for the year</b>		<b>1635.544</b>	<b>722.187</b>
<b>Earnings per equity share (Nominal value per share INR 2 each)</b>			
Basic	25	8.95	3.89
Diluted		8.95	3.89
Corporate Information	1		
Summary of significant accounting policies	2		
The accompanying notes are an integral part of the financial statements.			

As per our report of even date.

For **P G BHAGWAT LLP**  
Chartered Accountants  
Firm Regn. No: 101118W/W100682

For and on behalf of the Board of Directors of **Praj Industries Limited**

**Sandeep Rao**  
Partner  
Membership No.: 47235

**Dr Pramod Chaudhari**  
Executive Chairman  
(DIN : 00196415)

**Shishir Joshipura**  
CEO and Managing Director  
(DIN : 00574970)

**Sachin Raole**  
CFO and Director - Resources  
(DIN : 00431438)

Place: Pune  
Date: 25 May 2022

**Dattatraya Nimbolkar**  
Chief Internal Auditor and  
Company Secretary (M.No.: ACS4660)

## Cash Flow Statement for the year ended 31<sup>st</sup> March 2022

(All amounts are in Indian rupees million unless otherwise stated)

	31 March 2022	31 March 2021
<b>A. Cash flow from operating activities</b>		
<b>Net profit before tax</b>	<b>2138.953</b>	966.759
Adjustments for:		
Loss / (profit) on sale of property, plant and equipment	(0.473)	(0.014)
Gain on redemption of mutual fund investments	(57.514)	(3.981)
Bad debts / provision for doubtful debts and advances	33.791	87.479
Excess provision / creditors written back (including advances)	(2.963)	(8.795)
Unrealised foreign exchange (gain) / loss (net)	(72.118)	(57.747)
Depreciation and amortisation	198.433	190.694
Interest earned	(66.137)	(49.557)
Provision for Impairment	(1.627)	-
Unrealised gain on mutual fund investments	(54.694)	(81.386)
Dividend from mutual fund investments/ Subsidiary	(300.000)	(15.818)
Interest on Lease Liability	16.802	17.394
Interest expense	-	-
Equity-settled share-based payment transactions	29.355	0.791
<b>Operating profit before working capital changes</b>	<b>1861.808</b>	<b>1045.819</b>
<b>Changes in working capital</b>		
Decrease/ (increase) in trade receivables	(486.370)	(1181.318)
(Increase)/decrease in inventories (including contracts in progress)	(3624.022)	(499.770)
(Increase)/decrease in other non-current financial assets	12.162	20.326
Decrease/(increase) in other non-current assets	0.902	2.032
(Increase)/decrease in current financial assets-others	3.694	34.433
Decrease/(increase) in other current assets	(547.507)	(555.107)
(Decrease)/increase in trade payables	814.474	1459.954
(Decrease)/increase in other current financial liabilities	85.669	(1.908)
(Decrease)/increase in other current liabilities	3746.187	1745.262
(Decrease)/Increase in long term provisions	(0.560)	(2.559)
(Decrease)/Increase in short term provisions	61.295	175.031
<b>Cash generated from operations</b>	<b>1927.732</b>	<b>2242.195</b>
Direct taxes paid (including taxes deducted at source), net of refunds	(397.092)	(142.663)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>1530.640</b>	<b>2099.532</b>





(All amounts are in Indian rupees million unless otherwise stated)

	31 March 2022	31 March 2021
<b>B. Cash flow from investing activities</b>		
Purchase of property, plant and equipment and intangible assets	(163.190)	(63.730)
Investments:		
- in mutual funds	(4499.775)	(2078.132)
- in debentures & bonds	(254.119)	-
Sale of investments		
- in subsidiary	8.627	-
- in mutual funds	3483.278	386.022
Proceeds from sale of property, plant and equipment	0.724	1.227
Interest received on investments	61.362	51.141
Dividend received on investments/ from subsidiary	300.000	-
(Investment) /redemption in fixed deposits	-	150.000
<b>NET CASH FROM / (USED) IN INVESTING ACTIVITIES</b>	<b>(1063.093)</b>	<b>(1553.472)</b>
<b>C. Cash flow from financing activities</b>		
Proceeds from exercise of employee stock options	26.209	3.443
Dividend paid including dividend distribution tax	(396.808)	(4.321)
Interest on Lease Liability	(16.802)	(17.394)
Principal payment on Leases	(46.713)	(30.142)
Interest paid	-	-
<b>NET CASH FROM / (USED) IN FINANCING ACTIVITIES</b>	<b>(434.114)</b>	<b>(48.414)</b>
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>33.433</b>	<b>497.646</b>
<b>Cash and cash equivalents at the beginning of the year (Refer Note 10)</b>	<b>721.294</b>	<b>215.788</b>
<b>Add: effect of exchange rate changes on cash and cash equivalents</b>	<b>27.365</b>	<b>7.860</b>
<b>Cash and cash equivalents at the end of the year (Refer Note 10)</b>	<b>782.092</b>	<b>721.294</b>
<b>Notes:</b>		
The statement of cash flows has been prepared under the 'Indirect method' as set out in Ind AS 7		
The accompanying notes are an integral part of the cash flow statement		

As per our report of even date.

For **P G BHAGWAT LLP**  
Chartered Accountants  
Firm Regn. No: 101118W/W100682

**Sandeep Rao**  
Partner  
Membership No.: 47235

Place: Pune  
Date: 25 May 2022

For and on behalf of the Board of Directors of **Praj Industries Limited**

**Dr Pramod Chaudhari**  
Executive Chairman  
(DIN : 00196415)

**Shishir Joshipura**  
CEO and Managing Director  
(DIN : 00574970)

**Dattatraya Nimbolkar**  
Chief Internal Auditor and  
Company Secretary (M.No.: ACS4660)

**Sachin Raole**  
CFO and Director - Resources  
(DIN : 00431438)

## Statement of changes in equity for the year ended 31<sup>st</sup> March 2022

(All amounts are in Indian rupees million unless otherwise stated)

### A. Equity share capital

	Changes in equity share capital during the year	Balance as on 31 March 2021
<b>Balance as on 1 April 2020</b>	366.320	366.458
<b>Balance as on 1 April 2021</b>	0.138	366.458
<b>Balance as on 1 April 2021</b>	0.888	367.346

### B. Other equity

Particulars	Reserves and Surplus							Total	
	Capital Reserve	Securities Premium Reserve	Capital redemption reserve	Amalgamation reserve	Share option outstanding account	Special Economic Zone Re-investment Reserve	General reserve		Retained earnings
<b>Balance at the beginning of the reporting period as at 1 April 2020</b>	0.033	977.306	14.627	3.063	19.498	292.448	956.511	4413.711	6677.197
Profit for the year								712.413	712.413
Other comprehensive income								9.774	9.774
Dividends (including dividend distribution tax)								-	-
Transfer to retained earnings								-	-
Employee stock options exercised during the year		4.970			(1.665)			-	3.305
Equity settled share based payment to employees					0.791			-	0.791
Employee stock options expired and transferred to/from statement of profit and loss					-			-	-
Transfer to/from Special Economic Zone Re-investment Reserve						91.452		(91.452)	-
<b>Balance as at 31 March 2021</b>	<b>0.033</b>	<b>982.276</b>	<b>14.627</b>	<b>3.063</b>	<b>18.624</b>	<b>383.900</b>	<b>956.511</b>	<b>5044.446</b>	<b>7403.480</b>
<b>Balance at the beginning of the reporting period as at 1 April 2021</b>	<b>0.033</b>	<b>982.276</b>	<b>14.627</b>	<b>3.063</b>	<b>18.624</b>	<b>383.900</b>	<b>956.511</b>	<b>5044.446</b>	<b>7403.480</b>
Profit for the year								1643.904	1643.904
Other comprehensive income								(8.360)	(8.360)
Dividends (including dividend distribution tax)								(396.570)	(396.570)
Transfer to retained earnings								-	-
Employee stock options exercised during the year		43.721			(18.400)			-	25.321
Equity settled share based payment to employees					29.355			-	29.355
Employee stock options expired and transferred to/from statement of profit and loss					(0.224)			0.224	-
Transfer to/from Special Economic Zone Re-investment Reserve						(61.400)		61.400	-
<b>Balance as at 31 March 2022</b>	<b>0.033</b>	<b>1025.997</b>	<b>14.627</b>	<b>3.063</b>	<b>29.355</b>	<b>322.500</b>	<b>956.511</b>	<b>6345.044</b>	<b>8697.130</b>



## Notes to the financial statements for the year ended 31<sup>st</sup> March 2022

### 1 The corporate overview

Praj Industries Limited ('PIL' or 'the company') is a public company domiciled in India and incorporated under the provisions of Indian Companies Act. The company's registered office is "Praj Tower", S. No. 274 and 275/2, Bhumkar Chowk-Hinjewadi road, Hinjewadi, Pune – 411057, Maharashtra, India. The company's ordinary shares are listed on the Bombay Stock Exchange and National Stock Exchange in India.

The company is engaged in the business of process and project engineering. The company caters to both domestic and international markets. Further, the company also provides design and engineering services.

### 2 Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### 2.1 Basis of preparation

The financial statements of the company comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The financial statements were authorised for issue by the Board of Directors on 25 May 2022.

#### 2.2 Basis of measurement

The financial statements have been prepared on a historical cost basis, except for the following items, which are measured on an alternative basis on each reporting date.

Items	Measurement basis
Derivative financial instruments at fair value through profit or loss	Fair value
Certain non-derivative financial instruments at fair value through profit or loss	Fair value
Equity-settled share based payment transactions	Grant date fair value
Defined benefit plan assets	Fair value

#### 2.3 Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is the company's functional currency. All amounts have been rounded-off to the nearest million, as per the requirements of Schedule III, unless otherwise stated.

#### 2.4 Significant accounting judgments, estimates and assumptions

The preparation of the financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, current assets, non-current assets, current liabilities, non-current liabilities and disclosure of the contingent liabilities at the end of each reporting period. Actual estimates may differ from these estimates.

Detailed information about each of these estimates and judgements is included in relevant notes.

The areas involving critical estimates and judgements are:

- Estimation of current tax expense and payable – Note 24
- Estimation of defined benefit obligation – Note 31
- Recognition of revenue – Note 27
- Recognition of deferred tax assets for carried forward tax losses – Note 24
- Impairment of trade receivables – Note 37

Estimation and underlying assumptions are reviewed on ongoing basis. Revisions to estimates are recognised prospectively.

#### 2.5 Current versus non-current classification

The company presents assets and liabilities in the balance sheet based on current / non-current classification.

## Notes to the financial statements for the year ended 31<sup>st</sup> March 2022

An asset as current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

### 2.6 Property, plant and equipment

#### • **Recognition and measurement**

Items of property, plant and equipment are measured at cost of acquisition or construction less accumulated depreciation and/or accumulated impairment loss, if any. The cost of an item of property, plant and equipment comprises its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use; any trade discounts and rebates are deducted in arriving at the purchase price. Borrowing costs directly attributable to the construction of a qualifying asset are capitalised as part of the cost.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Property, plant and equipment under construction are disclosed as capital work-in-progress.

Advances paid towards the acquisition of property, plant and equipment outstanding at each reporting date are disclosed under 'Other non-current assets'.

#### • **Subsequent costs**

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of profit and loss as incurred.

#### • **Disposal**

An item of property, plant and equipment is derecognised upon disposal or when no future benefits are expected from its use or disposal. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income/ expenses in the statement of profit and loss.

#### • **Depreciation**

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognised in the statement of profit and loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment as prescribed in Schedule II of the Companies Act, 2013, as assessed by the management of the company based on technical evaluation. Freehold land is not depreciated.

The property, plant and equipment acquired under finance leases is depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the company will obtain ownership by the end of the lease term.



## Notes to the financial statements for the year ended 31<sup>st</sup> March 2022

The estimated useful lives of items of property, plant and equipment for the current and comparative periods are as follows:

Asset	Useful life (in years)
Buildings	30-60
Plant and machinery	7.5-15
Computers and office equipment	3-5
Vehicles	8
Furniture and fixtures	10

### 2.7 Intangible assets

- **Recognition and measurement**

Intangible assets are recognised when the asset is identifiable, is within the control of the company, it is probable that the future economic benefits that are attributable to the asset will flow to the company and cost of the asset can be reliably measured.

Expenditure on research activities is recognised in the statement of profit and loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the company intends to and has sufficient resources to complete development and to use or sell the asset.

Intangible assets acquired by the company that have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level.

- **Subsequent measurement**

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

- **Amortisation**

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value. Amortisation is recognised in statement of profit and loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for current and comparative periods are as follows:

Asset	Useful life
Technical know-how	5 - 10 years
Software	5 years

### 2.8 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the company, is classified as investment property.

Investment property is initially measured at cost, including related transaction costs. The cost of investment property includes its purchase price and directly attributable expenditure, if any. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with expenditure will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

Subsequent to the initial recognition, investment property is stated at cost less accumulated depreciation and accumulated impairment loss, if any. Depreciation on investment property has been provided in a manner that amortises the cost of the assets over their estimated useful lives on straight line method as per the useful life prescribed under Schedule II to the Act. Investment property in the form of land is not depreciated.

Investment property is derecognised either when it is disposed off or permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statement of profit and loss in the period of derecognition.

## Notes to the financial statements for the year ended 31<sup>st</sup> March 2022

### 2.9 Impairment of non-financial assets

The company assesses at each balance sheet date whether there is any indication that an asset or cash generating unit (CGU) may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset. The recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal or its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are considered.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in the statement of profit and loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### 2.10 Inventories

Raw materials, components, stores and spares, work-in-progress and finished goods are valued at lower of cost and net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

Cost of raw materials, components, stores and spares comprises cost of purchases. Cost of work-in-progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated based on normal operating capacity. Cost of inventories also includes all other costs incurred in bringing the inventories to their present location and condition. Costs are assigned to individual items of inventory based on weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

### 2.11 Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

### 2.12 Revenue recognition

Revenue is recognised when performance obligation is satisfied by transferring promised goods or services and to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured, regardless of when the payment is being made.

Revenue is measured at the fair value of the consideration received or receivable. Amounts included in revenue are inclusive of excise duty and net of returns, trade allowances, rebates, value added taxes, goods and services tax and amounts collected on behalf of third parties.

#### • Contract revenue

Revenue from fixed price contracts is recognised over time, when the outcome of the contract can be estimated reliably by reference to the percentage of completion of the contract on the reporting date under input method. Percentage of completion is determined as a proportion of costs incurred-to-date to the total estimated contract costs. In respect of process technology and design and engineering contracts percentage of completion is measured with reference to the milestones specified in the contract, which in the view of the management reflects the work performed and to the extent it is reasonably certain of recovery.

Contract costs include costs that relate directly to the specific contract and costs that are attributable to the contract activity and allocable to the contract. Costs that cannot be attributed to contract activity are expensed when incurred.

When the final outcome of a contract cannot be reliably estimated, contract revenue is recognised only to the extent of costs incurred that are expected to be recoverable. The provision for expected loss is recognised immediately when it is probable that the total estimated contract costs will exceed total contract revenue.



## Notes to the financial statements for the year ended 31<sup>st</sup> March 2022

Variations, claims and incentives are recognised as a part of contract revenue to the extent it is probable that they will result in revenue and are capable of being reliably measured.

Determination of revenues under the percentage of completion method necessarily involves making estimates by the company, some of which are of a technical nature, concerning, where relevant, the percentage of completion, costs to completion, the expected revenues from the project / activity and the foreseeable losses to completion.

Execution of contracts necessarily extends beyond accounting periods. Revision in costs and revenues estimated during the course of the contract are reflected in the accounting period in which the facts requiring the revision become known.

- **Sale of goods and rendering of services**

Revenue from sale of goods in the course of ordinary activities is recognised when property in the goods or all significant risks and rewards of their ownership are transferred to the customer and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of the goods and regarding its collection.

Revenue from services is recognised as the related services are performed.

### 2.13 Other income

- **Interest income**

Interest income from debt instruments is recognised using effective interest rate method (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability.

- **Dividends**

Dividends are recognised in the statement of profit and loss only when the right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the company, and the amount can be measured reliably.

- **Export benefits**

Export benefits in the form of Duty Draw Back / Merchandise Exports Incentive Scheme (MEIS) / Service Exports Incentive Scheme (SEIS) claims are recognised in the statement of profit and loss on receipt basis.

### 2.14 Foreign currency transactions and balances

Transactions in foreign currency are recorded at exchange rates prevailing at the date of transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the statement of profit and loss of the year.

Monetary assets and liabilities denominated in foreign currencies which are outstanding, as at the reporting period are translated at the closing exchange rates and the resultant exchange differences are recognised in the statement of profit and loss.

Non-monetary assets and liabilities denominated in foreign currencies that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

### 2.15 Employee benefits

- **Short-term employee benefits**

Employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits and are recognised in the period in which the employee renders the related service.

- **Post-employment benefits**

- **Defined contribution plans**

Contributions to the provident fund and superannuation fund, which are defined contribution schemes, are recognised as an employee benefit expense in the statement of profit and loss in the period in which the contribution is due.

### Defined benefit plans

The employees' gratuity scheme is a defined benefit plan. The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the projected unit credit method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans, is based on the market yields on government securities as at the reporting date, having maturity periods approximating to the terms of related obligations.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income (OCI) in the period in which they occur. Remeasurements are not reclassified to the statement of profit and loss in subsequent periods.

In case of funded plans, the fair value of the plan's assets is reduced from the gross obligation under the defined benefit plans, to recognise the obligation on net basis.

When the benefits of the plan are changed or when a plan is curtailed, the resulting change in benefits that relates to past service or the gain or loss on curtailment is recognised immediately in the statement of profit and loss. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The company recognises gains/ losses on settlement of a defined plan when the settlement occurs.

### Other long-term employee benefits

The liabilities for earned leave are not expected to be settled wholly within twelve months after the end of the reporting period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method as determined by actuarial valuation. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating the terms of the related obligation. Remeasurements as a result of experience adjustments and change in actuarial assumptions are recognised in the statement of profit and loss. The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

### Termination benefits

Termination benefits are expensed at the earlier of when the company can no longer withdraw the offer of those benefits and when the company recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

## 2.16 Share-based payments

The grant fair value of equity settled share based payment awards granted to employees is recognised as employee benefit expense with corresponding increase in equity. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are required to be satisfied. At the end of each reporting period, the company revises its estimates of the number of options that are expected to vest based on the service and non-vesting conditions. It recognises the impact of the revision to original estimates, if any, in the statement of profit and loss, with a corresponding adjustment to equity.

## 2.17 Leases

Lease is a contract that provides to the customer (lessee) the right to use an asset for a period of time in exchange for consideration.

### a. Company as a Lessee

A lessee is required to recognise assets and liabilities for all leases and to recognise depreciation of leased assets separately from interest on lease liabilities in the statement of Profit and Loss. The Company uses the practical expedient to apply the requirements of this standard to a portfolio of leases with similar characteristics if the effects on the financial statements of applying to the portfolio does not differ materially from applying the requirement to the individual leases within that portfolio.





## Notes to the financial statements for the year ended 31<sup>st</sup> March 2022

However according to Ind AS 116, for leases with a lease term of 12 months or less (short-term leases) and for leases for which the underlying asset is of low value, not to recognize a right-of-use asset and a lease liability. The Company applies both recognition exemptions. The lease payments associated with those leases are generally recognized as an expense on a straight-line basis over the lease term or another systematic basis if appropriate.

### a.1 Right to use asset

Right-of-use assets, which are included under property, plant and equipment, are measured at cost less any accumulated depreciation and, if necessary, any accumulated impairment. The cost of a right-of-use asset comprises the present value of the outstanding lease payments plus any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs and an estimate of costs to be incurred in dismantling or removing the underlying asset. In this context, the Company also applies the practical expedient that the payments for non-lease components are generally recognized as lease payments. If the lease transfers ownership of the underlying asset to the lessee at the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the right-of-use asset is depreciated to the end of the useful life of the underlying asset. Otherwise, the right-of-use asset is depreciated to the end of the lease term.

### a.2 Lease liability

Lease liabilities, which are assigned to financing liabilities, are measured initially at the present value of the lease payments. Subsequent measurement of a lease liability includes the increase of the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payments made.

### b. Company as a Lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Where the Company is a lessor under an operating lease, the asset is capitalised within property, plant and equipment and depreciated over its useful economic life. Payments received under operating leases are recognised in the Statement of profit and Loss on a straight-line basis over the term of the lease.

### Critical accounting estimates and judgements

Critical judgements required in the application of Ind AS 116 may include, among others, the following:

- Identifying whether a contract (or part of a contract) includes a lease;
- Determining whether it is reasonably certain that an extension or termination option will be exercised;
- Classification of lease agreements (when the entity is a lessor);
- Determination of whether variable payments are in-substance fixed;
- Establishing whether there are multiple leases in an arrangement;
- Determining the stand-alone selling prices of lease and non-lease components.

Key sources of estimation uncertainty in the application of Ind AS 116 may include, among others, the following:

- Estimation of the lease term;
- Determination of the appropriate rate to discount the lease payments;
- Assessment of whether a right-of-use asset is impaired.

### 2.18 Borrowing costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. All other borrowing costs are expensed in the period in which they are incurred.

## Notes to the financial statements for the year ended 31<sup>st</sup> March 2022

### 2.19 Income tax

Income tax expense comprises current and deferred tax. It is recognised in the statement of profit and loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

- **Current tax**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, at the reporting date in the country where the company operates and generates taxable income. Current tax assets and liabilities are offset only if there is a legally enforceable right to set it off the recognised amounts and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Minimum Alternate Tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The company recognises MAT credit available as an asset only to the extent that there is convincing evidence that the company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. The company reviews the 'MAT credit entitlement' asset at each reporting date and writes down the asset to the extent the company does not have convincing evidence that it will pay normal tax during the specified period.

- **Deferred tax**

Deferred tax is provided using the balance sheet method on temporary differences between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

In the situations where the company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognised in respect of temporary differences which reverse during the tax holiday period, to the extent the company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognized in the year in which the timing differences originate. However, the company restricts recognition of deferred tax assets to the extent that it has



## Notes to the financial statements for the year ended 31<sup>st</sup> March 2022

become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the temporary differences which originate first are considered to reverse first.

### 2.20 Provisions and contingencies

A provision is recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost in the statement of profit and loss.

Contingent liability is disclosed in case of

- a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation.
- present obligation arising from past events, when no reliable estimate is possible
- a possible obligation arising from past events where the probability of outflow of resources is not remote.

Contingent asset is not recognised in the financial statements. A contingent asset is disclosed, where an inflow of economic benefits is probable.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

### 2.21 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit for the year attributable to equity holders of the company by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

Diluted EPS adjust the figures used in the determination of basic EPS to consider

- The after-income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- The weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

### 2.22 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another.

The company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

## Notes to the financial statements for the year ended 31<sup>st</sup> March 2022

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the company has determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

### 2.23 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### Financial assets

##### Classification

The company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI, or through profit or loss);
- those measured at amortised cost.

The classification depends on the company's business model for managing the financial assets and the contractual terms of cash flows.

For assets measured at fair value, gains and losses will either be recorded in the statement of profit and loss or OCI. For investments in debt instruments, this will depend on the business model in which investment is held. For investments in equity instruments, this will depend on whether the company has made an irrevocable election at the time of initial recognition to account for equity investment at fair value through OCI.

The company classifies debt investments when and only when its business model for managing those assets changes.

##### Measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of profit and loss.

##### Debt instruments

Subsequent measurement of debt instruments depends on the company's business model for managing the asset and cash flow characteristics of the asset. There are three measurement categories into which the company classifies its debt instruments:

##### Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are satisfied:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- The contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of hedging relationship is recognised in the statement of profit and loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using effective interest rate (EIR) method.



## Notes to the financial statements for the year ended 31<sup>st</sup> March 2022

### **Debt instruments at fair value through other comprehensive income (FVTOCI)**

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent SPPI, are measured at FVTOCI. The movements in the carrying amount are recognised through OCI, except for the recognition of impairment gains and losses, interest revenue and foreign exchange gain or losses which are recognised in the statement of profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the statement of profit and loss and recognised in other gains / losses. Interest income from these financial assets is included in other income using EIR method.

### **Debt instruments at fair value through profit or loss (FVTPL)**

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on debt instrument that is subsequently measured at FVTPL and is not a part of hedging relationship is recognised in the statement of profit and loss within other gains / losses in the period in which it arises. Interest income from these financial assets is included in other income.

### **Equity investments**

All equity investments in the scope of 'Ind AS 109 - Financial instruments' are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the company may make an irrevocable election to recognise subsequent changes in the fair value in OCI. The company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in OCI. There is no recycling of the amounts from OCI to the statement of profit and loss, even on sale of equity instrument.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.

### **Derecognition**

The company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the company neither transfers nor retain substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

### **Impairment of financial assets**

The company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the assets carried at amortised cost and FVTOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 37 details how the company determines whether there has been a significant increase in credit risk.

For trade receivables only, the company applies the simplified approach permitted by 'Ind AS 109 - Financial instruments', which requires expected lifetime losses to be recognised from initial recognition of the receivables.

### **Non-derivative financial liabilities**

#### **Recognition**

The company initially recognises borrowings, trade payables and related financial liabilities on the date on which they are originated.

All other financial instruments (including regular-way purchases and sales of financial assets) are recognised on the trade date, which is the date on which the company becomes a party to the contractual provisions of the instrument.

#### **Measurement**

Non-derivative financial liabilities are initially recognised at fair value, net of transaction costs incurred. Subsequent to initial recognition, these liabilities are measured at amortised cost using EIR method.

## Notes to the financial statements for the year ended 31<sup>st</sup> March 2022

### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

### Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with 'Ind AS 37 - Provisions, contingent liabilities and contingent assets' and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### 2.24 Cash dividend to equity holders

The company recognises a liability to make cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

### 2.25 Government grant

Government grants are recognised at their fair value when there is a reasonable assurance that the grant will be received and company will comply with all attached conditions.

Government grants relating to income are deferred and recognised in the statement of profit and loss over the period necessary to match them with costs that they are intended to compensate and presented within other income.

Government grants relating to purchase of property, plant and equipment are initially recognised as deferred income at fair value and subsequently recognised in the statement of profit and loss on a systematic basis over the useful life of the asset.

### 2.26 Standards issued but not effective

#### Amendment to Indian Accounting Standard Rules, 2015

The Ministry of Corporate Affairs (MCA) on 5 April 2022, vide Notification dated 23 March 2022 has issued Companies (Indian Accounting Standard) Amendment Rules, 2022 in consultation with the National Financial Reporting Authority (NFRA).

The notification states that these rules shall be applicable from 1 April 2022 and would thus be applicable for the financial year ending 31 March 2023.

The amendments to Ind ASs are intended to keep the Ind ASs aligned with the amendments made in IFRS.

Particulars	Explanation
Amendments to Ind AS 16, "Property, Plant and Equipment"	The amendments to Ind AS 16 issued by the Ministry of Corporate Affairs amends provisions regarding proceeds from selling items produced while bringing an asset into the location and condition necessary for it to be capable of operating in the manner intended by management.



## Notes to the financial statements for the year ended 31<sup>st</sup> March 2022

Particulars	Explanation
Amendments to Ind AS 37, "Provisions, Contingent Liabilities and Contingent Assets"	The amendments to Ind AS 37 issued by the Ministry of Corporate Affairs amends provisions regarding costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.
Amendments to 41, "Agriculture"	The amendments to Ind AS 41 issued by the Ministry of Corporate Affairs amends provisions to remove a requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in Ind AS 41 with those in other Ind AS's.
Amendments to 101, "First-time Adoption of Indian Accounting Standards"	The amendments to Ind AS 101 issued by the Ministry of Corporate Affairs amends provisions to simplify the application of Ind AS 101 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.
Ind AS 103, "Business Combination"	<p>The amendments to Ind AS 103 issued by the Ministry of Corporate Affairs amends provisions to:</p> <ul style="list-style-type: none"> <li>• substitute the word 'Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework)' with the words 'Conceptual Framework of Financial Reporting in Ind AS'.</li> <li>• add to Ind AS 103 a requirement that, for transactions and other events within the scope of Ind AS 37 , an acquirer applies Ind AS 37 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination</li> <li>• add to Ind AS 103 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.</li> </ul>
Ind AS 109, "Financial Instruments"	The amendments to Ind AS 109 issued by the Ministry of Corporate Affairs amends provisions to prescribe the treatment of fees involved during exchange between an existing borrower and lender of debt instruments with substantially different terms. The amendment clarifies that if an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

## Notes to the financial statements for the year ended 31<sup>st</sup> March 2022

### Exposure Drafts:

Following exposure drafts have been issued by the Institute of Chartered Accountants of India:

Particulars	Explanation
Amendments to Ind AS 8, "Accounting Policies, Changes in Accounting Estimates and Errors" - Definition of Accounting Estimates	The exposure draft on amendments to Ind AS 8 issued by the Institute of Chartered Accountants of India proposes amendments to introduce a new definition of 'accounting estimates'. The amendments are designed to clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors.
Amendments to Ind AS 12, "Income Taxes" - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	The exposure draft on amendments to Ind AS 12 issued by the Institute of Chartered Accountants of India proposes amendments to introduce an exception to the initial recognition exemption in Ind AS 12 whereby an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. The amendments would apply to transactions that occur on or after the beginning of the earliest comparative period presented.
Amendments to: Ind AS 1, "Presentation of Financial Statements", Ind AS 34, "Interim Financial Reporting" and Ind AS 107, "Financial Instruments: Disclosures" - Disclosures of Accounting Policies	The exposure draft on amendments to Ind AS 1 issued by the Institute of Chartered Accountants of India proposes amendments whereby an entity will be required to disclose only its material accounting policy information instead of its significant accounting policies. The amendment explain how an entity can identify material accounting policy information. Consequential amendments are proposed for Ind AS 107, Financial Instruments: Disclosures, and Ind AS 34, Interim Financial Reporting.
New Indian Accounting Standard (Ind AS) 117, Insurance Contracts	The exposure draft of Ind AS 117 is issued by the Institute of Chartered Accountants of India as replacement for Ind AS 104 Insurance Contracts. Further, amendments have also been proposed to the exposure draft to add a transition option relating to comparative information about financial assets presented on initial application of Ind AS 117

The above exposure drafts have not been notified by the Ministry of Corporate Affairs ('MCA') to be applicable from 1 April, 2022 as at the date of approval of these financial statements. On issue of the amendment by MCA, the Company would evaluate the impact of the change in the standalone financial statements.





## Notes to the financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in Indian rupees million unless otherwise stated)

### 3 Property, plant and equipment, capital Work-in-progress, investment property and intangible assets

	Property, plant and equipment										Intangible Assets			Investment property		Grand total
	Land		Buildings	Plant and equipment	Computers and office equipment		Vehicles	Furniture and fixtures	Total	Technical knowhow	Software	Total	Land (Freehold)			
	Leasehold Refer note 1	Right-of-Use			Owned	Right-of-Use										
<b>Gross block</b>																
As at 1 April 2021	11,000	243,955	1,285,792	1,551,173	286,444	24,677	48,659	226,570	4042,120	93,753	97,916	191,669	136,928		4370,717	
Additions during the year	-	-	4,912	110,934	16,520	72,079	-	1,693	206,138	-	7,243	7,243	-		213,381	
Deletions during the year	-	-	-	-	-	-	3,457	-	3,457	-	-	-	-		3,457	
<b>As at 31 March 2022</b>	<b>11,000</b>	<b>243,955</b>	<b>1,290,704</b>	<b>1,662,107</b>	<b>302,964</b>	<b>96,756</b>	<b>45,202</b>	<b>228,263</b>	<b>4244,801</b>	<b>93,753</b>	<b>105,159</b>	<b>198,912</b>	<b>136,928</b>		<b>4580,641</b>	
<b>Accumulated depreciation and amortisation</b>																
As at 1 April 2021	1,004	160,996	363,479	1,139,988	272,928	9,295	27,902	201,932	2,177,524	92,305	93,514	185,819	-		2,363,343	
Charge for the year	0,122	21,487	42,582	85,980	9,314	22,107	5,103	8,652	1,95,347	0,541	2,545	3,086	-		1,98,433	
Depreciation on deletions	-	-	-	-	-	-	3,205	-	3,205	-	-	-	-		3,205	
<b>As at 31 March 2022</b>	<b>1,126</b>	<b>182,483</b>	<b>406,061</b>	<b>1,225,968</b>	<b>282,242</b>	<b>31,402</b>	<b>29,800</b>	<b>210,584</b>	<b>2,369,666</b>	<b>92,846</b>	<b>96,059</b>	<b>188,905</b>	<b>-</b>		<b>2,558,571</b>	
<b>Net carrying value</b>																
As at 31 March 2022	9,874	61,472	884,643	436,139	20,722	65,354	15,402	17,679	1,875,135	0,907	9,100	10,007	136,928		2,022,070	
As at 31 March 2021	9,996	82,959	922,313	411,185	13,516	15,382	20,757	24,638	1,864,596	1,448	4,402	5,850	136,928		2,007,374	

Note:

- The land has been taken on a long term lease i.e. for 99 years.
- Refer Note 26 for contractual commitments for the acquisition of property plant and equipment.

## Notes to the financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in Indian rupees million unless otherwise stated)

### 3 Property, plant and equipment, capital work-in-progress, investment property and intangible assets

#### Details of capital work-in-progress

Particulars	31 March 2022	31 March 2021
Balance at start of the year	6.144	20.795
Add: Additions during the year	18.340	4.956
Less: Capitalised/expense out during the year	3.567	19.607
Balance at the end of the year	20.917	6.144

Capital work-in-progress (CWIP) comprises of:

- Building INR 10.577 million (31 March 2021 INR 0.847 million)
- Machinery INR 3.684 million (31 March 2021 INR 2.719 million)
- Software INR 6.656 million (31 March 2021 INR 2.578 million)

#### Investment property: Reconciliation of Fair Value

Particulars	Land
<b>Fair value as at 31 March 2021</b>	<b>406.973</b>
Fair value difference	20.349
<b>Fair value as at 31 March 2022</b>	<b>427.322</b>

The Company had obtained independent valuation for year ended 31 March 2019, for its investment property from a government approved valuer who is a specialist in valuing these types of investment properties.

The valuation had been made with reference to the prevailing market rates and using the approved valuation method. Considering the current scenario and constraints in physical verification, the Company has considered a marginal increase of 5% in the valuation which is based on the trend for the earlier years.

All resulting fair value estimates for investment property are considered as level 3.



## Notes to the financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in Indian rupees million unless otherwise stated)

	31 March 2022	31 March 2021
<b>4 Investments</b>		
<b>Non-current investments</b>		
<b>(i) Trade investments</b>		
<b>Unquoted equity investments</b>		
<b>Investments in subsidiaries (valued at cost)</b>		
Praj Engineering & Infra Limited	5.359	5.359
308,750 (31 March 2021 : 308,750) equity shares of INR 10 each fully paid		
Praj Far East Co., Limited	6.125	6.125
19,598 (31 March 2021 : 19,598) equity shares of Thai Baht 100 each fully paid and 78,400 (31 March 2021 : 78,400) equity shares of Thai Baht 100 each partly paid		
Praj Americas Inc.	9.281	9.281
40,000 (31 March 2021 : 40,000) equity shares of US Dollar 5 each fully paid		
Praj HiPurity Systems Limited	1536.743	1536.743
5,000,000 (31 March 2021 : 5,000,000) equity shares of INR 10 each fully paid		
Praj Industries (Africa) Pty Limited	-	104.558
Nil equity shares at no par value (31 March 2021 : 125)		
Praj Far East Philippines Ltd Inc.	11.167	11.167
8,313,281 equity shares of 1PHP each (31 March 2021 : 8,313,281)		
<b>Total</b>	<b>1568.675</b>	<b>1673.233</b>
Less: Provision for Impairment	-	97.558
	<b>1568.675</b>	<b>1575.675</b>
<b>(ii) Investments at amortised cost</b>		
<b>Quoted investments in non-convertible debentures / bonds:</b>		
300 Bonds issued by HDFC Bank Limited Unsecured Non-Convertible Perpetual Bonds	300.006	300.210
Series 1/2017-18, Coupon 8.85% (31 March 2021 : 300)		
100 Bonds issued by SBI Bank Unsecured Non-Convertible Perpetual Bonds Series IV, Coupon 8.15% (31 March 2021 : 100)	99.829	97.850
250 Bonds issued by SBI Bank Unsecured Non-Convertible Perpetual Bonds Series IV, Coupon 7.73% (31 March 2021 : Nil)	252.344	-
<b>Total</b>	<b>652.179</b>	<b>398.060</b>
<b>Total non-current</b>	<b>2220.854</b>	<b>1973.735</b>
<b>Current investments</b>		
<b>(i) Investments at fair value through profit and loss (FVTPL)</b>		
<b>Quoted mutual funds</b>		
ADITYA BIRLA SUN LIFE FMP SR-SI 1141 DAYS - 3,000,000 Units (31 March 2021 : 3,000,000 Units)	37.890	36.373
ADITYA BIRLA SUN LIFE FMP SR-SI 1120 DAYS - 5,000,000 Units (31 March 2021 : 5,000,000 Units)	62.386	59.856
DSP FMP S 220 - 40 M - DIRECT GW - Nil Units (31 March 2021 : 5,000,000 Units)	-	63.161
HDFC FMP 1133 DAYS DIRECT GR SR-44 - 5,000,000 Units (31 March 2021 : 5,000,000 Units)	63.092	60.590
ICICI FIXED MATURITY PLAN SRS 82 - 1185 DAYS - Nil Units (31 March 2021 : 5,000,000 Units)	-	63.238

## Notes to the financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in Indian rupees million unless otherwise stated)

	31 March 2022	31 March 2021
ICICI FIXED MATURITY PLAN SRS 82 - 1135 DAYS - Nil Units (31 March 2021 : 5,000,000 Units)	-	62.671
INVESCO INDIA ACTIVE INCOME FUND-DIR PL-GW - 24,862.734 Units (31 March 2021 : 24,862.734 Units)	<b>67.999</b>	65.013
KOTAK FMP SERIES 267 DIRECT GW - 5,000,000 Units (31 March 2021 : 5,000,000 Units)	<b>62.386</b>	59.874
RELIANCE FIXED HORIZON FUND-XXXV-SR14 - Nil Units (31 March 2021 : 5,000,000 Units)	-	63.398
RELIANCE FIXED HORIZON-XXXVII-SR04 - 5,000,000 Units (31 March 2021 : 5,000,000 Units)	<b>67.754</b>	64.931
SBI DEBT FUND SERIES - C - 8(1175 DAYS)-DG - Nil Units (31 March 2021 : 5,001,814.194 Units)	-	62.979
TATA FIXED MATURITY PLAN SRS 53 SCHEME A - Nil Units (31 March 2021 : 5,000,000 Units)	-	62.777
UTI - FIXED TERM INCOME FUND SRS XXIX (1112 DAYS) - Nil Units (31 March 2021 : 5,000,000 Units)	-	55.859
FRANKLIN INDIA SAVINGS FUND RETAIL-GW - Nil Units (31 March 2021 : 2,862,420.019 Units)	-	111.433
FRANKLIN IND SAVING FUND-DIRECT - 1,344,892.234 Units (31 March 2021 : 1,344,892.234 Units)	<b>55.806</b>	53.728
HSBC ULTRA SHORT DURATION FUND DIRECT GROWTH - Nil Units (31 March 2021 : 107,342.205 Units)	-	113.912
ADITYA BIRLA SUN LIFE SAVING FUND -GROW-DIRECT PLAN - Nil Units (31 March 2021 : 121,474.07 Units)	-	51.850
HDFC ULTRA STF-DIRECT GRW - Nil Units (31 March 2021 : 4,331,975.923 Units)	-	51.721
KOTAK SAVING FUND-GROWTH (REGULAR PLAN) - Nil Units (31 March 2021 : 1,523,106.687 Units)	-	51.375
SBI MAGNUM ULTRA SHORT DURATION FUND REGULAR GRW- Nil Units (31 March 2021 : 10,994,137 Units)	-	51.429
AXIS STF DIRECT GROWTH (US-DG) - Nil Units (31 March 2021 : 4,314,629.926 Units)	-	51.617
L&T ULTRA SHORT TERM FUND DIRECT PLAN - GROWTH - Nil Units (31 March 2021 : 1,459,734.143 Units)	-	51.228
UTI MONEY MARKET FUND - DIRECT GROWTH PLAN - Nil Units (31 March 2021 : 21,294.742 Units)	-	51.005
ADITYA BIRLA MONEY MANAGER FUND - Nil Units (31 March 2021 : 179,007.910 Units)	-	51.010
NIPPON INDIA MONEY MARKET FUND -DIRECT GROWTH OPTION - Nil Units (31 March 2021 : 15,844.307 Units)	-	51.031
SUNDARAM ULTRA SHORT TERM FUND-DIRECT GROWTH - Nil Units (31 March 2021 : 4,585,286.010 Units)	-	50.749
ICICI PRUDENTIAL MONEY MARKET FUND - DRT PLAN GROWTH - Nil Units (31 March 2021 : 171,407.111 Units)	-	50.613
L&T ULTRA SHORT TERM FUND DIRECT PLAN-GROWTH - Nil Units (31 March 2021 : 1,440,592.751 Units)	-	50.556
HDFC MONEY MARKET FUND-DIRECT PLAN-GROWTH OPTION- Nil Units (31 March 2021 : 22,469.800 Units)	-	100.528
ICICI PRUDENTIAL MONEY MARKET FUND - DRT PLAN GROWTH - Nil Units (31 March 2021 : 171,060.227 Units)	-	50.510



## Notes to the financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in Indian rupees million unless otherwise stated)

	31 March 2022	31 March 2021
SBI MAGNUM ULTRA SHORT DURATION FUND DIRECT GROWTH - 10,694.706 Units (31 March 2021 : 10,694.706 Units)	<b>52.373</b>	50.468
TATA MONEY MARKET FUND DIRECT PLAN - GROWTH - Nil Units (31 March 2021 : 13,779.202 Units)	-	50.568
UTI MONEY MARKET FUND - DIRECT GROWTH PLAN - 14,794.600 Units (31 March 2021 : 14,794.600 Units)	<b>53.944</b>	50.509
AXIS MONEY MARKET FUND DIRECT GROWTH ( MM-DG) - Nil Units (31 March 2021 : 90,822.649 Units)	-	100.53
LIC MF ULTRA SHORT TERM FUND-DIR PLAN- Nil Units (31 March 2021 : 47,200.787 Units)	-	49.997
MIRAE ASSETS ULTRA SHORT DURATION FUND DIR-GROWTH- Nil Units (31 March 2021 : 49,131.836 Units)	-	49.997
IDFC MONEY MANAGER FUND-GROWTH-REGULAR PLAN- Nil Units (31 March 2021 : 1,567,412.078 Units)	-	50.004
IDFC FLOATING RATE FUND DIRECT PLAN-GROWTH - 9,999,599.025 Units (31 March 2021 : 9,999,599.025 Units)	<b>104.709</b>	100.378
ADITYA BIRLA SUN LIFE MONEY MANAGER FUND - GROWTH-DIRECT PLAN - Nil Units (31 March 2021 : 174,134.084 Units)	-	50.006
ADITYA BIRLA SUN LIFE SAVING FUND -GROW-DIRECT PLAN - Nil Units (31 March 2021 : 117,192.838 Units)	-	50.022
ICICI PRUDENTIAL MONEY MARKET FUND - GROWTH-P1571- Nil Units (31 March 2021 : 170,635.448 Units)	-	50.008
ICICI PRUDENTIAL MONEY MARKET FUND - GROWTH-P8123- 2,186,036.654 Units (31 March 2021 : 2,186,036.654 Units)	<b>52.270</b>	50.011
KOTAK MONEY MARKET FUND -GROWTH (REGULAR PLAN) - Nil Units (31 March 2021 : 14,423.871 Units)	-	50.007
NIPPON INDIA MONEY MARKET FUND -GROWTH PLAN-GROWTH OPTION (LQGP) - Nil Units (31 March 2021 : 15,647.158 Units)	-	50.010
TATA MONEY MARKET FUND DIRECT PLAN - GROWTH- Nil Units (31 March 2021 : 13,628.288 Units)	-	50.014
UTI MONEY MARKET FUND - DIRECT GROWTH PLAN - Nil Units (31 March 2021 : 20,881.554 Units)	-	50.015
SBI SAVING FUND-REGULAR PLAN-GROWTH- 1,535,361.139 Units (31 March 2021 : 1,535,361.139 Units)	<b>51.730</b>	50.008
UTI FLOATER FUND-DIRECT GROWTH PLAN -GROWTH- 81,739.196 Units (31 March 2021 : Nil Units)	<b>102.863</b>	-
ADITYA BIRLA SUN LIFE FLOATING RATE FUND-GROWTH-DIRECT PLAN- 364,114.172 Units (31 March 2021 : Nil Units)	<b>103.244</b>	-
ICICI PRUDENTIAL ULTRA SHORT TERM FUND-DIRECT PLAN-GROWTH- 2,162,905.192 Units (31 March 2021 : Nil Units)	<b>51.717</b>	-
ADITYA BIRLA SUN LIFE SAVING FUND-GROWTH-DIRECT PLAN - 227,959.594 Units (31 March 2021 : Nil Units)	<b>101.513</b>	-
ICICI PRUDENTIAL SAVING FUND - GROWTH 1525 - 116,649.927 Units (31 March 2021 : Nil Units)	<b>50.552</b>	-
UTI MONEY MARKET FUND DIRECT GROWTH PLAN GROWTH -ISIN- 17,776.323 Units (31 March 2021 : Nil Units)	<b>50.774</b>	-
HSBC ULTRA SHORT DURATION FUND DIRECT GROWTH UCC- 92,119.923 Units (31 March 2021 : Nil Units)	<b>101.544</b>	-
AXIS ARBITRAGE FUND - DIRECT GROWTH (EA-DG)- 3,148,258.933 Units (31 March 2021 : Nil Units)	<b>50.959</b>	-

## Notes to the financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in Indian rupees million unless otherwise stated)

	31 March 2022	31 March 2021
UTI ARBITRAGE FUND -DIRECT GROWTH PLAN- 1,707,133.447 Units (31 March 2021 : Nil Units )	50.738	-
TATA ARBITRAGE FUND -DIRECT PLAN - GROWTH- 4,234,564.252 Units (31 March 2021 : Nil Units )	50.753	-
SBI ARBITRAGE OPPORTUNITIES FUND -DIRECT PLAN -GROWTH- 1,778,713.432 Units (31 March 2021 : Nil Units )	50.746	-
NIPPON INDIA ARBITRAGE FUND -DIRECT GROWTH PLAN GROWTH OPTION - 2,225,384.905 Units (31 March 2021 : Nil Units )	50.801	-
DSP ARBITRAGE DIR GROWTH ISIN- 4,063,515.940 Units (31 March 2021 : Nil Units )	50.676	-
UTI ADVANTAGE FUND-REGULAR PLAN GROWTH- 17,688.649 Units (31 March 2021 : Nil Units )	50.523	-
AXIS TREASURY ADVANTAGE FUND - REGULAR GROWTH ( TA-GP) - 20,238.340 Units (31 March 2021 : Nil Units )	50.538	-
TATA TREASURY ADVANTAGE FUND REGULAR PLAN-GROWTH- 15,804.241 Units (31 March 2021 : Nil Units )	50.490	-
DSP LONG DURATION FUND-REGULAR PLAN-GROWTH- 4,290,267.127 Units (31 March 2021 : Nil Units )	100.994	-
INVESCO INDIA MONEY MARKET FUND-DIRECT GROWTH PLAN-(CD-D1)- 19,877.305 Units (31 March 2021 : Nil Units )	50.508	-
KOTAK MONEY MARKET FUND-DIRECT PLAN-GROWTH- 41,591.271 Units (31 March 2021 : Nil Units )	150.590	-
TATA MONEY MARKET FUND GROWTH PLAN-GROWTH - 13,219.932 Units (31 March 2021 : Nil Units )	50.571	-
AXIS-CPSE PLUS SDL 2025 70:30 DEBT INDEX FUND DIRECT GROWTH (CS-DG) - 4,999,750.012 Units (31 March 2021 : Nil Units )	50.413	-
ADITYA BIRLA SUN LIFE LIQUID FUND-GROWTH-REGULAR PLAN - 147,401.463 Units (31 March 2021 : Nil Units )	50.181	-
TATA LIQUID FUND REGULAR PLAN-GROWTH- 15,055.450 Units (31 March 2021 : Nil Units )	50.181	-
INVESCO INDIA LIQUID FUND-GROWTH(LG-SG) -17,272.690 Units (31 March 2021 : Nil Units )	50.175	-
HSBC CASH FUND - GROWTH UCC- 23,815.145 Units (31 March 2021 : Nil Units )	50.177	-
SUNDARAM LIQUID FUND (Principle Cash Mgmt Fund) REGULAR GROWTH- 53,752.950 Units (31 March 2021 : Nil Units )	100.313	-
LIC MF LIQUID FUND-REGULAR PLAN GROWTH - 13,105.488 Units (31 March 2021 : Nil Units )	50.145	-
MIRAE ASSET CASH MAMAGEMENT FUND-REGULAR PALN GROWTH - 22,627.672 Units (31 March 2021 : Nil Units )	50.150	-
NIPPON INDIA LIQUID FUND GROWTH PLAN-GROWTH OPTION (LFIGG) - 9,710.565 Units (31 March 2021 : Nil Units )	50.150	-
UTI MONEY MARKET FUND-DIRECT PLAN-GROWTH- 40,187.823 Units (31 March 2021 : Nil Units )	100.099	-
TATA MONEY MARKET FUND GROWTH PLAN-GROWTH- 26,1717.747 Units (31 March 2021 : Nil Units )	100.116	-
ICICI PRUDENTIAL MONEY MARKET FUND DIRECT GROWTH-DIRECT PLAN- 326,168.043 Units (31 March 2021 : Nil Units )	100.099	-
AXIS MONEY MARKET FUND DIRECT GROWTH (MM-DG)- 86,861.189 Units (31 March 2021 : Nil Units )	100.045	-



## Notes to the financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in Indian rupees million unless otherwise stated)

	31 March 2022	31 March 2021
ADITYA BIRLA SUN LIFE MONEY MANAGER FUND - GROWTH-DIRECT PLAN - 167,321.317 Units (31 March 2021 : Nil Units)	50.014	-
ADITYA BIRLA SUN LIFE CRISIL AAA JUN 2023 INDEX FUND DIRECT GROWTH- 4,981,567.291 Units (31 March 2021 : Nil Units)	50.017	-
DSP SAVING FUND-DIRECT PLAN-GROWTH- 2,285,955.308 Units (31 March 2021 : Nil Units)	100.040	-
NIPPON MONEY MARKET FUND-DIRECT GROWTH GROWTH OPTION(LQAGG)- 29,853.169 Units (31 March 2021 : Nil Units)	100.025	-
HDFC LIQUID FUND-DIRECT PLAN GROWTH OPTION- 23,901.235 Units (31 March 2021 : Nil Units)	100.021	-
FRANKLIN INDIA SAVING FUND RETAIL OPTION-DIRECT PLAN-GROWTH- 1,204,904.208 Units (31 March 2021 : Nil Units)	49.998	-
FRANKLIN INDIA SAVING FUND SUPER INSTITUTIONAL PLAN-DIRECT PLAN-GROWTH- 31,266.548 Units (31 March 2021 : Nil Units)	100.020	-
KOTAK SAVINGS FUND-DIRECT PLAN-GROWTH- 4,169,052.421 Units (31 March 2021 : Nil Units)	150.212	-
HDFC ULTRA SHORT TERM FUND-DIRECT GROWTH- 8,064,633.222 Units (31 March 2021 : Nil Units)	100.105	-
NIPPON ULTRA SHORT DURATION FUND-DIRECT GROWTH PLAN(CPAGG)- 28,375.532 Units (31 March 2021 : Nil Units)	100.144	-
<b>Total</b>	<b>3906.273</b>	<b>2777.567</b>
<b>Total current</b>	<b>3906.273</b>	<b>2777.567</b>
<b>Total Investments</b>	<b>6127.127</b>	<b>4751.302</b>
Aggregate book value of quoted investments	4558.452	3175.627
Aggregate market value of quoted investments	4558.842	3184.820
Aggregate book value of unquoted investments	1568.675	1575.675
	31 March 2022	31 March 2021
<b>5 Other financial assets</b>		
<b>Non-current</b>		
Security deposits	77.733	59.635
Deposits with banks with an original maturity of more than 12 months	-	30.260
Note: Includes deposits under lien INR Nil (31 March 2021 INR 30.240)		
	<b>77.733</b>	<b>89.895</b>
<b>Current</b>		
Foreign exchange forward contracts	30.988	4.095
Interest accrued on fixed deposits and bonds	37.648	32.873
Security deposits	1.758	-
Others	2.358	7.810
	<b>72.752</b>	<b>44.778</b>
<b>Total other financial assets</b>	<b>150.485</b>	<b>134.673</b>

## Notes to the financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in Indian rupees million unless otherwise stated)

	31 March 2022	31 March 2021
<b>6 Other assets</b>		
<b>Non-current</b>		
Capital advances	10.902	3.787
Prepaid expenses	2.991	3.894
Others	10.090	10.089
	<b>23.983</b>	17.770
<b>Current</b>		
Contracts in progress (Refer Note 27)	2813.594	1343.105
Advances to suppliers	612.494	523.875
Balances with Indirect tax authorities	350.206	138.414
Prepaid expenses	68.198	20.786
Amounts receivable in cash or kind	241.286	68.781
	<b>4085.778</b>	2094.961
<b>Total Other assets</b>	<b>4109.761</b>	2112.731
<b>7 Inventories (valued at lower of cost and net realizable value)</b>		
Raw materials	2653.934	801.750
Work in progress	384.747	77.380
Finished goods	9.328	15.346
	<b>3048.009</b>	894.476
Note: Write-down of inventories to net realizable value amounted to INR 9.022 (31 March 2021: INR 19.084 ). These were recognized as an expense during the year and included in 'Cost of materials consumed'.		
<b>8 Trade Receivables</b>		
<b>Current</b>		
<b>-From related parties</b>		
Unsecured, considered good	1.067	0.683
<b>-From others</b>		
Unsecured, considered good	4168.331	3726.605
Unsecured, considered doubtful	372.364	915.233
	<b>4541.762</b>	4642.521
Less: Impairment allowance (allowance for bad and doubtful debts)	<b>372.364</b>	915.233
	<b>4169.398</b>	3727.288
Notes:		
i. Refer Note 38 for ageing schedule		
ii. No trade receivables are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade receivables are due from firms or private companies respectively in which any director is a partner, a director or a member. Trade receivables are non-interest bearing and generally on credit terms of 3 to 6 months		





## Notes to the financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in Indian rupees million unless otherwise stated)

	31 March 2022	31 March 2021
<b>9 Cash and cash equivalents</b>		
Balances with banks		
On current accounts	<b>408.541</b>	494.252
Deposits with original maturity of less than 3 months	<b>372.656</b>	226.202
Cash on hand	<b>0.895</b>	0.840
	<b>782.092</b>	721.294
<b>10 Other bank balances</b>		
Unclaimed dividend account	10.654	10.891
Deposits with original maturity for more than 3 months but less than 12 months	<b>267.037</b>	239.623
Note: Includes deposits under lien INR 239.623 (31 March 2021 INR 239.623)		
	<b>277.691</b>	250.514

	31 March 2022		31 March 2021	
<b>11 Equity Share Capital</b>				
<b>Authorised shares</b>				
450,000,000 (31 March 2021: 450,000,000) equity shares of INR 2 each		<b>900.000</b>		900.000
<b>Issued, subscribed and fully paid-up shares</b>				
183,673,088 (31 March 2021: 183,228,904) equity shares of INR 2 each		<b>367.346</b>		366.458
<b>Total</b>		<b>367.346</b>		366.458
<b>a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period:</b>				
	<b>No.</b>	<b>Amount</b>	<b>No.</b>	<b>Amount</b>
At the beginning of the period	<b>183,228,904</b>	<b>366.458</b>	183,160,060	366.320
Add: Allotted during the period pursuant to exercise of employees stock options (Refer note 32)	<b>444,184</b>	<b>0.888</b>	68,844	0.138
Outstanding at the end of the period	<b>183,673,088</b>	<b>367.346</b>	183,228,904	366.458

**b. Terms/ Rights attached to equity shares:**

The Company has only one class of equity shares having a par value of INR 2 per share. Each holder of the equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

The Board of Directors proposed a final dividend of INR 2.70 per equity share and a Special Amrit Mahotsava dividend of INR 1.50 per equity share for the financial year ended 31 March 2022. The proposal is subject to the approval of shareholders at the Annual General Meeting to be held and if approved, will be recognised as distributions to equity shareholders during the year ended 31 March 2023. This event is considered as non-adjusting event.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company after distributing all preferential amounts.

**c. Shares held by holding/ultimate holding company and/or their subsidiaries/associates:**

The company does not have any holding or ultimate holding company.

## Notes to the financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in Indian rupees million unless otherwise stated)

### d. Details of shareholders holding more than 5% shares in the company:

	31 March 2022		31 March 2021	
	No.	% of holding	No.	% of holding
Equity shares of INR 2 each fully paid				
Dr Pramod Chaudhari	38,700,000	21.07%	38,700,000	21.12%
Parimal Chaudhari	14,400,000	7.84%	14,400,000	7.86%
HDFC Trustee Company Limited - HDFC Equity Fund			14,350,034	7.83%

### e. Details of shareholders holding of Promoters:

	31 March 2022		31 March 2021	
	No.	% of holding	No.	% of holding
Equity shares of INR 2 each fully paid				
Dr Pramod Chaudhari	38,700,000	21.07%	38,700,000	21.12%
Parimal Chaudhari	14,400,000	7.84%	14,400,000	7.86%
Moriyaset Trust	7,200,000	3.92%	7,200,000	3.93%

### f. Shares reserved for issue under options:

Shares reserved for issue under the Employee Stock Option Plan (ESOP) please refer note 32.

### g. Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

	31 March 2022	31 March 2021
Number of bonus shares issued, shares issued for consideration other than cash and shares bought back	-	-

	31 March 2022	31 March 2021
<b>12 Other Equity</b>		
<b>Capital Reserve</b>	0.033	0.033
<b>Amalgamation Reserve</b>	3.063	3.063
<b>Capital Redemption Reserve</b>	14.627	14.627
<b>Securities Premium</b>		
Balance as at the beginning of the year	982.276	977.306
Add : Employee stock options exercised	25.321	3.305
Add : Transfer from Share option outstanding account on exercise of options	18.400	1.665
Balance at the end of the year	1025.997	982.276
<b>Share option outstanding account</b>		
Balance as at the beginning of the year	18.624	19.498
Add : Employee stock option expense	29.355	0.791
Less: Employee stock options expired and transferred to surplus in statement of profit and loss	0.224	-
Less : Transfer to Securities Premium on exercise of options	18.400	1.665
Balance at the end of the year	29.355	18.624



## Notes to the financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in Indian rupees million unless otherwise stated)

	31 March 2022	31 March 2021
<b>Special Economic Zone Re-investment Reserve</b>		
Balance as at the beginning of the year	<b>383.900</b>	292.448
Add : Transfer from Surplus in the Statement of Profit and Loss	-	163.000
Less : Transfer to Surplus in the Statement of Profit and Loss on completion of required period	<b>61.400</b>	71.548
Balance at the end of the year	<b>322.500</b>	383.900
<b>General Reserve</b>		
Balance as at the beginning of the year	<b>956.511</b>	956.511
Add : Amounts transferred from surplus balance in statement of profit and loss	-	-
Balance at the end of the year	<b>956.511</b>	956.511
<b>Surplus in the Statement of Profit and Loss</b>		
Balance as at the beginning of the year	<b>5044.446</b>	4413.711
Profit as per statement of profit and loss	<b>1643.904</b>	712.413
Other comprehensive income	<b>(8.360)</b>	9.774
Add: Employee stock options expired and transferred from share option outstanding account	<b>0.224</b>	-
Add : Transfer from Special Economic Zone Re-investment Reserve on completion of required period	<b>61.400</b>	71.548
Less: Appropriations		
Final equity dividend	<b>396.570</b>	-
Transfer to Special Economic Zone Re-investment Reserve	-	163.000
Net Surplus in Statement of profit and loss	<b>6345.044</b>	5044.446
<b>Total Other Equity</b>	<b>8697.130</b>	7403.480
<b>13 Provisions</b>		
<b>Non-current</b>		
<b>Provision for employee benefits</b>		
Compensated absences	<b>95.488</b>	81.138
Gratuity	<b>59.128</b>	62.866
	<b>154.616</b>	144.004
<b>Current</b>		
<b>Provision for employee benefits</b>		
Compensated absences	<b>60.890</b>	47.631
Gratuity	<b>30.000</b>	30.000
Performance incentive	<b>202.306</b>	154.270
	<b>293.196</b>	231.901
<b>Total provisions</b>	<b>447.812</b>	375.905

## Notes to the financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in Indian rupees million unless otherwise stated)

	31 March 2022	31 March 2021
<b>14 Trade payables</b>		
<b>Current</b>		
-To related parties	23.276	4.746
-To others		
Total outstanding dues of micro enterprises and small enterprises (Refer note iii)	251.595	251.620
Total outstanding dues of creditors other than micro enterprises and small enterprises (MSMED)	3416.473	2651.797
	<b>3691.344</b>	<b>2908.163</b>
Notes:		
i. Refer Note 38 for ageing schedule		
ii. Trade payables are non-interest bearing and are normally settled on 30-90 days terms		
iii. Interest due/payable to parties registered under MSMED Act, 2006	-	-
<b>15 Other financial liabilities</b>		
<b>Current</b>		
Unclaimed dividends	10.648	10.886
Employee benefits payable	50.701	37.939
Other payables	128.907	56.000
	<b>190.256</b>	<b>104.825</b>
<b>16 Other liabilities</b>		
<b>Current</b>		
Advances received from customers	6249.440	2690.562
Dues to customers relating to contracts in progress (Refer Note 27)	790.296	616.363
Statutory dues payable	47.947	34.571
	<b>7087.683</b>	<b>3341.496</b>
<b>17 Revenue from operations</b>		
<b>Sale of Products and Projects</b>	<b>18559.288</b>	10559.763
Add: Closing Contracts in progress	2023.298	726.742
Less: Opening Contracts in progress	726.742	761.386
(a)	<b>19855.844</b>	10525.119
<b>Sale of services</b>	(b) <b>299.290</b>	169.341
<b>Other Operating Revenue</b>		
Scrap Sales	377.226	169.106
Sale of Licenses	-	21.805
(c)	<b>377.226</b>	190.911
<b>Total Revenue from operations (a+b+c)</b>	<b>20532.360</b>	10885.371



## Notes to the financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in Indian rupees million unless otherwise stated)

	31 March 2022	31 March 2021
<b>18 Other income</b>		
Foreign Exchange fluctuation gain (net)	107.720	65.160
Dividend from mutual fund investments/ from Subsidiary	-	15.818
Gain on redemption of investments (net)	57.514	3.981
Investment In Mutual Fund-Fair Valuation Gain/(Loss)	54.694	81.386
Interest		
- on fixed deposits	13.182	14.794
- others	52.955	34.763
Income calculated using effective interest rate method	5.177	2.477
Profit / (loss) on sale of property, plant and equipment (net)	0.473	0.014
Excess provision / creditors written back (including advances)	2.963	8.795
Other non-operating income	29.688	4.882
	<b>324.366</b>	<b>232.070</b>
<b>19 Cost of materials consumed</b>		
Raw material consumed	13577.796	6248.985
	<b>13577.796</b>	<b>6248.985</b>
<b>20 Changes in inventories of Finished Goods and Work in Progress</b>		
<b>Inventories at the end of the year</b>		
Work in progress	384.747	77.380
Finished goods	9.328	15.346
	<b>394.075</b>	<b>92.726</b>
<b>Inventories at the beginning of the year</b>		
Work in progress	77.380	96.151
Finished goods	15.346	31.939
	<b>92.726</b>	<b>128.090</b>
<b>(Increase) / Decrease in inventories</b>	<b>(301.349)</b>	<b>35.364</b>
<b>21 Employee Benefit Expenses</b>		
Salaries, wages and bonus	1669.079	1305.560
Contributions to provident and other funds (Refer note 31 a)	66.922	55.979
Gratuity expense (Refer note 31 b)	19.474	19.279
Employee stock option expense	29.355	0.791
Staff welfare	74.055	50.103
	<b>1858.885</b>	<b>1431.712</b>
<b>22 Finance costs</b>		
Interest expense	-	-
Net interest on defined benefit plan	4.622	5.912
Interest on Lease Liability	16.802	17.394
	<b>21.424</b>	<b>23.306</b>

## Notes to the financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in Indian rupees million unless otherwise stated)

	31 March 2022	31 March 2021
<b>23 Other Expenses</b>		
Consumption of Stores and spares	206.872	125.608
Site expenses and labour charges	1515.668	809.435
Freight and transport	493.376	349.583
Bad debts written off (INR 577.297 ; 31 March 2021 INR 70.180) / Net Provision for doubtful debts and advances	33.791	87.479
Sales commission	128.336	55.084
Travel and conveyance	134.428	58.097
Professional consultancy charges	294.078	157.183
Insurance	52.059	33.098
Rent (Refer note 30)	38.007	13.170
Power and fuel	68.418	53.848
Advertising and exhibition expenses	29.199	16.266
Communication expenses	17.821	12.774
Testing charges	52.456	42.923
Repairs and maintenance:		
Building	14.279	8.699
Plant and Machinery	26.724	19.111
Others	24.579	17.660
Auditors' remuneration		
for audit services	3.600	3.600
for taxation services	0.650	0.650
for certification charges	0.093	-
out of pocket expenses	0.041	0.097
Directors' commission	9.000	8.100
Rates and taxes	3.925	3.366
Provision for diminution in value of investment	(1.627)	-
Reimbursement of Marketing Support Expenses	113.355	72.888
Miscellaneous expenses	403.456	271.902
	<b>3662.584</b>	<b>2220.621</b>



## Notes to the financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in Indian rupees million unless otherwise stated)

	31 March 2022	31 March 2021
<b>24 Income tax</b>		
<b>A Statement of profit and loss:</b>		
Current income tax:		
Current income tax charge (net of MAT credit utilisation of INR Nil ; 31 March 2021 INR 53.342)	<b>361.000</b>	204.500
Tax relating to earlier periods	<b>25.930</b>	3.628
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	<b>108.119</b>	46.218
<b>Income tax expense reported in the statement of profit and loss</b>	<b>495.049</b>	254.346
<b>B Statement of other comprehensive income:</b>		
<b>Deferred tax:</b>		
Remeasurements gains and losses on post employment benefits	<b>(2.812)</b>	5.250
<b>Income tax expense reported in the statement of other comprehensive income</b>	<b>(2.812)</b>	5.250
<b>C Reconciliation of effective tax rate</b>		
<b>Accounting profit before tax</b>	<b>2138.953</b>	966.759
<b>Tax using the Company's domestic tax rate 25.168% (31 March 2021: 34.944%)</b>	<b>538.332</b>	337.824
Adjustments in respect of current income tax of previous years	<b>25.930</b>	3.628
<b>Less: Tax effect of:</b>		
i MAT credit utilisation not considered as asset	-	(53.342)
ii Income chargeable at lower rate / capital gain	<b>(5.306)</b>	(29.704)
iii IND-AS adjustment	<b>(4.223)</b>	(13.582)
iv Deduction claimed for which Deferred Tax Asset was not created	<b>(1.919)</b>	(13.741)
v Dividend from Subsidiary eligible for deduction u/s 80M	<b>(75.504)</b>	-
vi Loss on closure of Subsidiary claimed as Business Loss	<b>(24.144)</b>	-
vii Gratuity provision reduction considered in OCI	-	(5.250)
<b>Add: Tax effect of</b>		
i Deferred Tax Liability on conditional exemption (net)	<b>8.748</b>	21.820
ii Donations ineligible under Income tax	<b>5.465</b>	0.874
iii Impact on Deferred Tax due to change in Tax Rate	<b>20.972</b>	-
iv Gratuity provision addition considered in OCI	<b>2.812</b>	-
v Others including rounding off	<b>3.886</b>	5.819
<b>Total</b>	<b>495.049</b>	254.346
<b>Income tax expense reported in the statement of profit and loss</b>	<b>495.049</b>	254.346

## Notes to the financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in Indian rupees million unless otherwise stated)

### D Deferred tax

Deferred tax relates to the following: Deferred tax asset / (liability)	Balance sheet		Statement of profit and loss/ other comprehensive income & other equity	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
<b>Deferred tax asset</b>				
Provision for doubtful debts and advances	95.102	323.700	228.598	(6.045)
Gratuity	22.432	32.451	10.019	5.296
Compensated absences	39.357	44.997	5.640	(6.407)
Other disallowances under Income Tax	43.784	9.883	(33.901)	(3.439)
Lease Liability	43.398	51.391	7.993	6.423
<b>Total</b>	<b>244.073</b>	<b>462.422</b>	<b>218.349</b>	<b>(4.172)</b>
<b>Deferred tax liability</b>				
Property, plant & equipment and intangible assets	(219.017)	(303.141)	(84.124)	(26.655)
Conditional exemptions claimed under Income tax / others	(55.399)	(84.317)	(28.918)	82.295
<b>Total</b>	<b>(274.416)</b>	<b>(387.458)</b>	<b>(113.042)</b>	<b>55.640</b>
<b>Net deferred tax asset / (liability)</b>	<b>(30.343)</b>	<b>74.964</b>		
<b>Deferred tax expense/(income)</b>			<b>105.307</b>	<b>51.468</b>
- Recognised in the statement of profit and loss			<b>108.119</b>	<b>46.218</b>
- Recognised in the statement of other comprehensive income			<b>(2.812)</b>	<b>5.250</b>

### 25 Earnings per share

Particulars	31 March 2022	31 March 2021
<b>Reconciliation of basic and diluted shares used in computing earnings per share</b>		
Weighted average number of basic equity shares	183,596,780	183,172,607
Add: effect of dilutive potential equity shares:		
- Employee stock options	80,365	1,56,519
Weighted average number of diluted equity shares	183,677,145	183,329,126
<b>Computation of basic and diluted earnings per share</b>		
Net profit after tax attributable to equity shareholders	1,643.904	712.413
Basic earnings per equity share of INR 2 each	8.95	3.89
Diluted earnings per equity share of INR 2 each	8.95	3.89





## Notes to the financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in Indian rupees million unless otherwise stated)

### 26 Capital commitments and contingent liabilities

Particulars	31 March 2022	31 March 2021
<b>Capital commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	<b>115.454</b>	26.032
<b>Other commitments</b>		
Partly paid shares-Praj Far East Co. Ltd	<b>13.408</b>	13.770
<b>Contingent liabilities</b>		
Claims against Company not acknowledged as debts (primarily relating to performance related claims filed by customers) (net of possibility of reimbursement from insurance company of INR 41.021)	<b>21.845</b>	17.550
Disputed demands in appeal towards income tax, service tax & sales tax	<b>366.235</b>	201.795
Guarantee issued in respect of obligations of a subsidiary	<b>814.360</b>	571.060

### 27 Disclosures pursuant to Ind AS 115-Revenue from Contracts with Customers

Particulars	31 March 2022	31 March 2021
Contract revenue recognised during the year (excluding taxes)	<b>19509.521</b>	10149.208
Aggregate amount of contract costs incurred and recognised profits (less recognised losses)	<b>33872.106</b>	18943.506
Customer advances outstanding for contracts in progress	<b>5404.843</b>	1939.215
Retention money due from customers for contracts in progress	<b>1050.231</b>	506.348
Gross amount due from customers for contract work (presented as contracts in progress)	<b>2813.594</b>	1343.105
Gross amount due to customers for contract work (presented as dues to customers relating to contracts in progress)	<b>(790.296)</b>	(616.363)

#### I) Revenue by category of contracts:

Particulars	31 March 2022	31 March 2021
Over a period of time basis	<b>19509.521</b>	10149.208
At a point-in-time basis	<b>1022.839</b>	736.163
<b>Total revenue from contracts with customers</b>	<b>20532.360</b>	10885.371

#### II) Revenue by geographical market:

Particulars	31 March 2022	31 March 2021
Within India	<b>16028.209</b>	7433.333
Outside India	<b>4504.151</b>	3452.038
<b>Total revenue from contracts with customers</b>	<b>20532.360</b>	10885.371

## Notes to the financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in Indian rupees million unless otherwise stated)

### III) Disaggregation of revenue by business vertical:

Particulars	31 March 2022	31 March 2021
Bioenergy	15621.504	8219.764
Others	4910.856	2665.607
<b>Total revenue from contracts with customers</b>	<b>20532.360</b>	10885.371

### IV) Transaction price allocated to the remaining performance obligations

Particulars	31 March 2022	31 March 2021
Remaining performance obligations	22161.114	11087.410

Note: The above information is given in respect of contracts under execution as on period end date

### V) Contract balances

Particulars	31 March 2022	31 March 2021
Trade receivables	4169.398	3727.288
Unbilled Revenue (Contract Asset)	2813.594	1343.105
Unearned Revenue (Contract Liability)	790.296	616.363
Customer Advances (Contract Liability)	6249.44	2690.562

Contract assets primarily relate to the Company's rights to consideration for work completed but not billed at the reporting date. The Contract assets are transferred to Trade receivables on completion of milestones and its related invoicing.

The Contract liabilities relate to unearned revenue and customer advances where performance obligations are yet to be fulfilled as per the contracts. The fulfilment of the performance obligations will extinguish these liabilities and revenue will be recognised.

## 28 Segment reporting

The business activities of the Company from which it earns revenues and incurs expenses; whose operating results are regularly reviewed by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available involve predominantly one operating segment i.e. process and project engineering.

## 29 Related party transactions

### a) Parties where control exists

#### Subsidiaries

Praj Engineering & Infra Limited  
 Praj Far East Co. Limited  
 Praj Americas Inc.  
 Praj Industries (Africa) Pty Limited (upto 20 January 2022)  
 Praj HiPurity Systems Limited  
 Praj Far East (Philippines) Inc.



## Notes to the financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in Indian rupees million unless otherwise stated)

### b) Key management personnel and their close members of family

Executive chairman	Dr Pramod Chaudhari
CEO & Managing Director	Shishir Joshipura
Chief Financial Officer & Director-Resources	Sachin Raole
Chief Internal Auditor & Company Secretary	Dattatraya Nimbolkar
Non-executive directors	Berjis Desai
	Parimal Chaudhari
	Sivaramakrishnan S. Iyer
	Mrunalini Joshi
	Dr Shridhar Shukla
	Suhas Baxi
Close members of family of key management personnel -	Parimal Chaudhari (Director)
Dr Pramod Chaudhari	Parth Chaudhari

### c) Entity controlled or jointly controlled by a person identified in b)

Praj Foundation
Plutus Properties LLP

### d) Transactions and balances with related parties have been set out below:

Particulars	31 March 2022	31 March 2021
<b>Praj Engineering &amp; Infra Limited</b>		
Sales of goods and services(without taxes)	4.046	4.914
Expenses incurred and reimbursed by the Company	-	0.108
Expenses incurred/payments made and reimbursed by subsidiary	20.175	5.957
Rent received	0.060	0.060
Receivable	-	0.195
<b>Praj Far East Co. Ltd</b>		
Expenses incurred and reimbursed by the Company	56.461	24.100
Payable	7.893	0.161
Receivable	2.358	7.810
<b>Praj Americas Inc.</b>		
Expenses incurred and reimbursed by the Company	57.162	48.788
Payable	8.509	4.585
<b>Praj HiPurity Systems Limited</b>		
Sales of goods and services (without taxes)	0.642	4.763
Expenses incurred and reimbursed by the Company	-	0.061
Expenses incurred and reimbursed by subsidiary	4.230	1.692
Receivable	1.067	0.496
<b>Praj Industries Philippines Limited</b>		
Dividend income	-	15.818
Receipt of Services	6.780	-
Payable	6.874	-
Dividend receivable	8.678	13.445
<b>Praj Foundation</b>		
Donation paid	18.635	7.000

## Notes to the financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in Indian rupees million unless otherwise stated)

Particulars	31 March 2022	31 March 2021
<b>Plutus Properties LLP</b>		
Rent paid	3.778	3.596
<b>Dr Pramod Chaudhari</b>		
Short term employee benefits	76.209	44.552
Post employment benefits	12.275	4.284
Other long term employee benefits	2.250	(1.500)
Dividend	83.592	-
Payable	16.205	3.240
<b>Shishir Joshipura</b>		
Short term employee benefits	42.310	29.286
Post employment benefits	4.185	3.564
Other long term employee benefit	0.932	0.847
Share based payment	15.726	0.396
Dividend	0.216	-
Payable	11.122	6.495
<b>Sachin Raole</b>		
Short term employee benefits	18.936	12.203
Post employment benefits	1.263	1.052
Other long term employee benefit	0.521	0.359
Share based payment	5.242	0.396
Dividend	0.313	-
Payable	7.485	4.362
<b>Dattatraya Nimbolkar</b>		
Short term employee benefits	9.031	7.468
Post employment benefits	0.469	0.342
Other long term employee benefit	0.198	0.113
Dividend	0.002	-
Payable	2.584	2.437
<b>Parimal Chaudhari</b>		
Commission on profit	2.000	1.750
Dividend	46.656	-
Payable	2.000	1.750

**Note:**

Transactions with related parties are at arms length price and the balances receivable / payable are un-secured. The terms of payment are generally similar to those of other non-related parties.



## Notes to the financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in Indian rupees million unless otherwise stated)

### 30 Leases

The company classifies the lease transactions as per the requirements of IND-AS 116 "Leases"

#### Nature of Leasing activity:

The Company has entered into lease arrangements for office and factory premises, residential premises for its employees, office equipments and computers.

The disclosures relating to leases are as summarised below:

Particulars	31 March 2022	31 March 2021
Depreciation for right-of-use asset	43.594	29.713
Interest expense on lease liabilities	16.802	17.394
Expenses relating to short-term / low value leases	38.007	13.170
Total Cash outflow for leases	101.522	60.705
Carrying amount of right-of-use asset	126.826	98.341
Maturity analysis of lease liabilities:		
- less than 1 year	46.293	33.908
- between 1 to 3 years	126.140	77.811
- more than 3 years	-	35.348

### 31 Employee benefits

#### a) Defined contribution plans

The Company has recognised INR 66.922 (31 March 2021: INR 55.979) towards post-employment defined contribution plans comprising of provident and superannuation fund in the statement of profit and loss.

#### b) Defined benefit plan

In accordance with the Payment of Gratuity Act, 1972, the Company is required to provide post-employment benefit to its employees in the form of gratuity. The Company has maintained a fund with the Life Insurance Corporation of India to meet its gratuity obligations. In accordance with the Standard, the disclosures relating to the Company's gratuity plan are provided below:

**The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:**

Particulars	31 March 2022	31 March 2021
<b>Present value of obligation as at the beginning of the period</b>	<b>261.479</b>	263.252
Interest cost	16.189	15.599
Current service cost	19.474	19.279
Benefits paid	(9.006)	(23.325)
Remeasurements on obligation - (gain) / loss	12.866	(13.326)
<b>Present value of obligation as at the end of the period</b>	<b>301.002</b>	261.479

## Notes to the financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in Indian rupees million unless otherwise stated)

The changes in the fair value of planned assets representing reconciliation of opening and closing balances thereof are as follows:

Particulars	31 March 2022	31 March 2021
<b>Fair value of plan assets at the beginning of the period</b>	<b>168.614</b>	155.230
Interest income	<b>11.568</b>	9.686
Contributions	<b>30.000</b>	2.000
Return on plan assets, excluding amount recognized in interest income - gain / (loss)	<b>1.694</b>	1.698
<b>Fair value of plan assets as at the end of the period</b>	<b>211.876</b>	168.614

Amounts recognised in the balance sheet are as follows:

Particulars	31 March 2022	31 March 2021
Present value of obligation as at the end of the period	<b>301.002</b>	261.479
Fair value of plan assets as at the end of the period	<b>211.876</b>	168.614
<b>Surplus / (deficit)</b>	<b>(89.126)</b>	(92.865)

Amounts recognised in the statement of profit and loss are as follows:

Particulars	31 March 2022	31 March 2021
Current service cost	<b>19.474</b>	19.279
Net interest (income) / expense	<b>4.622</b>	5.912
<b>Net periodic benefit cost recognised in the statement of profit and loss at the end of the period</b>	<b>24.096</b>	25.191

Amounts recognised in the statement of other comprehensive income (OCI) are as follows:

Particulars	31 March 2022	31 March 2021
Remeasurement for the year - obligation (gain) / loss	<b>12.866</b>	(13.326)
Remeasurement for the year - plan assets (gain) / loss	<b>(1.694)</b>	(1.698)
<b>Total remeasurements cost / (credit) for the year</b>	<b>11.172</b>	(15.024)

Net interest (income) / expense recognised in statement of profit and loss are as follows:

Particulars	31 March 2022	31 March 2021
Interest (income) / expense - obligation	<b>16.189</b>	15.599
Interest (income) / expense - plan assets	<b>(11.568)</b>	(9.686)
<b>Net interest (income) / expense for the year</b>	<b>4.621</b>	5.913

The broad categories of plan assets as a percentage of total plan assets are as follows:

Particulars	31 March 2022	31 March 2021
Funds managed by insurer	<b>100%</b>	100%
<b>Total</b>	<b>100%</b>	100%



## Notes to the financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in Indian rupees million unless otherwise stated)

**Principal actuarial assumptions used in determining gratuity benefit obligations for the Company's plans are as follows:**

Particulars	31 March 2022	31 March 2021
Discount rate	7.00%	6.30%
Rate of increase in compensation levels	8.00%	8.00%
Expected rate of return on plan assets	6.30%	6.20%
Expected average remaining working lives of employees (in years)	9.58	9.63
Withdrawal rate		
Age upto 30 years	7.00%	7.00%
Age 31 - 40 years	7.00%	7.00%
Age 41 - 50 years	7.00%	7.00%
Age above 50 years	7.00%	7.00%

**A quantitative sensitivity analysis for significant assumptions is shown as follows:**

Sensitivity analysis indicates the influence of a reasonable change in certain significant assumptions on the outcome of the present value of obligation. Sensitivity analysis is done by varying (increasing/ decreasing) one parameter by 100 basis points (1%)

**a) Impact of change in discount rate when base assumption is decreased / increased by 100 basis point**

Discount rate	Present value of obligation	
	31 March 2022	31 March 2021
Decrease by 1% to 6.00%	314.127	274.603
Increase by 1% to 8.00%	289.399	249.919

**b) Impact of change in salary increase rate when base assumption is decreased / increased by 100 basis point**

Salary increment rate	Present value of obligation	
	31 March 2022	31 March 2021
Decrease by 1% to 7.00%	290.867	251.558
Increase by 1% to 9.00%	312.205	272.495

**c) Impact of change in withdrawal rate when base assumption is decreased / increased by 100 basis point**

Withdrawal rate	Present value of obligation	
	31 March 2022	31 March 2021
Decrease by 1% to 6.00%	301.742	262.724
Increase by 1% to 8.00%	300.334	260.357

### Risk Exposure and Asset Liability Matching

Provision of a defined benefit scheme poses certain risks, some of which are detailed hereunder, as companies take on uncertain long term obligations to make future benefit payments.

#### 1) Liability Risks

##### a. Asset-Liability Mismatch Risk-

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the company is successfully able to neutralize valuation swings caused by interest rate movements. Hence companies are encouraged to adopt asset-liability management.

##### b. Discount Rate Risk-

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practise can have a significant impact on the defined benefit liabilities.

## Notes to the financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in Indian rupees million unless otherwise stated)

### c. Future Salary Escalation and Inflation Risk-

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

### 2) Asset Risks

All plan assets are maintained in a trust fund managed by a public sector insurer viz; LIC of India. LIC has a sovereign guarantee and has been providing consistent and competitive returns over the years.

The company has opted for a traditional fund wherein all assets are invested primarily in risk averse markets. The company has no control over the management of funds but this option provides a high level of safety for the total corpus. A single account is maintained for both the investment and claim settlement and hence 100% liquidity is ensured. Also interest rate and inflation risk are taken care of.

## 32 Employee Stock Option Plan (ESOP)

In the Annual General Meeting of the Company held on 22 July 2011, total of 9,238,936 stock options were approved under the scheme "Employee Stock Option Plan 2011". In the Meeting of the Compensation and Share Allotment Committee held on 27 January 2015 it was decided to grant options to CEO & MD and senior executives of the Company at the relevant market price as ESOP 2011 – Grant I. The total options granted under ESOP 2011 - Grant I are 3,750,000 options out of which 250,000 options (Plan A) were granted to CEO & MD and 3,500,000 options (Plan B) were granted to senior executives of the Company.

During the year 2015-16 390,000 options were granted to senior executives of the Company as ESOP 2011 – Grant II to V. During the year 2016-17 100,000 options were granted to senior executive of the Company as ESOP 2011 – Grant VI. During the year 2017-18 1,969,700 options were granted to certain employees of the Company as ESOP 2011 – Grant VII. During the year 2018-19 1,625,000 options were granted to certain employees of the Company as ESOP 2011- Grant VIII to X. During the year 2021-22 140,000 options were granted to CEO& MD and certain senior executives of the Company as ESOP 2011- Grant XI.

The stock options vest in a graded manner equally over the period of vesting, each vesting taking effect as per the terms of the grant. The stock options granted are exercisable at 100% of the fair market value of the underlying equity shares of the Company as on the date of grant.

### Amount of employee compensation expense recognised for employee services received during the year:

Particulars	31 March 2022	31 March 2021
Expense arising from equity-settled share-based payment transactions	29.355	0.791





## Notes to the financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in Indian rupees million unless otherwise stated)

### Movements during the year ESOP 2011 Grant I to XI

Particulars	31 March 2022		31 March 2021	
	Options	Weighted average exercise price INR	Options	Weighted average exercise price INR
<b>Number of options outstanding at the beginning of the year</b>	<b>4,53,464</b>	<b>58.82</b>	18,27,308	66.47
Number of options granted during the year	1,40,000	90.00	-	-
Number of options exercised during the year	(4,44,184)	59.01	(68,844)	50.00
Number of options forfeited/lapsed during the year	(9,280)	50.00	(13,05,000)	70.00
<b>Number of options outstanding at the end of the year</b>	<b>1,40,000</b>	<b>90.00</b>	<b>4,53,464</b>	<b>58.82</b>
Number of options exercisable at the end of the year	-	N.A.	4,53,464	58.82
Range of exercise price of options outstanding at the end of the year	<b>INR 90.00</b>		INR 50.00 to 70.00	
Average share price during the year	<b>INR 336.86</b>		INR 89.83	
Weighted average remaining contractual life of options outstanding at the end of the year	<b>0.75 years</b>		1.35 years	
Weighted average fair value of option as on date of grant (granted during the year)	17-Jun-21	265.74	-	-

### Method used for calculating fair value of option – Black Scholes Option Valuation Model

Significant assumptions used in arriving at the fair value of options under Black Scholes model are stated as follows:

Particulars	FY 2021-22
Grant date	17 Jun 2021
Risk-free interest rate	4.20%
Expected life	1.0 year
Expected volatility*	61.25%
Expected dividend yield	2.11%
Price of the underlying share in market at the time of grant of option (INR)	359.15

\* Expected volatility has been determined based on closing price of the share of the Company over a period equivalent to expected life.

### 33 Expenditure on research & development activities

Revenue expenditure on research and development is charged under respective heads of account in the year in which it is incurred. Capital expenditure on research and development is included as part of property, plant and equipment and depreciated on the same basis as other property, plant and equipment.

Particulars	31 March 2022	31 March 2021
Capital expenditure (excluding advances)	38.861	44.735
Revenue expenditure	231.984	167.516

## Notes to the financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in Indian rupees million unless otherwise stated)

### 34 Note on COVID-19 impact

During Financial Year 2020/21, the second wave of COVID-19 pandemic continued to spread across the globe and affected all businesses around the world albeit with less intensity when compared with previous year.

Considering the uncertainties, the Company will continue to closely monitor material changes, if any, in future economic conditions.

The Company's operations at all its manufacturing units are normal and the Company is operating strictly as per the guidelines issued by Central and State Government.

As the Company's operations for the first quarter of the year ended 31 March 2021 were affected due to the outbreak of COVID-19, the results for the year ended 31 March 2022 are not strictly comparable with corresponding figures for the year ended 31 March 2021.

### 35 Corporate Social Responsibility (CSR) expenditure

The Company was required to spend INR 18.635 as expenditure on CSR as per requirements of the Companies Act, 2013. During the year, the Company has incurred CSR expenses of INR 21.715 as follows:

Amount spent on	Amounts paid	Yet to be paid
Construction/acquisition of asset	Nil	Nil
On other purposes covered under Schedule VII to Companies Act, 2013	21.715*	Nil

\*Includes INR 18.635 given to Praj Foundation which is a related party.

The above expenditure includes contribution/donation of INR 21.715 to trusts / institute which are engaged in activities eligible under section 135 of Companies Act, 2013 read with Schedule VII thereto.

### 36 Fair value measurements

As per assessments made by the management, fair values of all financial instruments carried at amortised cost (except as specified below) are not materially different from their carrying amounts since they are either short term nature or the interest rates applicable are equal to the current market rate of interest. The Company has performed a fair valuation of its investment in mutual funds which are classified as FVTPL using quoted prices.

Sr. No	Particulars	Carrying value	
		31 March 2022	31 March 2021
	<b>Levelled at level 2</b>		
	<b>Financial asset</b>		
a)	<b>Carried at amortised cost</b>		
	Investment in quoted non-convertible bonds*	652.179	398.060
	Security deposits	79.491	59.635
	Trade receivable	4169.398	3727.288
	Deposits with banks	-	30.260
	Advances to subsidiaries	2.358	7.810
	Other receivables	37.648	32.873
	Cash and cash equivalents and other bank balances	1059.783	971.808
b)	<b>Carried at fair value through profit and loss (FVTPL)</b>		
	Foreign exchange forward contracts (The fair value is as per the mark-to-market valuation from banks)	30.988	4.095
	<b>Levelled at level 1</b>		
a)	Investments in mutual funds	3906.273	2777.567
	<b>Levelled at level 2</b>		
	<b>Financial liabilities</b>		



## Notes to the financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in Indian rupees million unless otherwise stated)

<b>a) Carried at amortised cost</b>		
Trade payables	<b>3691.344</b>	2908.163
Unclaimed dividends	<b>10.648</b>	10.886
Lease Liability	<b>172.433</b>	147.067
Other payables	<b>179.608</b>	93.939
<b>b) Carried at fair value through profit and loss (FVTPL)</b>		
Foreign exchange forward contracts (The fair value is as per the mark-to-market valuation from banks)	-	-
* Fair value of investment in quoted non-convertible bonds	<b>652.569</b>	407.253

### 37 Financial risk management policy and objectives

Company's principal financial liabilities, comprise loans and borrowings, trade and other payables, and financial guarantee contracts. The main purpose of these financial liabilities is to finance company's operations and to provide guarantees to support its operations. Company's principal financial assets include advances to subsidiaries, trade and other receivables, security deposits and cash and cash equivalents, that derive directly from its operations.

In order to minimise any adverse effects on the financial performance of the company, it has taken various measures. This note explains the source of risk which the entity is exposed to and how the entity manages the risk and impact of the same in the financial statements.

Risk	Exposure arising from	Measurement	Management
Credit	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost.	Aging analysis, external credit rating (wherever available)	Diversification of bank deposits, credit limits and letters of credit
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk- Foreign Currency Risk	Recognised financial assets and liabilities not denominated in Indian rupee (INR)	Sensitivity Analysis	Management follows established risk management policies, including use of derivatives like foreign exchange forward contracts, where the economic conditions match the company's policy.

The company's risk management is carried out by management, under policies approved by the board of directors. Company's treasury identifies, evaluates and hedges financial risks in close cooperation with the company's operating units. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, credit risk, and investment of excess liquidity.

#### (A) Credit risk

Credit risk in case of the Company arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers including outstanding receivables.

#### Credit risk management

Credit risk arises from the possibility that counter party may not be able to settle their obligations as agreed. To manage this, the Company periodically assesses the reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of accounts receivable. Individual risk limits are set accordingly.

The company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers reasonable and supportive forward looking information such as:

## Notes to the financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in Indian rupees million unless otherwise stated)

- (i) Actual or expected significant adverse changes in business,
- (ii) Actual or expected significant changes in the operating results of the counterparty,
- (iii) Financial or economic conditions that are expected to cause a significant change to counterparty's ability to meet its obligations,
- (iv) Significant increases in credit risk on other financial instruments of the same counterparty,
- (v) Significant changes in the value of collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements.

The company provides for expected credit loss in case of trade receivables, claims receivable and security deposits when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the company. The company categorises a receivable for provision for doubtful debts/write off when a debtor fails to make contractual payments greater than 180 days past due. The amount of provision depends on certain parameters set by the Company in its provisioning policy. Where loans or receivables have been written off, the company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

### Provision for expected credit loss

Financial assets for which loss allowance is measured using 180 days Expected Credit Losses (ECL)

Exposure to risk	31 March 2022	31 March 2021
Trade receivables	4541.762	4642.521
Less : expected loss	372.364	915.233
	4169.398	3727.288

	31 March 2022	31 March 2021
<b>Trade receivables</b>		
Neither past due nor impaired	1705.108	1160.741
Less than 180 days	1819.511	2390.177
181 - 365 days	266.368	37.347
More than 365 days	378.411	139.023
<b>Total</b>	4169.398	3727.288

### Reconciliation of loss provision

	Trade receivables	Trade receivables
Loss allowance as at 31 March 2021	915.233	897.934
Changes in loss allowance	(542.869)	17.299
Loss allowance as at 31 March 2022	372.364	915.233

Note: Write back of provision is mainly on account of bad debts written off

## B) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, company maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. This is carried out in accordance with practice and limits set by the group. In addition, the company's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring



## Notes to the financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in Indian rupees million unless otherwise stated)

balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

<b>Exposure to risk</b>	31 March 2022	31 March 2021
<b>Interest bearing borrowings</b>		
On demand		
Less than 180 days	-	-
181 - 365 days	-	-
More than 365 days	-	-
<b>Total</b>	-	-
<b>Other liabilities</b>		
On demand	10.648	10.886
Less than 180 days	179.608	110.203
181 - 365 days	46.293	17.644
More than 365 days	126.140	113.159
<b>Total</b>	<b>362.689</b>	251.892
<b>Trade payables</b>		
Not Due	1767.838	2619.800
Less than 365 days	1701.046	278.124
More than 365 days	222.460	10.239
<b>Total</b>	<b>3691.344</b>	2908.163

The company has access to following undrawn facilities at the end of the reporting period

	31 March 2022	31 March 2021
Expiring within one year	180.000	180.000
Expiring beyond one year	-	-

### (C) Foreign currency risk

The company is exposed to foreign exchange risk mainly through its sales to overseas customers and purchases from overseas suppliers in various foreign currencies.

The company evaluates exchange rate exposure arising from foreign currency transactions and the company follows established risk management policies, including use of derivatives like foreign exchange forward contracts to hedge exposure to foreign currency risk, where the economic conditions match the company's policy.

**Foreign currency exposure :**

Financial assets	Currency	Amount in foreign currency		Amount in INR	
		31 March 2022	31 March 2021	31 March 2022	31 March 2021
Trade receivables	EUR	0.150	0.150	12.516	12.748
	USD	7.456	10.960	560.739	800.263
	GBP	0.180	0.180	17.682	17.972
Bank accounts	EUR	2.256	0.690	188.599	58.770
	USD	2.644	2.256	198.679	164.666
Foreign exchange forward contracts	EUR	10.283	2.400	860.235	204.504
	USD	13.535	10.450	1017.949	763.059

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(All amounts are in Indian rupees million unless otherwise stated)

Financial liabilities	Currency	Amount in foreign currency		Amount in INR	
		31 March 2022	31 March 2021	31 March 2022	31 March 2021
Trade payables	EUR	0.404	1.000	34.512	86.890
	USD	0.895	(0.308)	68.210	(22.826)
	GBP	(0.006)	(0.005)	(0.590)	(0.524)
	SEK	29.634	5.276	241.046	44.294

### Currency wise net exposure ( assets -liabilities )

Particulars	Amount in foreign currency		Amount in INR	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
EUR	12.284	2.240	1026.838	189.132
USD	22.740	23.974	1709.157	1750.814
GBP	0.186	0.185	18.272	18.495
SEK	(29.634)	(5.276)	(241.046)	(44.294)

### Sensitivity analysis

Currency	Amount in INR		Sensitivity %	Impact on profit-strengthen [ Loss / (Gain) ]		Impact on profit -weakening [ Loss / (Gain) ]	
	2022	2021		2022	2021	2022	2021
EUR	1026.838	189.132	5.00%	(51.342)	(9.457)	51.342	9.457
USD	1709.157	1750.814	5.00%	(85.458)	(87.541)	85.458	87.541
GBP	18.272	18.495	5.00%	(0.914)	(0.925)	0.914	0.925
SEK	(241.046)	(44.294)	5.00%	12.052	2.215	(12.052)	(2.215)
<b>Total</b>	<b>2513.221</b>	<b>1914.147</b>		<b>(125.662)</b>	<b>(95.708)</b>	<b>125.662</b>	<b>95.708</b>

(GBP - Great Britain Pound, EUR - Euro, USD - US Dollar, SEK- Swedish Krona)

## 38 Ageing schedule for Trade Receivables, Trade Payables and Capital Work-in-progress

(A) The table below provides details regarding Trade receivables ageing schedule

Particulars	31 March 2022							
	Unbilled dues/Not due	Outstanding for following periods from due date of payment						Total
		Less than 6 months	6 months -1 Year	1-2 Years	2-3 Years	More than 3 years		
(i) Undisputed Trade receivables – considered good	1705.108	1819.511	266.368	298.000	21.170	59.241	4169.398	
(ii) Undisputed Trade Receivables – credit impaired	24.622	4.157	21.600	59.552	41.396	221.037	372.364	
<b>Total</b>	<b>1729.730</b>	<b>1823.668</b>	<b>287.968</b>	<b>357.552</b>	<b>62.566</b>	<b>280.278</b>	<b>4541.762</b>	



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(All amounts are in Indian rupees million unless otherwise stated)

Particulars	31 March 2021						
	Unbilled dues/Not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months -1 Year	1-2 Years	2-3 Years	More than 3 years	
(i) Undisputed Trade receivables – considered good	1160.741	2390.177	37.347	75.905	18.597	44.521	3727.288
(ii) Undisputed Trade Receivables – credit impaired	10.000	-	33.858	78.351	83.522	709.502	915.233
<b>Total</b>	<b>1170.741</b>	<b>2390.177</b>	<b>71.205</b>	<b>154.256</b>	<b>102.119</b>	<b>754.023</b>	<b>4642.521</b>

(B) The table below provides details regarding Trade payables ageing schedule

Particulars	31 March 2022					
	Unbilled dues/Not due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 Years	2-3 Years	More than 3 years	
(i) MSME	251.595	-	-	-	-	251.595
(ii) Other	1516.243	1701.046	216.696	0.587	5.177	3439.749
<b>Total</b>	<b>1767.838</b>	<b>1701.046</b>	<b>216.696</b>	<b>0.587</b>	<b>5.177</b>	<b>3691.344</b>

Particulars	31 March 2021					
	Unbilled dues/Not due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 Years	2-3 Years	More than 3 years	
(i) MSME	251.620	-	-	-	-	251.620
(ii) Other	2368.180	278.124	-	2.105	8.134	2656.543
<b>Total</b>	<b>2619.800</b>	<b>278.124</b>	<b>-</b>	<b>2.105</b>	<b>8.134</b>	<b>2908.163</b>

(C) The table below provides details regarding Capital Work-in-progress (CWIP) ageing schedule

Particulars	31 March 2022				
	Less than 1 year	1-2 Years	2-3 Years	More than 3 years	Total
Capital Work-in-progress	14.261	6.656	-	-	20.917

Particulars	31 March 2021				
	Less than 1 year	1-2 Years	2-3 Years	More than 3 years	Total
Capital Work-in-progress	4.496	0.801	0.847	-	6.144

## Notes to the financial statements for the year ended 31<sup>st</sup> March 2022

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### 39 Analytical Ratios

Sr. No.	Ratio	Numerator	Denominator	31 March 2022	31 March 2021	% Variance	Reason for Variance
1	Current ratio	Current assets	Current liabilities	1.44	1.58	-8.71%	N.A.
2	Debt-equity ratio	Debt	Net worth	N.A.	N.A.	-	N.A.
3	Debt service coverage ratio	Profit after tax excluding exceptional items + Finance Cost + Depreciation and amortisation	Interest & Lease Payments	24.62	19.49	26.33%	Refer Note (a) below
4	Return on equity ratio	Profit after tax	Average Shareholder's Equity	19.53%	9.62%	103.05%	Refer Note (a) below
5	Inventory turnover ratio	Cost of Materials consumed + Changes in inventory + Consumption of Stores and spares	Average Inventory	6.84	7.90	-13.40%	N.A.
6	Trade receivables turnover ratio	Sales (billed to customer)	Average Accounts Receivable	4.87	3.41	42.70%	Refer Note (b) below
7	Trade payables turnover ratio	Net Credit Purchases	Average Trade Payables	4.58	2.95	55.54%	Refer Note (c) below
8	Net capital turnover ratio	Sales	Average Working capital	4.63	3.18	45.52%	Refer Note (d) below
9	Net profit ratio	Profit After Tax	Sales	8.01%	6.54%	22.33%	N.A.
10	Return on capital employed	Earning Before Interest & Tax	Capital Employed	23.75%	12.87%	84.62%	Refer Note (a) below
11	Return on investment	Income from Investments	Investment				
	i. Mutual Funds			4.08%	5.72%	-28.68%	Refer Note (e) below
	ii. Bonds			8.40%	8.68%	-3.15%	N.A.
	iii. Fixed Deposits			2.50%-2.94%	2.50%-3.19%	-7.88%	N.A.
	iv. Subsidiaries			10.63%	8.62%	23.24%	N.A.

Notes:

- (a) There is favourable change in these ratios on account of increase in revenue from operations during the year by 88.62%. Increase in profit before tax (before exceptional item of INR 300.000 million on account of dividend from subsidiary) by 90.22% mainly due to increase in revenue from operations.

Further, Return on Equity Ratio and Return on Capital Employed improved due to exceptional item of income of INR 300.000 million.

- (b) Favourable increase is due to better realisation from the debtors.  
(c) Change in ratio is due to improved liquidity position of the Company.





## Notes to the financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in Indian rupees million unless otherwise stated)

- (d) Improved ratio is on account of higher revenue from operations compared to increase in average working capital employed.
- (e) Variation in returns is due to market conditions.

### 40 Other Notes

#### i Details of Benami Property

The Company does not own any benami property neither any proceedings are initiated or pending against the Company under the Prohibition of Benami Property Transactions Act, 1988.

#### ii Borrowings secured against current assets

Though the Company does not have any fund based borrowings from banks or financial institutions on the basis of security of current assets, it has filed quarterly returns or statements of current assets with banks or financial institutions and the same are in agreement with the books of account read with notes given in the quarterly returns or statements.

#### iii Wilful Defaulter

The Company has not been declared as wilful defaulter by any bank or financial institution or other lender.

#### iv Relationship with Struck off Companies

As per the information available with the Company, the Company has not entered into any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956.

#### v Registration of charges with ROC

There are three charges totalling to INR 781.550 created in favour of banks which are pending for satisfaction. There are no outstanding dues to these banks and satisfaction of these charges is pending due to technical issues which are being sorted out by the Company.

#### vi Utilisation of Borrowed funds and share premium

The Company does not have any borrowings. The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) nor has it received any fund from any person(s) or entity(ies), including foreign entities (Funding Party).

#### vii Details of Crypto-Currency or Virtual Currency

The Company has not traded or invested in Crypto-Currency or Virtual Currency during the financial year.

## Notes to the financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in Indian rupees million unless otherwise stated)

### 41 Capital management

#### Risk management

The company's objectives when managing capital are to

- safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry, the company monitors capital on the basis of the following gearing ratio: Net debt (total borrowings net of cash and cash equivalents) divided by total 'equity' (as shown in the balance sheet).

The company's strategy is to maintain a gearing ratio of 0%. The gearing ratios were as follows:

	31 March 2022	31 March 2021
Loans and borrowings	-	-
Less: cash and cash equivalents	782.092	721.294
Net debt	-	-
Equity	9064.476	7769.938
Capital and net debt	9064.476	7769.938
<b>Gearing ratio</b>	<b>0%</b>	<b>0%</b>

For and on behalf of the Board of Directors of **Praj Industries Limited**

**Dr Pramod Chaudhari**  
Executive Chairman  
(DIN : 00196415)

**Shishir Joshipura**  
CEO and Managing Director  
(DIN : 00574970)

**Sachin Raole**  
CFO and Director- Resources  
(DIN : 00431438)

**Dattatraya Nimbolkar**  
Chief Internal Auditor and Company Secretary  
(M.No.: ACS4660)

Place: Pune  
Date: 25 May 2022



## Independent Auditors' Report

### TO THE MEMBERS OF PRAJ INDUSTRIES LIMITED

#### Report on the Audit of the Consolidated Financial Statements

##### Opinion

We have audited the accompanying Consolidated Financial Statements of Praj Industries Limited ("the Holding Company") and its subsidiaries (Holding Company and its Subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2022, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the Consolidated state of affairs of the Group as at March 31, 2022, of the Consolidated profit (including other comprehensive income), Consolidated changes in equity and its Consolidated cash flows for the year then ended.

##### Basis for Opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Other Information

The Holding Company's Board of Directors is responsible for the Other Information. The Other Information comprises the Management Discussion and Analysis; Board of Directors' Report along with its Annexures and Corporate Governance Report included in the Annual Report, but does not include the Consolidated Financial Statements and our auditor's report thereon.

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

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

##### Key Audit Matters

Key Audit matters are those matters that, in our professional judgement, were of most significance in our audit of Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of Consolidated Financial Statement as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be key audit matters to be communicated in our report with respect to the Group.

#### 1) Recognition of Revenue from Contracts with Customers

##### Description of Key Audit Matters

Revenue from Projects is recognized as per Ind-AS 115 on satisfaction of performance obligation overtime, where progress towards complete satisfaction of performance obligation is measured under Input Method. For the year ended 31st March 2022 project revenue recognized amounted to Rs. 20290.489 Mn, opening and closing Contracts in Progress amounted to Rs. 670.956 Mn and Rs. 1875.537 Mn respectively.

Measuring of satisfaction of performance obligation under Input Method involves estimation of budget costs in respect of projects contracted and capturing of actual costs incurred against such projects. As the revenue is recognized in proportion of project costs incurred to the total budgeted cost, inaccurate capturing of costs incurred as well as inaccurate budget estimates would result in incorrect recognition of revenue.

#### **Description of Auditor's Response**

We have performed the following processes in relation to the accuracy of revenue recognized and accrued:

- a) Understood, evaluated and tested key controls over the 'Statement of Revenue Recognition', which is a statement prepared in which data related to Contract price, Budgeted costs, Progressive billings raised and Percentage completion of contract is captured and on the basis of which proportionate revenue is recognized under Input Method.
- b) Tested on sample basis the process of estimation / revision of budget costs of the projects which are considered in 'Statement of Revenue Recognition'.
- c) Checked on sample basis contract values considered in 'Statement of Revenue Recognition' from the approved contracts with the Customers.
- d) Tested on sample basis the process of capturing of costs in 'Statement of Revenue Recognition' with respect to the projects in process.
- e) Tested on sample basis the provision for Anticipated losses in respect of projects considered in the financial statements.
- f) Verified revenue to be recognized for the year under audit from 'statement of Revenue Recognition'

Our Audit process did not identify any material incorrect Recognition of Revenue.

## **2) Trade Receivables**

#### **Description of Key Audit Matters**

Trade Receivables, net of impairment allowance, amounts to Rs. 5117.941 Mn as on 31st March 2022, which constitutes about 23% of the Total Assets of the Company. Impairment provision carried in the books as on 31st March 2022 is Rs. 454.661 Mn.

Management's judgment is involved in identifying impairment in the value of the receivable as well as in formulating a policy for creating provisioning against impairment which has an adverse effect on the profits of the Company.

#### **Description of Auditors' Response**

We have performed the following processes in relation to Management's Judgment in identification of impairment of value of Receivables and adequacy of impairment provision:

- a) We have referred to the defined policy in place stipulating the methodology of making impairment provision in respect of overdue Receivable amounts. We have also reviewed age-wise analysis in respect of Receivables and ensured that the provisioning is made according to such policy. The above referred provisioning policy stipulates different provisioning norms for Receivables with confirmations and without confirmations.
- b) We have sought information and explanations from the Project Heads regarding the status of receivable for the purpose of ensuring adequate impairment provisions.
- c) We have also tested subsequent collections made from the overdue receivables.

Our Audit process did not identify any material inadequate provisioning for impairment in the value of Receivables.

## **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

The Holding Company's Board of Directors is responsible for the preparation and presentation of these Consolidated Financial Statements in terms of the requirements of the Act that give a true and fair view of the Consolidated financial position, Consolidated financial performance (including other comprehensive income), the Consolidated statement of changes in equity and Consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

The respective Board of Directors of the Companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates



that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

In preparing the Consolidated Financial Statements, the respective Board of Directors of the Companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the Company and its Subsidiaries are responsible for overseeing the financial reporting process of the Group.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company and its Subsidiaries have adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of the Financial Statements of such entities included in the Consolidated Financial Statements of which we are the independent auditors. For the other entities included in the Consolidated Financial Statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the Consolidated Financial Statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements

regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Other Matters**

We did not audit the financial statements/financial information of two subsidiaries, whose financial statements/ financial information reflect total assets of Rs 84.96 Mns as at 31 March 2022, total revenue of Rs. 116.70 Mns, profit after tax of Rs. (0.10) Mns and net cash flows amounting to Rs 1.64 Mns for the year ended on that date, as considered in the Consolidated Ind AS financial statements. These financial statements/ financial information have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the Consolidated Ind AS financial statements insofar as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) and (11) of Section 143 of the Act insofar as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

We did not audit the financial statements/financial information of one subsidiary, which is closed during the year, whose financial statements/ financial information reflect total assets of Rs NIL as at 31 March 2022, total revenue of Rs. NIL, profit after tax of Rs. NIL and net cash flows amounting to Rs (8.178) Mns for the year ended on that date, as considered in the Consolidated Ind AS financial statements. These financial statements/ financial information are unaudited and have been furnished to us by the Management, and our opinion on the Consolidated Ind AS financial statements insofar as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of sub-section (3) and (11) of Section 143 of the Act insofar as it relates to the aforesaid subsidiary, is based solely on such unaudited financial statements/ financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements/ financial information are not material to the Group.

Our opinion on the Consolidated Ind AS financial statements and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements/ financial information certified by the Management.

### **Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements.
  - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.
  - d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended.
  - e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2022 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its Subsidiary companies incorporated in India, none of the directors of the Group Company incorporated in India, is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and its Indian Subsidiaries and the operating effectiveness of such controls, refer to our separate Report in Annexure I.
  - g) As required by section 197 (16) of the Act; in our opinion and according to the information and explanations given to us, the remuneration paid during the current year by the Holding Company and its subsidiaries to its directors is in accordance with the provisions of section 197 of the Act. The remuneration paid to any director by the Holding Company and its subsidiaries is not in excess of the limit laid down under section 197 of the Act.



- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- (i) The Consolidated Financial Statements disclose the impact of pending litigations as at March 31, 2022 on the Consolidated financial position of the Group – Refer Note 26 to the Consolidated Financial Statements.
  - (ii) The Company and its Subsidiaries has made provision as required under the applicable law or Indian Accounting Standards for the material foreseeable losses on long-term contracts as at March 31, 2022.
  - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its Subsidiaries during the year ended March 31, 2022.
  - (iv)
    - (a) The management has represented to us that, to the best of its knowledge and belief no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company and its subsidiaries to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries. (Refer Note No. 40)
    - (b) the management has represented to us, that, to the best of its knowledge and belief no funds have been received by the Holding Company and its subsidiaries from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries. (Refer Note No. 40)
    - (c) Based on the information and explanation given to us and audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations made by the management and as mentioned under sub-clause (iv)(a) and (iv)(b) above contain any material misstatement.
  - (v) As stated in Note 11 and 12 to the Consolidated financial statements;
    - (a) The final dividend proposed in the previous year, declared and paid by the Holding and its Subsidiary company during the year is in accordance with Section 123 of the Act.
    - (b) The Board of Directors of the Holding Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with section 123 of the Act, as applicable.
  - (vi) The requirement to the use of accounting software for maintaining Company's books of account which has a feature of recording audit trail (edit log) facility is deferred to financial years commencing on or after April 1, 2023, therefore reporting under Rule 11(g) of Companies (Audit & Auditors) Rules, 2014 is not applicable for financial year ended on March 31, 2022.
2. With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/ "CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO report issued by us for the Company and for subsidiaries included in the Consolidated Financial Statements of the Company, to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks in these CARO reports

For **P G BHAGWAT LLP**  
Chartered Accountants  
Firm Registration Number: 101118W/W100682

**Sandeep Rao**  
Partner  
Membership Number: 47235  
UDIN: 22047235AJOPNF3920

## Annexure I to the Independent Auditors' Report

Referred to in paragraph 1 (f) under the heading, "Report on Other legal and Regulatory Requirements" of our report on even date:

### **Report on the Internal Financial Controls with reference to Consolidated Financial Statements**

#### **Under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting with reference to the Consolidated Financial Statements of Praj Industries Limited ("the Holding Company") and its Subsidiaries (the Holding company and its Subsidiaries together referred to as "the Group") as of March 31, 2022 in conjunction with our audit of the Consolidated Financial Statements of the Group for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Holding Company's and its Subsidiaries Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Group considering the essential components of internal control stated in the Guidance Note on Audit of Internal financial controls over financial reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Group's internal financial controls over financial statements with reference to the Consolidated Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal financial controls over financial reporting (the "Guidance Note") and the Standards on Auditing, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial statements with reference to Consolidated Financial Statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial control system with reference to Consolidated Financial Statements and their operating effectiveness. Our audit of internal financial controls over financial statements with reference to Consolidated Financial Statements included obtaining an understanding of internal financial controls over financial statements with reference to Consolidated Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Group's internal financial controls over financial statements with reference to Consolidated Financial Statements.

#### **Meaning of Internal Financial Controls Over Financial Statements**

A company's internal financial control over financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Consolidated Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Consolidated Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Consolidated Financial Statements.





## **Inherent Limitations of Internal Financial Controls Over Financial Statements**

Because of the inherent limitations of internal financial controls over financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial statements to future periods are subject to the risk that the internal financial control over financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## **Opinion**

In our opinion, the Group has maintained, in all material respects, adequate internal financial controls system over financial statements with reference to Consolidated Financial Statements and such internal financial controls over financial statements with reference to Consolidated Financial Statements were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal financial controls over financial reporting issued by the Institute of Chartered Accountants of India.

## **Other Matters**

We did not audit the internal financial controls over financial reporting of four subsidiaries which are located outside India out of which one subsidiary is closed during the year and are not companies registered under the Companies Act 2013.

For **P G BHAGWAT LLP**  
Chartered Accountants  
Firm Registration Number: 101118W/W100682

**Sandeep Rao**  
Partner  
Membership Number: 47235  
UDIN: 22047235AJOPNF3920

Pune: 25th May 2022

## Consolidated Balance Sheet as at 31<sup>st</sup> March 2022

(All amounts are in Indian rupees million unless otherwise stated)

Particulars	Note no.	31 March 2022	31 March 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	2085.329	2064.172
Capital work-in-progress	3	14.261	3.566
Investment property	3	136.928	136.928
Goodwill	3	626.150	626.150
Intangible assets	3	12.173	8.400
Intangible assets under development	3	6.656	2.578
Financial assets			
Investments	4	652.192	398.073
Others	5	138.703	150.886
Deferred tax assets (net)	24	19.283	104.205
Other assets	6	30.562	89.709
		<b>3722.237</b>	<b>3584.667</b>
<b>Current assets</b>			
Inventories	7	3450.301	1289.136
Financial assets			
Investments	4	3978.773	2950.067
Trade receivables	8	5117.941	4534.411
Cash and cash equivalents	9	1074.563	1011.087
Other bank balances	10	476.267	313.375
Others	5	74.504	45.657
Other assets	6	4232.816	2209.810
		<b>18405.165</b>	<b>12353.543</b>
<b>TOTAL ASSETS</b>		<b>22127.402</b>	<b>15938.210</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity share capital	11	367.347	366.458
Other equity	12	8789.838	7651.774
<b>Sub-total - total equity attributable to parent</b>		<b>9157.185</b>	<b>8018.232</b>
Non-controlling interests		6.841	6.815
<b>Total equity</b>		<b>9164.026</b>	<b>8025.047</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
Lease Liability		147.550	113.159
Provisions	13	170.533	157.014
		<b>318.083</b>	<b>270.173</b>
<b>Current liabilities</b>			
Financial liabilities			
Trade payables	14		
(i) Total outstanding dues of micro enterprises and small enterprises		396.408	362.556
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		3851.494	3053.586
Lease Liability		63.326	63.432
Other financial liabilities	15	233.416	134.041
Other current liabilities	16	7761.353	3762.605
Provisions	13	315.377	251.130
Current tax liabilities (net)		23.919	15.640
		<b>12645.293</b>	<b>7642.990</b>
<b>TOTAL LIABILITIES</b>		<b>12963.376</b>	<b>7913.163</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>22127.402</b>	<b>15938.210</b>
Corporate Information	1		
Summary of significant accounting policies	2		
The accompanying notes are an integral part of the financial statements.			

As per our report of even date.

For **P G BHAGWAT LLP**  
Chartered Accountants  
Firm Regn. No: 101118W/W100682

For and on behalf of the Board of Directors of **Praj Industries Limited**

**Sandeep Rao**  
Partner  
Membership No.: 47235

**Dr Pramod Chaudhari**  
Executive Chairman  
(DIN : 00196415)

**Shishir Joshipura**  
CEO and Managing Director  
(DIN : 00574970)

**Sachin Raole**  
CFO and Director - Resources  
(DIN : 00431438)

Place: Pune  
Date: 25 May 2022

**Dattatraya Nimbolkar**  
Chief Internal Auditor and  
Company Secretary (M.No.: ACS4660)



## Consolidated Statement of profit and loss for the year ended 31<sup>st</sup> March 2022

(All amounts are in Indian rupees million unless otherwise stated)

Particulars	Note no.	31 March 2022	31 March 2021
<b>INCOME</b>			
Revenue from operations	17	23333.173	13046.687
Other income	18	361.897	257.364
<b>Total Income</b>		<b>23695.070</b>	<b>13304.051</b>
<b>EXPENSES</b>			
Cost of materials consumed	19	14811.295	7309.688
Changes in inventories of finished goods, stock-in -trade and work-in-progress	20	(273.842)	51.470
Employee benefits expense	21	2176.227	1721.979
Finance costs	22	25.051	28.575
Depreciation and amortization expense	3	225.912	221.218
Other expenses	23	4681.654	2840.075
<b>Total expenses</b>		<b>21646.297</b>	<b>12173.005</b>
<b>Profit before tax</b>		<b>2048.773</b>	<b>1131.046</b>
<b>Tax expenses</b>			
Current tax	24	430.748	241.576
Deferred tax		87.734	71.149
Adjustments of tax relating to earlier periods		27.870	7.734
<b>Total tax expenses</b>		<b>546.352</b>	<b>320.459</b>
<b>Profit for the year</b>		<b>1502.421</b>	<b>810.587</b>
<b>Attributable to :</b>			
Non-controlling interests		0.026	0.118
Owners of the company		1502.395	810.469
<b>Profit for the year</b>		<b>1502.395</b>	<b>810.469</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit and loss:</b>			
Re-measurement of defined benefit plans		(10.644)	15.102
Income tax effect		2.812	(5.252)
		(7.832)	9.850
<b>Items that will be reclassified to profit and loss:</b>			
Exchange differences on translation of foreign operations		(14.605)	1.191
		(14.605)	1.191
<b>Other comprehensive income</b>		<b>(22.437)</b>	<b>11.041</b>
<b>Total comprehensive income for the year</b>		<b>1479.984</b>	<b>821.628</b>
<b>Attributable to :</b>			
Non-controlling interests		0.026	0.118
Owners of the company		1479.958	821.51
<b>Earnings per equity share (Nominal value per share INR 2 each)</b>			
(1) Basic	25	8.18	4.43
(2) Diluted		8.18	4.42
Corporate Information	1		
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For **P G BHAGWAT LLP**  
Chartered Accountants  
Firm Regn. No: 101118W/W100682

**Sandeep Rao**  
Partner  
Membership No.: 47235

Place: Pune  
Date: 25 May 2022

For and on behalf of the Board of Directors of **Praj Industries Limited**

**Dr Pramod Chaudhari**  
Executive Chairman  
(DIN : 00196415)

**Shishir Joshipura**  
CEO and Managing Director  
(DIN : 00574970)

**Dattatraya Nimbolkar**  
Chief Internal Auditor and  
Company Secretary (M.No.: ACS4660)

**Sachin Raole**  
CFO and Director - Resources  
(DIN : 00431438)

## Consolidated Cash Flow Statement for the year ended 31<sup>st</sup> March 2022

(All amounts are in Indian rupees million unless otherwise stated)

	31 March 2022	31 March 2021
<b>A. Cash flow from operating activities</b>		
<b>Net profit before tax</b>	<b>2048.773</b>	1131.046
Adjustments for:		
Loss / (profit) on sale of property, plant and equipment	(0.397)	0.756
Net Gain on termination of lease	-	(7.890)
Gain on redemption of mutual fund investments	(57.514)	(3.981)
Bad Debts / Provision for doubtful debts and advances	73.655	95.261
Excess provision / creditors written back (including advances)	(6.784)	(9.785)
Unrealised foreign exchange (gain) / loss (net)	(86.723)	(56.556)
Sundry Balances Written Off	0.892	1.145
Depreciation and amortisation	225.912	221.218
Interest earned	(87.536)	(72.027)
Unrealised gain on mutual fund investments	(54.694)	(81.386)
Interest on Lease Liability	19.284	21.679
Interest charged	-	-
Equity-settled share-based payment transactions	29.355	0.791
<b>Operating profit before working capital changes</b>	<b>2104.223</b>	<b>1240.271</b>
Changes in working capital		
(Increase) /decrease in trade receivables	(668.546)	(1353.168)
(Increase)/decrease in inventories (including contracts in progress)	(3568.474)	(518.058)
(Increase)/decrease in other non-current financial assets	12.183	35.662
(Increase)/decrease in other non-current assets	66.262	1.087
(Increase)/decrease in current financial assets-others	(1.758)	(3.954)
(Increase)/decrease in other current assets	(778.590)	(616.621)
Increase/(decrease) in trade payables	866.874	1586.444
Increase/(decrease) in other current financial liabilities	99.613	57.867
Increase/(decrease) in other current liabilities	3998.748	1790.948
Increase/(decrease) in long term provisions	13.519	(14.756)
Increase/(decrease) in short term provisions	53.603	193.714
<b>Cash generated from operations</b>	<b>2197.657</b>	<b>2399.436</b>
Direct taxes paid (including taxes deducted at source), net of refunds	(450.339)	(148.514)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>1747.318</b>	<b>2250.922</b>



	31 March 2022	31 March 2021
<b>B. Cash flow from investing activities</b>		
Purchase of property, plant and equipment and intangible assets	(185.136)	(86.707)
Investments:		
- in mutual funds	(4499.775)	(2078.132)
- in debentures & bonds	(254.120)	-
Sale of investments		
- in mutual funds	3483.278	386.022
Proceeds from sale of property, plant and equipment	0.724	1.229
Interest received on investments	87.340	69.847
Investment /(redemption) in fixed deposits	100.000	64.500
<b>NET CASH FROM / (USED) IN INVESTING ACTIVITIES</b>	<b>(1267.689)</b>	<b>(1643.241)</b>
<b>C. Cash flow from financing activities</b>		
Proceeds from exercise of employee stock options	26.210	3.443
Dividend paid including dividend distribution tax	(396.808)	(4.321)
Interest on Lease Liability	(19.284)	(21.679)
Principal Payment on Leases	(53.636)	(40.324)
Interest paid	-	-
<b>NET CASH FROM / (USED) IN FINANCING ACTIVITIES</b>	<b>(443.518)</b>	<b>(62.881)</b>
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>36.111</b>	<b>544.800</b>
<b>Cash and cash equivalents at the beginning of the year (Refer Note 10)</b>	<b>1011.087</b>	<b>458.427</b>
<b>Add: effect of exchange rate changes on cash and cash equivalents</b>	<b>27.365</b>	<b>7.860</b>
<b>Cash and cash equivalents at the end of the year (Refer Note 10)</b>	<b>1074.563</b>	<b>1011.087</b>

**Notes:**

The statement of cash flows has been prepared under the 'Indirect method' as set out in Ind AS 7

The accompanying notes are an integral part of the Cash Flow statement

As per our report of even date.

For **P G BHAGWAT LLP**  
Chartered Accountants  
Firm Regn. No: 101118W/W100682

**Sandeep Rao**  
Partner  
Membership No.: 47235

Place: Pune  
Date: 25 May 2022

For and on behalf of the Board of Directors of **Praj Industries Limited**

**Dr Pramod Chaudhari**  
Executive Chairman  
(DIN : 00196415)

**Shishir Joshipura**  
CEO and Managing Director  
(DIN : 00574970)

**Dattatraya Nimbolkar**  
Chief Internal Auditor and  
Company Secretary (M.No.: ACS4660)

**Sachin Raole**  
CFO and Director - Resources  
(DIN : 00431438)

## Statement of changes in equity for the year ended 31<sup>st</sup> March 2022

(All amounts are in Indian rupees million unless otherwise stated)

### A. Equity share capital

	"Changes in equity share capital during the year"	Balance as on 31 March 2021
Balance as on 1 April 2020	366.320	366.458
Balance as on 1 April 2021	0.138	
	"Changes in equity share capital during the year"	Balance as on 31 March 2022
	0.889	367.347

### B. Other equity

Particulars	Reserves and Surplus						Total attributable to owners of the company	Non controlling interest	Total			
	Capital Reserve	Securities Premium Reserve	Capital redemption reserve	Other Reserves	Share option outstanding account	Special Economic Zone Re-investment Reserve				General reserve	Retained earnings	Exchange differences on translating the financial statements of a foreign operation
<b>Balance at the beginning of the reporting period as at 1 April 2020</b>	0.033	977.306	14.627	3.063	19.498	292.448	958.500	4531.736	28.957	6826.168	6.697	6832.865
Investment by Minority shareholders												
Profit for the year												
Other comprehensive income												
Dividends (including dividend distribution tax)												
Employee stock options exercised during the year		4.970			(1.665)							
Equity settled share based payment to employees					0.791				1.191			
Employee stock options expired and transferred to/from statement of profit and loss												
Transfer to/ From Special Economic Zone Re-investment Reserve						91.452		(91.452)				
<b>Balance as on 31 March 2021</b>	<b>0.033</b>	<b>982.276</b>	<b>14.627</b>	<b>3.063</b>	<b>18.624</b>	<b>383.900</b>	<b>958.500</b>	<b>5260.603</b>	<b>30.148</b>	<b>7651.774</b>	<b>6.815</b>	<b>7658.589</b>
<b>Balance at the beginning of the reporting period as at 1 April 2021</b>	<b>0.033</b>	<b>982.276</b>	<b>14.627</b>	<b>3.063</b>	<b>18.624</b>	<b>383.900</b>	<b>958.500</b>	<b>5260.603</b>	<b>30.148</b>	<b>7651.774</b>	<b>6.815</b>	<b>7658.589</b>
Investment by Minority shareholders												
Profit for the year												
Other comprehensive income												
Dividends (including dividend distribution tax)												
Employee stock options exercised during the year		43.721			(18.400)							
Equity settled share based payment to employees					29.355							
Employee stock options expired and transferred to/from statement of profit and loss					(0.224)			0.224				
Transfer to/ From Special Economic Zone Re-investment Reserve						(61.400)		61.400				
<b>Balance as on 31 March 2022</b>	<b>0.033</b>	<b>1025.997</b>	<b>14.627</b>	<b>3.063</b>	<b>29.355</b>	<b>322.500</b>	<b>958.500</b>	<b>6420.220</b>	<b>15.543</b>	<b>8789.838</b>	<b>6.841</b>	<b>8796.679</b>



## Notes to the Consolidated financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in Indian rupees million unless otherwise stated)

### 1 The corporate overview

Praj Industries Limited ('PIL' or 'the holding company' or 'the company') is a public company domiciled in India and incorporated under the provisions of Indian Companies Act. The company's registered office is "Praj Tower", S. No. 274 and 275/2, Bhumkar Chowk-Hinjewadi road, Hinjewadi, Pune – 411057, Maharashtra, India. The company's ordinary shares are listed on the Bombay Stock Exchange and National Stock Exchange in India.

The consolidated financial statements comprise the financial statements of the company and its subsidiaries (together referred to as "the group").

The group is engaged in the business of process and project engineering. The group caters to both domestic and international markets. Further, the group also provides design and engineering services.

### 2 Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### 2.1 Basis of preparation

The financial statements of the group comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The consolidated financial statements were authorised for issue by the Board of Directors on 25 May 2022.

#### 2.2 Basis of measurement

The financial statements have been prepared on a historical cost basis, except for the following items, which are measured on an alternative basis on each reporting date.

Items	Measurement basis
Derivative financial instruments at fair value through profit or loss	Fair value
Certain non-derivative financial instruments at fair value through profit or loss	Fair value
Equity-settled share based payment transactions	Grant date fair value
Defined benefit plan assets	Fair value

#### 2.3 Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is the group's functional currency. All amounts have been rounded-off to the nearest million, as per the requirements of Schedule III, unless otherwise stated.

#### 2.4 Significant accounting judgments, estimates and assumptions

The preparation of the financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, current assets, non-current assets, current liabilities, non-current liabilities and disclosure of the contingent liabilities at the end of each reporting period. Actual results may differ from these estimates.

Detailed information about each of these estimates and judgements is included in relevant notes.

The areas involving critical estimates and judgements are:

- Estimation of current tax expense and payable – Note 24
- Estimation of defined benefit obligation – Note 31
- Recognition of revenue – Note 27
- Recognition of deferred tax assets for carried forward tax losses – Note 24
- Impairment of trade receivables – Note 37

Estimation and underlying assumptions are reviewed on ongoing basis. Revisions to estimates are recognised prospectively.

#### 2.5 Current versus non-current classification

The group presents assets and liabilities in the balance sheet based on current / non-current classification.

An asset as current when it is:

## Notes to the Consolidated financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in Indian rupees million unless otherwise stated)

- Expected to be realised or intended to sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

### 2.6 Principles of consolidation

The consolidated financial statements comprise the financial statements of the company and its subsidiaries as at 31 March 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the holding company, i.e., year ended on 31 March 2022. The subsidiaries considered in the consolidated financial statements are summarized below:

% of shareholding in equity shares

Name of the subsidiary	Country of incorporation	31 March 2022	31 March 2021
Praj Engineering & Infra Ltd.	India	99.65%	99.65%
Praj Far East Co Ltd.	Thailand	100.00%	100.00%
Praj Americas Inc	United States of America	100.00%	100.00%
Praj HiPurity Systems Limited	India	100.00%	100.00%
Praj Industries (Africa) Pty. Ltd.	South Africa	100.00%	100.00%
Praj far East Philippines Inc.,	Philippines	100.00%	100.00%

In preparing the consolidated financial statements, the Group has used the following key consolidation procedures:

- Combine like items of assets, liabilities, equity, income, expenses and cash flows of the holding company with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of assets and liabilities recognised in the consolidated financial statements at the acquisition date.





## Notes to the Consolidated financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in Indian rupees million unless otherwise stated)

- Offset (eliminate) the carrying amount of the holding company's investment in each subsidiary and the holding company's portion of equity of each subsidiary. Business combinations policy explains accounting for any related goodwill.
- Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group. Profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full. However, intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 - Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit and loss and each component of other comprehensive income ('OCI') are attributed to the equity holders of the holding company of the group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it deconsolidates the subsidiary from the date it ceases control.

### 2.7 Business combination and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed (including contingent liabilities) are recognised/ measured at their acquisition date fair values, except for certain cases.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

### 2.8 Property, plant and equipment

#### • Recognition and measurement

Items of property, plant and equipment are measured at cost of acquisition or construction less accumulated depreciation and/or accumulated impairment loss, if any. The cost of an item of property, plant and equipment comprises its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use; any trade discounts and rebates are deducted in arriving at the purchase price. Borrowing costs directly attributable to the construction of a qualifying asset are capitalised as part of the cost.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Property, plant and equipment under construction are disclosed as capital work-in-progress.

Advances paid towards the acquisition of property, plant and equipment outstanding at each reporting date are disclosed under 'Other non-current assets'.

#### • Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-

## Notes to the Consolidated financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in Indian rupees million unless otherwise stated)

to-day servicing of property, plant and equipment are recognised in the statement of profit and loss as incurred.

- **Disposal**

An item of property, plant and equipment is derecognised upon disposal or when no future benefits are expected from its use or disposal. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income/ expenses in the statement of profit and loss.

- **Depreciation**

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognised in the statement of profit and loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment as prescribed in Schedule II of the Companies Act, 2013, as assessed by the management of the group based on technical evaluation. Freehold land is not depreciated.

The property, plant and equipment acquired under finance leases is depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the group will obtain ownership by the end of the lease term.

The estimated useful lives of items of property, plant and equipment for the current and comparative periods are as follows:

<b>Asset</b>	<b>Useful life (in years)</b>
Buildings	30-60
Plant and machinery	7.5-15
Computers and office equipment	3-5
Vehicles	8
Furniture and fixtures	10

### 2.9 Intangible assets

- **Recognition and measurement**

Intangible assets are recognised when the asset is identifiable, is within the control of the group, it is probable that the future economic benefits that are attributable to the asset will flow to the group and cost of the asset can be reliably measured.

Expenditure on research activities is recognised in the statement of profit and loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the group intends to and has sufficient resources to complete development and to use or sell the asset.

Intangible assets acquired by the group that have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level.

- **Subsequent measurement**

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

- **Amortisation**

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value. Amortisation is recognised in statement of profit and loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for current and comparative periods are as follows:

<b>Asset</b>	<b>Useful life</b>
Technical know-how	5 - 10 years



## Notes to the Consolidated financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in Indian rupees million unless otherwise stated)

Software

5 years

### 2.10 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the group, is classified as investment property.

Investment property is initially measured at cost, including related transaction costs. The cost of investment property includes its purchase price and directly attributable expenditure, if any. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with expenditure will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

Subsequent to the initial recognition, investment property is stated at cost less accumulated depreciation and accumulated impairment loss, if any. Depreciation on investment property has been provided in a manner that amortises the cost of the assets over their estimated useful lives on straight line method as per the useful life prescribed under Schedule II to the Act. Investment property in the form of land is not depreciated.

Investment property is derecognised either when it is disposed off or permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statement profit and loss in the period of derecognition.

### 2.11 Impairment of non-financial assets

The group assesses at each balance sheet date whether there is any indication that an asset or cash generating unit (CGU) may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset. The recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal or its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are considered.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in the statement of profit and loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### 2.12 Inventories

Raw materials, components, stores and spares, work-in-progress and finished goods are valued at lower of cost and net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

Cost of raw materials, components, stores and spares comprises cost of purchases. Cost of work-in-progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated based on normal operating capacity. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Costs are assigned to individual items of inventory based on weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

### 2.13 Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

### 2.14 Revenue recognition

Revenue is recognised when performance obligation is satisfied by transferring promised goods or services and to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured,

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regardless of when the payment is being made.

Revenue is measured at the fair value of the consideration received or receivable. Amounts included in revenue are inclusive of excise duty and net of returns, trade allowances, rebates, value added taxes, goods and services tax and amounts collected on behalf of third parties.

- **Contract revenue**

Revenue from fixed price contracts is recognised over time, when the outcome of the contract can be estimated reliably by reference to the percentage of completion of the contract on the reporting date under input method. Percentage of completion is determined as a proportion of costs incurred-to-date to the total estimated contract costs. In respect of process technology and design and engineering contracts percentage of completion is measured with reference to the milestones specified in the contract, which in the view of the management reflects the work performed and to the extent it is reasonably certain of recovery.

Contract costs include costs that relate directly to the specific contract and costs that are attributable to the contract activity and allocable to the contract. Costs that cannot be attributed to contract activity are expensed when incurred.

When the final outcome of a contract cannot be reliably estimated, contract revenue is recognised only to the extent of costs incurred that are expected to be recoverable. The provision for expected loss is recognised immediately when it is probable that the total estimated contract costs will exceed total contract revenue.

Variations, claims and incentives are recognised as a part of contract revenue to the extent it is probable that they will result in revenue and are capable of being reliably measured.

Determination of revenues under the percentage of completion method necessarily involves making estimates by the group, some of which are of a technical nature, concerning, where relevant, the percentage of completion, costs to completion, the expected revenues from the project / activity and the foreseeable losses to completion.

Execution of contracts necessarily extends beyond accounting periods. Revision in costs and revenues estimated during the course of the contract are reflected in the accounting period in which the facts requiring the revision become known.

- **Sale of goods and rendering of services**

Revenue from sale of goods in the course of ordinary activities is recognised when property in the goods or all significant risks and rewards of their ownership are transferred to the customer and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of the goods and regarding its collection.

Revenue from services is recognised as the related services are performed.

### 2.15 Other income

- **Interest income**

Interest income from debt instruments is recognised using effective interest rate method (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability.

- **Dividends**

Dividends are recognised in the statement of profit and loss only when the right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the group, and the amount can be measured reliably.

- **Export benefits**

Export benefits in the form of Duty Draw Back / Merchandise Exports Incentive Scheme (MEIS) / Service Exports Incentive Scheme (SEIS) claims are recognised in the statement of profit and loss on receipts basis.

### 2.16 Foreign currency transactions and balances

The Group's consolidated financial statements are presented in Indian Rupees, which is also the functional currency of



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the holding company. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

### (i) Transaction and balances

Transactions in foreign currency are recorded at exchange rates prevailing at the date of transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the statement of profit and loss of the year.

Monetary assets and liabilities denominated in foreign currencies which are outstanding, as at the reporting period are translated at the closing exchange rates and the resultant exchange differences are recognised in the statement of profit and loss.

Non-monetary assets and liabilities denominated in foreign currencies that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

### (ii) Group companies

On consolidation, the assets and liabilities of the subsidiaries are translated into Indian Rupees at the rate of exchange prevailing at the reporting date and their statements of profit and loss are translated at average exchange rates. Equity items, other than retained earnings, are translated at the spot rate in effect on each related transaction date (specific identification). Retained earnings are translated at the weighted average exchange rate for the relevant year.

The exchange differences arising on translation for consolidation are recognised in other comprehensive income.

## 2.17 Employee benefits

### • Short-term employee benefit

Employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits and are recognised in the period in which the employee renders the related service.

### • Post-employment benefits

#### Defined contribution plans

Contributions to the provident fund and superannuation fund, which are defined contribution schemes, are recognised as an employee benefit expense in the statement of profit and loss in the period in which the contribution is due.

#### Defined benefit plans

The employees' gratuity scheme is a defined benefit plan. The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the projected unit credit method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans, is based on the market yields on government securities as at the reporting date, having maturity periods approximating to the terms of related obligations.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income (OCI) in the period in which they occur. Remeasurements are not reclassified to the statement of profit and loss in subsequent periods.

In case of funded plans, the fair value of the plan's assets is reduced from the gross obligation under the defined benefit plans, to recognise the obligation on net basis.

When the benefits of the plan are changed or when a plan is curtailed, the resulting change in benefits that relates to past service or the gain or loss on curtailment is recognised immediately in the statement of profit and loss.

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Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The group recognises gains/ losses on settlement of a defined plan when the settlement occurs.

### **Other long-term employee benefits**

The liabilities for earned leave are not expected to be settled wholly within twelve months after the end of the reporting period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method as determined by actuarial valuation. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating the terms of the related obligation. Remeasurements as a result of experience adjustments and change in actuarial assumptions are recognised in the statement of profit and loss. The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

### **Termination benefits**

Termination benefits are expensed at the earlier of when the group can no longer withdraw the offer of those benefits and when the group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

## **2.18 Share-based payments**

The grant fair value of equity settled share based payment awards granted to employees is recognised as employee benefit expense with corresponding increase in equity. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are required to be satisfied. At the end of each reporting period, the group revises its estimates of the number of options that are expected to vest based on the service and non-vesting conditions. It recognises the impact of the revision to original estimates, if any, in the statement of profit and loss, with a corresponding adjustment to equity.

## **2.19 Leases**

Lease is a contract that provides to the customer (lessee) the right to use an asset for a period of time in exchange for consideration.

### **a. Company as a Lessee**

A lessee is required to recognise assets and liabilities for all leases and to recognise depreciation of leased assets separately from interest on lease liabilities in the statement of Profit and Loss. The Company uses the practical expedient to apply the requirements of this standard to a portfolio of leases with similar characteristics if the effects on the financial statements of applying to the portfolio does not differ materially from applying the requirement to the individual leases within that portfolio.

However according to Ind AS 116, for leases with a lease term of 12 months or less (short-term leases) and for leases for which the underlying asset is of low value, not to recognize a right-of-use asset and a lease liability. The Company applies both recognition exemptions. The lease payments associated with those leases are generally recognized as an expense on a straight-line basis over the lease term or another systematic basis if appropriate.

#### **a.1 Right to use asset**

Right-of-use assets, which are included under property, plant and equipment, are measured at cost less any accumulated depreciation and, if necessary, any accumulated impairment. The cost of a right-of-use asset comprises the present value of the outstanding lease payments plus any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs and an estimate of costs to be incurred in dismantling or removing the underlying asset. In this context, the Company also applies the practical expedient that the payments for non-lease components are generally recognized as lease payments. If the lease transfers ownership of the underlying asset to the lessee at the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the right-of-use asset is depreciated to the end of the useful life of the underlying asset. Otherwise, the right-of-use asset is depreciated to the end of the lease term.

#### **a.2 Lease liability**

Lease liabilities, which are assigned to financing liabilities, are measured initially at the present value of the lease payments. Subsequent measurement of a lease liability includes the increase of the carrying



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amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payments made.

### b. Company as a Lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Where the Company is a lessor under an operating lease, the asset is capitalised within property, plant and equipment and depreciated over its useful economic life. Payments received under operating leases are recognised in the Statement of profit and Loss on a straight-line basis over the term of the lease.

#### Critical accounting estimates and judgements

Critical judgements required in the application of Ind AS 116 may include, among others, the following:

- Identifying whether a contract (or part of a contract) includes a lease;
- Determining whether it is reasonably certain that an extension or termination option will be exercised;
- Classification of lease agreements (when the entity is a lessor);
- Determination of whether variable payments are in-substance fixed;
- Establishing whether there are multiple leases in an arrangement;
- Determining the stand-alone selling prices of lease and non-lease components.

Key sources of estimation uncertainty in the application of Ind AS 116 may include, among others, the following:

- Estimation of the lease term;
- Determination of the appropriate rate to discount the lease payments;
- Assessment of whether a right-of-use asset is impaired.

### 2.20 Borrowing costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. All other borrowing costs are expensed in the period in which they are incurred.

### 2.21 Income tax

Income tax expense comprises current and deferred tax. It is recognised in the statement of profit and loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

#### • Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted at the reporting date in the country where the group operates and generates taxable income. Current tax assets and liabilities are offset only if there is a legally enforceable right to set it off the recognised amounts and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Minimum Alternate Tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The group recognises MAT credit available as an asset only to the extent that there is convincing evidence that the group will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. The group reviews the 'MAT credit entitlement' asset at each reporting date and writes down the asset to the extent the group does not have convincing evidence that it will pay normal tax during the specified period.

#### • Deferred tax

Deferred tax is provided using the balance sheet method on temporary differences between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

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- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

In the situations where the group is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognised in respect of temporary differences which reverse during the tax holiday period, to the extent the group's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognized in the year in which the timing differences originate. However, the group restricts recognition of deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the temporary differences which originate first are considered to reverse first.

### 2.22 Provisions and contingencies

A provision is recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost in the statement of profit and loss.

Contingent liability is disclosed in case of

- a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation.
- present obligation arising from past events, when no reliable estimate is possible
- a possible obligation arising from past events where the probability of outflow of resources is not remote.

Contingent asset is not recognised in the financial statements. A contingent asset is disclosed, where an inflow of economic benefits is probable.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.





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### 2.23 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit for the year attributable to equity holders of the group by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

Diluted EPS adjust the figures used in the determination of basic EPS to consider

- The after-income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- The weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

### 2.24 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another.

The group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the group has determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

### 2.25 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### Financial assets

##### Classification

The group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI, or through profit or loss);
- those measured at amortised cost.

The classification depends on the group's business model for managing the financial assets and the contractual terms of cash flows.

For assets measured at fair value, gains and losses will either be recorded in the statement of profit and loss or OCI. For investments in debt instruments, this will depend on the business model in which investment is held. For investments in equity instruments, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for equity investment at fair value through OCI.

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The group classifies debt investments when and only when its business model for managing those assets changes.

### Measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of profit and loss.

### Debt instruments

Subsequent measurement of debt instruments depends on the group's business model for managing the asset and cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

#### Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are satisfied:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- The contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of hedging relationship is recognised in the statement of profit and loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using effective interest rate (EIR) method.

#### Debt instruments at fair value through other comprehensive income (FVTOCI)

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent SPPI, are measured at FVTOCI. The movements in the carrying amount are recognised through OCI, except for the recognition of impairment gains and losses, interest revenue and foreign exchange gain or losses which are recognised in the statement of profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the statement of profit and loss and recognised in other gains / losses. Interest income from these financial assets is included in other income using EIR method.

#### Debt instruments at fair value through profit or loss (FVTPL)

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on debt instrument that is subsequently measured at FVTPL and is not a part of hedging relationship is recognised in the statement of profit and loss within other gains / losses in the period in which it arises. Interest income from these financial assets is included in other income.

### Equity investments

All equity investments in the scope of 'Ind AS 109 - Financial instruments' are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the group may make an irrevocable election to recognise subsequent changes in the fair value in OCI. The group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in OCI. There is no recycling of the amounts from OCI to the statement of profit and loss, even on sale of equity instrument.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.

### Derecognition

The group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the group neither transfers nor retain substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.



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### Impairment of financial assets

The group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the assets carried at amortised cost and FVTOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 40 details how the group determines whether there has been a significant increase in credit risk.

For trade receivables only, the group applies the simplified approach permitted by 'Ind AS 109 - Financial instruments', which requires expected lifetime losses to be recognised from initial recognition of the receivables.

### Non-derivative financial liabilities

#### Recognition

The group initially recognises borrowings, trade payables and related financial liabilities on the date on which they are originated.

All other financial instruments (including regular-way purchases and sales of financial assets) are recognised on the trade date, which is the date on which the group becomes a party to the contractual provisions of the instrument.

#### Measurement

Non-derivative financial liabilities are initially recognised at fair value, net of transaction costs incurred. Subsequent to initial recognition, these liabilities are measured at amortised cost using EIR method.

#### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### 2.26 Cash dividend to equity holders

The group recognises a liability to make cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the group. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

### 2.27 Government grant

Government grants are recognised at their fair value when there is a reasonable assurance that the grant will be received and group will comply with all attached conditions.

Government grants relating to income are deferred and recognised in the statement of profit and loss over the period necessary to match them with costs that they are intended to compensate and presented within other income.

Government grants relating to purchase of property, plant and equipment are initially recognised as deferred income at fair value and subsequently recognised in the statement of profit and loss on a systematic basis over the useful life of the asset.

### 2.28 Standards issued but not effective

#### Amendment to Indian Accounting Standard Rules, 2015

The Ministry of Corporate Affairs (MCA) on 5 April 2022, vide Notification dated 23 March 2022 has issued Companies (Indian Accounting Standard) Amendment Rules, 2022 in consultation with the National Financial Reporting Authority (NFRA).

The notification states that these rules shall be applicable from 1 April 2022 and would thus be applicable for the financial year ending 31 March 2023.

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The amendments to Ind ASs are intended to keep the Ind ASs aligned with the amendments made in IFRS.

Particulars	Explanation
Amendments to Ind AS 16, "Property, Plant and Equipment"	The amendments to Ind AS 16 issued by the Ministry of Corporate Affairs amends provisions regarding proceeds from selling items produced while bringing an asset into the location and condition necessary for it to be capable of operating in the manner intended by management.
Amendments to Ind AS 37, "Provisions, Contingent Liabilities and Contingent Assets"	The amendments to Ind AS 37 issued by the Ministry of Corporate Affairs amends provisions regarding costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.
Amendments to 41, "Agriculture"	The amendments to Ind AS 41 issued by the Ministry of Corporate Affairs amends provisions to remove a requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in Ind AS 41 with those in other Ind AS's.
Amendments to 101, "First-time Adoption of Indian Accounting Standards"	The amendments to Ind AS 101 issued by the Ministry of Corporate Affairs amends provisions to simplify the application of Ind AS 101 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.
Ind AS 103, "Business Combination"	The amendments to Ind AS 103 issued by the Ministry of Corporate Affairs amends provisions to: <ul style="list-style-type: none"> <li>- substitute the word 'Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework)' with the words 'Conceptual Framework of Financial Reporting in Ind AS'.</li> <li>- add to Ind AS 103 a requirement that, for transactions and other events within the scope of Ind AS 37, an acquirer applies Ind AS 37 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination</li> <li>- add to Ind AS 103 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.</li> </ul>
Ind AS 109, "Financial Instruments"	The amendments to Ind AS 109 issued by the Ministry of Corporate Affairs amends provisions to prescribe the treatment of fees involved during exchange between an existing borrower and lender of debt instruments with substantially different terms. The amendment clarifies that if an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.



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### Exposure Drafts:

Following exposure drafts have been issued by the Institute of Chartered Accountants of India:

Particulars	Explanation
Amendments to Ind AS 8, "Accounting Policies, Changes in Accounting Estimates and Errors" - Definition of Accounting Estimates	The exposure draft on amendments to Ind AS 8 issued by the Institute of Chartered Accountants of India proposes amendments to introduce a new definition of 'accounting estimates'. The amendments are designed to clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors.
Amendments to Ind AS 12, "Income Taxes" - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	The exposure draft on amendments to Ind AS 12 issued by the Institute of Chartered Accountants of India proposes amendments to introduce an exception to the initial recognition exemption in Ind AS 12 whereby an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. The amendments would apply to transactions that occur on or after the beginning of the earliest comparative period presented.
Amendments to: Ind AS 1, "Presentation of Financial Statements", Ind AS 34, "Interim Financial Reporting" and Ind AS 107, "Financial Instruments: Disclosures" - Disclosures of Accounting Policies	The exposure draft on amendments to Ind AS 1 issued by the Institute of Chartered Accountants of India proposes amendments whereby an entity will be required to disclose only its material accounting policy information instead of its significant accounting policies. The amendment explain how an entity can identify material accounting policy information. Consequential amendments are proposed for Ind AS 107, Financial Instruments: Disclosures, and Ind AS 34, Interim Financial Reporting.
New Indian Accounting Standard (Ind AS) 117, Insurance Contracts	The exposure draft of Ind AS 117 is issued by the Institute of Chartered Accountants of India as replacement for Ind AS 104 Insurance Contracts. Further, amendments have also been proposed to the exposure draft to add a transition option relating to comparative information about financial assets presented on initial application of Ind AS 117

The above exposure drafts have not been notified by the Ministry of Corporate Affairs ('MCA') to be applicable from 1 April, 2022 as at the date of approval of these financial statements. On issue of the amendment by MCA, the Company would evaluate the impact of the change in the standalone financial statements.

## Notes to the Consolidated financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in Indian rupees million unless otherwise stated)

### 3 Property, plant and equipment, capital Work-in-progress, investment property and intangible assets

	Tangible Assets										Intangible Assets			Goodwill	Investment property		Grand total		
	Land	Buildings		Plant and equipment		Computers & Office Equipment		Vehicles	Furniture and fixtures	Total	Technical knowhow	Software	Total		Land (Freehold)				
		Owned	Leased	Owned	Leased	Owned	Leased									Owned		Leased	
<b>Gross Block</b>																			
As at 1 April 2021	11,000	243,954	370,517	1513,938	25,271	1751,654	5,450	309,671	24,675	58,303	263,283	4577,716	93,753	109,009	202,762	822,712	136,928	5740,118	
Additions / adjustments	-	-	-	18,181	-	117,913	-	17,202	87,921	-	1,693	242,910	-	8,259	8,259	-	-	251,169	
Deletions	-	-	-	-	-	0,265	-	0,131	-	3,455	-	3,851	-	-	-	-	-	3,851	
Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>As at 31 March 2022</b>	<b>11,000</b>	<b>243,954</b>	<b>370,517</b>	<b>1532,119</b>	<b>25,271</b>	<b>1869,302</b>	<b>5,450</b>	<b>326,742</b>	<b>112,596</b>	<b>54,848</b>	<b>264,976</b>	<b>4816,775</b>	<b>93,753</b>	<b>117,268</b>	<b>211,021</b>	<b>822,712</b>	<b>136,928</b>	<b>5987,436</b>	
<b>Accumulated depreciation and amortisation</b>																			
As at 1 April 2021	1,004	160,996	-	507,278	1,499	1279,245	1,816	294,155	9,295	32,768	225,489	2513,545	92,304	102,057	194,361	196,562	-	2904,468	
Change for the year	0,122	21,487	-	47,173	5,140	95,715	1,820	10,181	22,947	6,359	10,482	221,426	0,541	3,945	4,486	-	-	225,912	
Deletions / Adjustments	-	-	-	-	-	0,189	-	0,131	-	3,204	-	3,524	-	-	-	-	-	-	3,524
Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>As at 31 March 2022</b>	<b>1,126</b>	<b>182,483</b>	<b>-</b>	<b>554,451</b>	<b>6,639</b>	<b>1374,771</b>	<b>3,636</b>	<b>304,205</b>	<b>32,242</b>	<b>35,923</b>	<b>235,971</b>	<b>2731,447</b>	<b>92,845</b>	<b>106,002</b>	<b>198,847</b>	<b>196,562</b>	<b>-</b>	<b>3126,856</b>	
<b>Net Carrying value</b>																			
As at 31 March 2022	9,874	61,471	370,517	977,668	18,632	494,531	1,814	22,537	80,354	18,925	29,005	2085,328	0,908	11,266	12,174	626,150	136,928	2860,580	
As at 31 March 2021	9,996	82,958	370,517	1006,660	23,772	472,409	3,634	15,516	15,380	25,535	37,794	2064,171	1,449	6,952	8,401	626,150	136,928	2835,650	

Note:

- The land has been taken on a long term lease i.e. for 99 years.
- Refer Note 26 for contractual commitments for the acquisition of property plant and equipment.



## Notes to the Consolidated financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in Indian rupees million unless otherwise stated)

### 3 Property, plant and equipment, capital work-in-progress, investment property and intangible assets

#### Details of capital work-in-progress and intangible under development

Particulars	Capital work-in-progress	
	31 March 2022	31 March 2021
Balance at start of the year	6.144	20.795
Add: Additions during the year	18.340	4.956
Less: Capitalised/expense out during the year	3.567	19.607
<b>Balance at the end of the year</b>	<b>20.917</b>	<b>6.144</b>

#### Capital work-in-progress (CWIP) comprises of:

- Building INR 10.577 million (31 March 2021 INR 0.847 million)
- Machinery INR 3.684 million (31 March 2021 INR 2.719 million)
- Software INR 6.656 million (31 March 2021 INR 2.578 million)

#### Investment property: Reconciliation of Fair Value

Particulars	Land
<b>Fair value as at 31 March 2021</b>	<b>406.973</b>
Fair value difference	20.349
<b>Fair value as at 31 March 2022</b>	<b>427.322</b>

The Company had obtained independent valuation for year ended 31 March 2019, for its investment property from a government approved valuer who is a specialist in valuing these types of investment properties.

The valuation had been made with reference to the prevailing market rates and using the approved valuation method. Considering the current scenario and constraints in physical verification, the Company has considered a marginal increase of 5% in the valuation which is based on the trend for the earlier years.

All resulting fair value estimates for investment property are considered as level 3.

## Notes to the Consolidated financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in Indian rupees million unless otherwise stated)

	31 March 2022	31 March 2021
<b>4 Investments</b>		
<b>(i) Unquoted Investments:</b>		
<b>Investment in National saving certificate</b>	<b>0.013</b>	0.013
Other Investments (valued at cost unless stated otherwise)		
<b>(ii) Investments at amortised cost</b>		
<b>Quoted investments in non-convertible debentures / bonds:</b>		
300 Bonds issued by HDFC Bank Limited Unsecured Non-Convertible Perpetual Bonds Series 1/2017-18, Coupon 8.85% (31 March, 2020 : 300)	<b>300.006</b>	300.210
100 Bonds issued by SBI Unsecured Non-Convertible Perpetual Bonds Series IV, Coupon 8.15% (31 March, 2020 : 100)	<b>99.829</b>	97.850
250 Bonds issued by SBI Bank Unsecured Non-Convertible Perpetual Bonds Series IV, Coupon 7.73% (31 March 2021 : Nil)	<b>252.344</b>	-
	<b>652.179</b>	398.060
<b>Total non-current</b>	<b>652.192</b>	398.073
Market value of quoted investments		
<b>Current investments</b>		
<b>(i) Investments at fair value through profit and loss (FVTPL)</b>		
<b>Quoted mutual funds</b>		
ADITYA BIRLA SUN LIFE FMP SR-SI 1141 DAYS - 3,000,000 Units (31 March 2021 : 3,000,000 Units)	<b>37.890</b>	36.373
ADITYA BIRLA SUN LIFE FMP SR-SI 1120 DAYS - 5,000,000 Units (31 March 2021 : 5,000,000 Units)	<b>62.386</b>	59.856
DSP FMP S 220 - 40 M - DIRECT GW - Nil Units (31 March 2021 : 5,000,000 Units)	-	63.161
HDFC FMP 1133 DAYS DIRECT GR SR-44 - 5,000,000 Units (31 March 2021 : 5,000,000 Units)	<b>63.092</b>	60.590
ICICI FIXED MATURITY PLAN SRS 82 - 1185 DAYS - Nil Units (31 March 2021 : 5,000,000 Units)	-	63.238
ICICI FIXED MATURITY PLAN SRS 82 - 1135 DAYS - Nil Units (31 March 2021 : 5,000,000 Units)	-	62.671
INVESCO INDIA ACTIVE INCOME FUND-DIR PL-GW - 24,862.734 Units (31 March 2021 : 24,862.734 Units)	<b>67.999</b>	65.013
KOTAK FMP SERIES 267 DIRECT GW - 5,000,000 Units (31 March 2021 : 5,000,000 Units)	<b>62.386</b>	59.874
RELIANCE FIXED HORIZON FUND-XXXV-SR14 - Nil Units (31 March 2021 : 5,000,000 Units)	-	63.398
RELIANCE FIXED HORIZON-XXXVII-SR04 - 5,000,000 Units (31 March 2021 : 5,000,000 Units)	<b>67.754</b>	64.931
SBI DEBT FUND SERIES - C - 8(1175 DAYS)-DG - Nil Units (31 March 2021 : 5,001,814.194 Units)	-	62.979
TATA FIXED MATURITY PLAN SRS 53 SCHEME A - Nil Units (31 March 2021 : 5,000,000 Units)	-	62.777
UTI - FIXED TERM INCOME FUND SRS XXIX (1112 DAYS) - Nil Units (31 March 2021 : 5,000,000 Units)	-	55.859
FRANKLIN INDIA SAVINGS FUND RETAIL-GW - Nil Units (31 March 2021 : 2,862,420.019 Units)	-	111.433
FRANKLIN IND SAVING FUND-DIRECT - 1,344,892.234 Units (31 March 2021 : 1,344,892.234 Units)	<b>55.806</b>	53.728





## Notes to the Consolidated financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in Indian rupees million unless otherwise stated)

	31 March 2022	31 March 2021
HSBC ULTRA SHORT DURATION FUND DIRECT GROWTH - Nil Units (31 March 2021 : 107,342.205 Units )	-	113.912
ADITYA BIRLA SUN LIFE SAVING FUND -GROW-DIRECT PLAN - Nil Units (31 March 2021 : 121,474.07 Units )	-	51.850
HDFC ULTRA STF-DIRECT GRW - Nil Units (31 March 2021 : 4,331,975.923 Units)	-	51.721
KOTAK SAVING FUND-GROWTH (REGULAR PLAN) - Nil Units (31 March 2021 : 1,523,106.687 Units )	-	51.375
SBI MAGNUM ULTRA SHORT DURATION FUND REGULAR GRW- Nil Units (31 March 2021 : 10,994,137 Units )	-	51.429
AXIS STF DIRECT GROWTH (US-DG) - Nil Units (31 March 2021 : 4,314,629.926 Units )	-	51.617
L&T ULTRA SHORT TERM FUND DIRECT PLAN - GROWTH - Nil Units (31 March 2021 : 1,459,734.143 Units )	-	51.228
UTI MONEY MARKET FUND - DIRECT GROWTH PLAN - Nil Units (31 March 2021 : 21,294.742 Units )	-	51.005
ADITYA BIRLA MONEY MANAGER FUND - Nil Units (31 March 2021 : 179,007.910 Units )	-	51.010
NIPPON INDIA MONEY MARKET FUND -DIRECT GROWTH OPTION - Nil Units (31 March 2021 : 15,844.307 Units )	-	51.031
SUNDARAM ULTRA SHORT TERM FUND-DIRECT GROWTH - Nil Units (31 March 2021 : 4,585,286.010 Units )	-	50.749
ICICI PRUDENTIAL MONEY MARKET FUND - DRT PLAN GROWTH - Nil Units (31 March 2021 : 171,407.111 Units )	-	50.613
L&T ULTRA SHORT TERM FUND DIRECT PLAN-GROWTH - Nil Units (31 March 2021 : 1,440,592.751 Units )	-	50.556
HDFC MONEY MARKET FUND-DIRECT PLAN-GROWTH OPTION- Nil Units (31 March 2021 : 22,469.800 Units )	-	100.528
ICICI PRUDENTIAL MONEY MARKET FUND - DRT PLAN GROWTH - Nil Units (31 March 2021 : 171,060.227 Units )	-	50.510
SBI MAGNUM ULTRA SHORT DURATION FUND DIRECT GROWTH - 10,694.706 Units (31 March 2021 : 10,694.706 Units )	<b>52.373</b>	50.468
TATA MONEY MARKET FUND DIRECT PLAN - GROWTH - Nil Units (31 March 2021 : 13,779.202 Units )	-	50.568
UTI MONEY MARKET FUND - DIRECT GROWTH PLAN - 14,794.600 Units (31 March 2021 : 14,794.600 Units )	<b>53.944</b>	50.509
AXIS MONEY MARKET FUND DIRECT GROWTH ( MM-DG) - Nil Units (31 March 2021 : 90,822.649 Units )	-	100.530
LIC MF ULTRA SHORT TERM FUND-DIR PLAN- Nil Units (31 March 2021 : 47,200.787 Units )	-	49.997
MIRAE ASSETS ULTRA SHORT DURATION FUND DIR-GROWTH- Nil Units (31 March 2021 : 49,131.836 Units )	-	49.997
IDFC MONEY MANAGER FUND-GROWTH-REGULAR PLAN- Nil Units (31 March 2021 : 1,567,412.078 Units )	-	50.004
IDFC FLOATING RATE FUND DIRECT PLAN-GROWTH - 9,999,599.025 Units (31 March 2021 : 9,999,599.025 Units )	<b>104.709</b>	100.378
ADITYA BIRLA SUN LIFE MONEY MANAGER FUND - GROWTH-DIRECT PLAN - Nil Units (31 March 2021 : 174,134.084 Units )	-	50.006
ADITYA BIRLA SUN LIFE SAVING FUND -GROW-DIRECT PLAN - Nil Units (31 March 2021 : 117,192.838 Units )	-	50.022

## Notes to the Consolidated financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in Indian rupees million unless otherwise stated)

	31 March 2022	31 March 2021
ICICI PRUDENTIAL MONEY MARKET FUND - GROWTH-P1571- Nil Units (31 March 2021 : 170,635.448 Units )	-	50.008
ICICI PRUDENTIAL MONEY MARKET FUND - GROWTH-P8123- 2,186,036.654 Units (31 March 2021 : 2,186,036.654 Units )	<b>52.270</b>	50.011
KOTAK MONEY MARKET FUND -GROWTH (REGULAR PLAN) - Nil Units (31 March 2021 : 14,423.871 Units )	-	50.007
NIPPON INDIA MONEY MARKET FUND -GROWTH PLAN-GROWTH OPTION(LQGPG) - Nil Units (31 March 2021 : 15,647.158 Units )	-	50.010
TATA MONEY MARKET FUND DIRECT PLAN - GROWTH- Nil Units (31 March 2021 : 13,628.288 Units )	-	50.014
UTI MONEY MARKET FUND - DIRECT GROWTH PLAN - Nil Units (31 March 2021 : 20,881.554 Units )	-	50.015
SBI SAVING FUND-REGULAR PLAN-GROWTH- 1,535,361.139 Units (31 March 2021 : 1,535,361.139 Units )	<b>51.730</b>	50.008
UTI FLOATER FUND-DIRECT GROWTH PLAN -GROWTH- 81,739.196 Units (31 March 2021 : Nil Units )	<b>102.863</b>	-
ADITYA BIRLA SUN LIFE FLOATING RATE FUND-GROWTH-DIRECT PLAN- 364,114.172 Units (31 March 2021 : Nil Units )	<b>103.244</b>	-
ICICI PRUDENTIAL ULTRA SHORT TERM FUND-DIRECT PLAN-GROWTH- 2,162,905.192 Units (31 March 2021 : Nil Units )	<b>51.717</b>	-
ADITYA BIRLA SUN LIFE SAVING FUND-GROWTH-DIRECT PLAN - 227,959.594 Units (31 March 2021 : Nil Units )	<b>101.513</b>	-
ICICI PRUDENTIAL SAVING FUND - GROWTH 1525 - 116,649.927 Units (31 March 2021 : Nil Units )	<b>50.552</b>	-
UTI MONEY MARKET FUND DIRECT GROWTH PLAN GROWTH -ISIN- 17,776.323 Units (31 March 2021 : Nil Units )	<b>50.774</b>	-
HSBC ULTRA SHORT DURATION FUND DIRECT GROWTH UCC- 92,119.923 Units (31 March 2021 : Nil Units )	<b>101.544</b>	-
AXIS ARBITRAGE FUND - DIRECT GROWTH (EA-DG)- 3,148,258.933 Units (31 March 2021 : Nil Units )	<b>50.959</b>	-
UTI ARBITRAGE FUND -DIRECT GROWTH PLAN- 1,707,133.447 Units (31 March 2021 : Nil Units )	<b>50.738</b>	-
TATA ARBITRAGE FUND -DIRECT PLAN - GROWTH- 4,234,564.252 Units (31 March 2021 : Nil Units )	<b>50.753</b>	-
SBI ARBITRAGE OPPORTUNITIES FUND -DIRECT PLAN -GROWTH- 1,778,713.432 Units (31 March 2021 : Nil Units )	<b>50.746</b>	-
NIPPON INDIA ARBITRAGE FUND -DIRECT GROWTH PLAN GROWTH OPTION - 2,225,384.905 Units (31 March 2021 : Nil Units )	<b>50.801</b>	-
DSP ARBITRAGE DIR GROWTH ISIN- 4,063,515.940 Units (31 March 2021 : Nil Units )	<b>50.676</b>	-
UTI ADVANTAGE FUND-REGULAR PLAN GROWTH- 17,688.649 Units (31 March 2021 : Nil Units )	<b>50.523</b>	-
AXIS TREASURY ADVANTAGE FUND - REGULAR GROWTH ( TA-GP) - 20,238.340 Units (31 March 2021 : Nil Units )	<b>50.538</b>	-
TATA TREASURY ADVANTAGE FUND REGULAR PLAN-GROWTH- 15,804.241 Units (31 March 2021 : Nil Units )	<b>50.490</b>	-
DSP LONG DURATION FUND-REGULAR PLAN-GROWTH- 4,290,267.127 Units (31 March 2021 : Nil Units )	<b>100.994</b>	-



## Notes to the Consolidated financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in Indian rupees million unless otherwise stated)

	31 March 2022	31 March 2021
INVESCO INDIA MONEY MARKET FUND-DIRECT GROWTH PLAN-(CD-D1)- 19,877.305 Units (31 March 2021 : Nil Units )	<b>50.508</b>	-
KOTAK MONEY MARKET FUND-DIRECT PLAN-GROWTH- 41,591.271 Units (31 March 2021 : Nil Units )	<b>150.590</b>	-
TATA MONEY MARKET FUND GROWTH PLAN-GROWTH - 13,219.932 Units (31 March 2021 : Nil Units )	<b>50.571</b>	-
AXIS-CPSE PLUS SDL 2025 70:30 DEBT INDEX FUND DIRECT GROWTH (CS-DG) - 4,999,750.012 Units (31 March 2021 : Nil Units )	<b>50.413</b>	-
ADITYA BIRLA SUN LIFE LIQUID FUND-GROWTH-REGULAR PLAN - 147,401.463 Units (31 March 2021 : Nil Units )	<b>50.181</b>	-
TATA LIQUID FUND REGULAR PLAN-GROWTH- 15,055.450 Units (31 March 2021 : Nil Units )	<b>50.181</b>	-
INVESCO INDIA LIQUID FUND-GROWTH(LG-SG) -17,272.690 Units (31 March 2021 : Nil Units )	<b>50.175</b>	-
HSBC CASH FUND - GROWTH UCC- 23,815.145 Units (31 March 2021 : Nil Units)	<b>50.177</b>	-
SUNDARAM LIQUID FUND (Principle Cash Mgmt Fund) REGULAR GROWTH- 53,752.950 Units (31 March 2021 : Nil Units )	<b>100.313</b>	-
LIC MF LIQUID FUND-REGULAR PLAN GROWTH - 13,105.488 Units (31 March 2021 : Nil Units )	<b>50.145</b>	-
MIRAE ASSET CASH MANAGEMENT FUND-REGULAR PALN GROWTH - 22,627.672 Units (31 March 2021 : Nil Units )	<b>50.150</b>	-
NIPPON INDIA LIQUID FUND GROWTH PLAN-GROWTH OPTION (LFIGG) - 9,710.565 Units (31 March 2021 : Nil Units )	<b>50.150</b>	-
UTI MONEY MARKET FUND-DIRECT PLAN-GROWTH- 40,187.823 Units (31 March 2021 : Nil Units )	<b>100.099</b>	-
TATA MONEY MARKET FUND GROWTH PLAN-GROWTH- 26,1717.747 Units (31 March 2021 : Nil Units )	<b>100.116</b>	-
ICICI PRUDENTIAL MONEY MARKET FUND DIRECT GROWTH-DIRECT PLAN- 326,168.043 Units (31 March 2021 : Nil Units )	<b>100.099</b>	-
AXIS MONEY MARKET FUND DIRECT GROWTH (MM-DG)- 86,861.189 Units (31 March 2021 : Nil Units )	<b>100.045</b>	-
ADITYA BIRLA SUN LIFE MONEY MANAGER FUND - GROWTH-DIRECT PLAN - 167,321.317 Units (31 March 2021 : Nil Units )	<b>50.014</b>	-
ADITYA BIRLA SUN LIFE CRISIL AAA JUN 2023 INDEX FUND DIRECT GROWTH- 4,981,567.291 Units (31 March 2021 : Nil Units )	<b>50.017</b>	-
DSP SAVING FUND-DIRECT PLAN-GROWTH- 2,285,955.308 Units (31 March 2021 : Nil Units )	<b>100.040</b>	-
NIPPON MONEY MARKET FUND-DIRECT GROWTH GROWTH OPTION(LQAGG)- 29,853.169 Units (31 March 2021 : Nil Units )	<b>100.025</b>	-
HDFC LIQUID FUND-DIRECT PLAN GROWTH OPTION- 23,901.235 Units (31 March 2021 : Nil Units )	<b>100.021</b>	-
FRANKLIN INDIA SAVING FUND RETAIL OPTION-DIRECT PLAN-GROWTH- 1,204,904.208 Units (31 March 2021 : Nil Units )	<b>49.998</b>	-
FRANKLIN INDIA SAVING FUND SUPER INSTITUTIONAL PLAN-DIRECT PLAN-GROWTH- 31,266.548 Units (31 March 2021 : Nil Units )	<b>100.020</b>	-
KOTAK SAVINGS FUND-DIRECT PLAN-GROWTH- 4,169,052.421 Units (31 March 2021 : Nil Units )	<b>150.212</b>	-

## Notes to the Consolidated financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in Indian rupees million unless otherwise stated)

	31 March 2022	31 March 2021
HDFC ULTRA SHORT TERM FUND-DIRECT GROWTH- 8,064,633.222 Units (31 March 2021 : Nil Units)	<b>100.105</b>	-
NIPPON ULTRA SHORT DURATION FUND-DIRECT GROWTH PLAN (CPAGG)- 28,375.532 Units (31 March 2021 : Nil Units)	<b>100.144</b>	-
<b>Total</b>	<b>3906.273</b>	2777.567
<b>(ii) Investments at amortised cost</b>		
<b>Unquoted investments:</b>		
Deposit with Bajaj Finance Limited	<b>72.500</b>	172.500
<b>Total current</b>	<b>3978.773</b>	2950.067
Aggregate book value of quoted investments	<b>4558.452</b>	3175.627
Aggregate market value of quoted investments	<b>4558.452</b>	3184.820
Aggregate book value of unquoted investments	<b>72.513</b>	172.513
<b>5 Other financial assets</b>		
<b>Non-current</b>		
Security deposits	<b>87.355</b>	65.903
Deposits with banks with an original maturity of more than 12 months	<b>51.348</b>	84.983
	<b>138.703</b>	150.886
Foreign exchange forward contracts	<b>30.988</b>	4.095
Interest accrued on fixed deposits and bonds	<b>41.758</b>	41.562
Security deposits	<b>1.758</b>	-
	<b>74.504</b>	45.657
Total other financial assets	<b>213.207</b>	196.543
<b>6 Other assets</b>		
<b>Non-current</b>		
Capital advances	<b>10.902</b>	3.787
Balances with central excise, customs and Value added tax authorities	<b>16.097</b>	82.028
Prepaid expenses	<b>3.563</b>	3.894
	<b>30.562</b>	89.709
<b>Current</b>		
Contracts in progress (Refer note 27)	<b>2786.270</b>	1378.961
Advances to suppliers	<b>694.958</b>	571.605
Balances with central excise, customs and Value added tax authorities	<b>427.690</b>	167.953
Prepaid expenses	<b>78.269</b>	28.948
Amounts receivable in cash or kind	<b>245.629</b>	62.343
	<b>4232.816</b>	2209.810
<b>Total Other assets</b>	<b>4263.378</b>	2299.519



## Notes to the Consolidated financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in Indian rupees million unless otherwise stated)

	31 March 2022	31 March 2021
<b>7 Inventories (valued at lower of cost and net realisable value)</b>		
Raw materials	<b>2858.408</b>	971.085
Work in progress	<b>565.279</b>	302.705
Finished goods	<b>26.614</b>	15.346
	<b>3450.301</b>	1289.136
Note: Write-down of inventories to net realizable value amounted to INR 5.738 (31 March 2021: INR 16.668 ). These were recognized as an expense during the year and included in 'Cost of materials consumed'.		
<b>8 Trade receivables</b>		
<b>Current</b>		
Unsecured, considered good	<b>5117.941</b>	4534.411
Unsecured, considered doubtful	<b>454.661</b>	963.185
	<b>5572.602</b>	5497.596
Less: Impairment allowance (allowance for bad and doubtful debts)	<b>454.661</b>	963.185
	<b>5117.941</b>	4534.411
Notes :		
i. Refer note no. 38 for ageing schedule		
ii. No trade receivables are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade receivables are due from firms or private companies respectively in which any director is a partner, a director or a member. Trade receivables are non-interest bearing and generally on credit terms of 3 to 6 months		
<b>9 Cash and cash equivalents</b>		
Balances with banks		
On current accounts	<b>460.847</b>	554.242
Deposits with original maturity of less than 3 months	<b>612.195</b>	455.470
Cheques, drafts on hand	-	-
Cash on hand	<b>1.521</b>	1.375
	<b>1074.563</b>	1011.087
<b>10 Other bank balances</b>		
Unclaimed dividend account	<b>10.654</b>	10.891
Deposits with maturity for more than 3 months but less than 12 months	<b>465.613</b>	302.484
	<b>476.267</b>	313.375

## Notes to the Consolidated financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in Indian rupees million unless otherwise stated)

	31 March 2022		31 March 2021	
<b>11 Equity share capital</b>				
<b>Authorised shares</b>				
450,000,000 (31 March 2021: 450,000,000) equity shares of INR 2 each		<b>900.000</b>		900.000
<b>Issued, subscribed and fully paid-up shares</b>				
183,673,088 (31 March 2021: 183,228,904) equity shares of INR 2 each		<b>367.346</b>		366.458
<b>Total</b>		<b>367.347</b>		<b>366.458</b>
<b>a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period:</b>				
	<b>No.</b>	<b>Amount</b>	<b>No.</b>	<b>Amount</b>
At the beginning of the period	<b>183,228,904</b>	<b>366.459</b>	183,160,060	366.320
Add: Allotted during the period pursuant to exercise of employees stock options (Refer note 32)	<b>444,184</b>	<b>0.888</b>	68,844	0.138
Outstanding at the end of the period	<b>183,673,088</b>	<b>367.347</b>	183,228,904	366.458

**b. Terms/ Rights attached to equity shares:**

The Company has only one class of equity shares having a par value of INR 2 per share. Each holder of the equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

The Board of Directors proposed a final dividend of INR 2.70 per equity share and a Special Amrit Mahotsava dividend of INR 1.50 per equity share for the financial year ended 31 March 2022. The proposal is subject to the approval of shareholders at the Annual General Meeting to be held and if approved, will be recognised as distributions to equity shareholders during the year ended 31 March 2023. This event is considered as non-adjusting event.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company after distributing all preferential amounts.

**c. Shares held by holding/ultimate holding company and/or their subsidiaries/associates:**

The company does not have any holding or ultimate holding company.

**d. Details of shareholders holding more than 5% shares in the company:**

	31 March 2022		31 March 2021	
	<b>No.</b>	<b>% of holding</b>	<b>No.</b>	<b>% of holding</b>
Equity shares of INR. 2 each fully paid				
Dr Pramod Chaudhari	<b>38,700,000</b>	<b>21.07%</b>	38,700,000	21.12%
Parimal Chaudhari	<b>14,400,000</b>	<b>7.84%</b>	14,400,000	7.86%
HDFC Trustee Company Limited - HDFC Equity Fund			14,350,034	7.83%

**e. Details of shareholders holding of Promoters:**

	31 March 2022		31 March 2021	
	<b>No.</b>	<b>% of holding</b>	<b>No.</b>	<b>% of holding</b>
Equity shares of INR 2 each fully paid				
Dr Pramod Chaudhari	<b>38,700,000</b>	<b>21.07%</b>	38,700,000	21.12%
Parimal Chaudhari	<b>14,400,000</b>	<b>7.84%</b>	14,400,000	7.86%
Moriyaset Trust	<b>7,200,000</b>	<b>3.92%</b>	7,200,000	3.93%

**f. Shares reserved for issue under options:**

Shares reserved for issue under the Employee Stock Option Plan (ESOP) please refer note 32.



## Notes to the Consolidated financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in Indian rupees million unless otherwise stated)

**g. Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:**

	31 March 2022	31 March 2021
Number of bonus shares issued, shares issued for consideration other than cash and shares bought back	-	-

	31 March 2022	31 March 2021
<b>12 Other Equity</b>		
<b>Capital Reserve</b>	<b>0.033</b>	0.033
<b>Amalgamation Reserve</b>	<b>3.063</b>	3.063
<b>Capital Redemption Reserve</b>	<b>14.627</b>	14.627
<b>Securities Premium</b>		
Balance as at the beginning of the year	<b>982.276</b>	977.306
Add : Employee stock options exercised	<b>25.321</b>	3.305
Add : Transfer from Share option outstanding account on exercise of options	<b>18.400</b>	1.665
Balance at the end of the year	<b>1025.997</b>	982.276
<b>Share option outstanding account</b>		
Balance as at the beginning of the year	<b>18.624</b>	19.498
Add : Employee stock option expense	<b>29.355</b>	0.791
Less: Employee stock options expired and transferred to surplus in statement of profit and loss	<b>0.224</b>	-
Less : Transfer to Securities Premium on exercise of options	<b>18.400</b>	1.665
Balance at the end of the year	<b>29.355</b>	18.624
<b>Special Economic Zone Re-investment Reserve</b>		
Balance as at the beginning of the year	<b>383.900</b>	292.448
Add : Transfer from Surplus in the Statement of Profit and Loss	-	163.000
Less : Transfer to Surplus in the Statement of Profit and Loss on completion of required period	<b>61.400</b>	71.548
Balance at the end of the year	<b>322.500</b>	383.900
<b>General Reserve</b>		
Balance as at the beginning of the year	<b>958.500</b>	958.500
Add : Amounts transferred from surplus balance in statement of profit and loss	-	-
Balance at the end of the year	<b>958.500</b>	958.500
<b>Exchange differences on translation of foreign operations</b>		
Balance at the beginning of the year	<b>30.148</b>	28.957
Less: Adjustment related to erstwhile subsidiary	-	-
Add : Due to transactions during the year	<b>(14.605)</b>	1.191
Balance at the end of the year	<b>15.543</b>	30.148

## Notes to the Consolidated financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in Indian rupees million unless otherwise stated)

	31 March 2022	31 March 2021
<b>Surplus in the Statement of Profit and Loss</b>		
Balance as at the beginning of the year	5260.603	4531.736
Profit as per statement of profit and loss	1502.395	810.469
Other comprehensive income	(7.832)	9.850
Add: Employee stock options expired and transferred from share option outstanding account	0.224	-
Add : Transfer from Special Economic Zone Re-investment Reserve on completion of required period	61.400	71.548
Less: Appropriations		
Interim/Final equity dividend	396.570	-
Transfer to Special Economic Zone Re-investment Reserve	-	163.000
Net Surplus in Statement of Profit and Loss	6420.220	5260.603
<b>Total Other Equity</b>	<b>8789.838</b>	<b>7651.774</b>
<b>13 Provisions</b>		
<b>Non-Current</b>		
<b>Provision for Employee Benefits</b>		
Compensated absences	111.405	94.148
Gratuity	59.128	62.866
	170.533	157.014
<b>Current</b>		
<b>Provision for Employee Benefits</b>		
Compensated absences	62.804	49.117
Gratuity	49.338	47.275
Performance Incentive	203.235	154.738
	315.377	251.130
<b>Total provision</b>	<b>485.910</b>	<b>408.144</b>
<b>14 Trade Payables</b>		
<b>Current</b>		
<b>-To related parties</b>		
<b>-To others</b>		
Total outstanding dues of micro enterprises and small enterprises (Refer note iii below)	396.408	362.556
Total outstanding dues of creditors other than micro enterprises and small enterprises	3851.494	3053.586
	4247.902	3416.142
Notes:		
i. Refer note no. 38 for ageing schedule		
ii. Trade payables are non-interest bearing and are normally settled on 30-90 days terms		
iii. Interest due/payable to parties under MSMED Act, 2006	-	-





## Notes to the Consolidated financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in Indian rupees million unless otherwise stated)

	31 March 2022	31 March 2021
<b>15 Other financial liabilities</b>		
<b>Current</b>		
Unclaimed dividends	10.648	10.886
Employee benefits payable	81.568	66.238
Other payables	141.200	56.917
	<b>233.416</b>	<b>134.041</b>
<b>16 Other Liabilities</b>		
<b>Current</b>		
Advances received from customers	6795.224	3012.580
Dues to customers relating to contracts in progress (Refer Note 27)	910.733	708.005
Statutory dues payable	55.396	42.020
	<b>7761.353</b>	<b>3762.605</b>
<b>17 Revenue from operations</b>		
<b>Sale of Products and Projects</b>	<b>20490.996</b>	11988.115
Add: Closing contracts in progress	1948.408	697.859
Less: Opening contracts in progress	697.859	765.613
	<b>(a) 21741.545</b>	11920.361
<b>Sale of Services</b>	<b>1249.627</b>	949.124
Add: Closing contracts in progress	(72.871)	(26.903)
Less: Opening contracts in progress	(26.903)	(15.532)
	<b>(b) 1203.659</b>	937.753
<b>Other Operating revenue</b>		
Scrap Sales	387.969	166.768
Sale of Licenses	-	21.805
	<b>(c) 387.969</b>	188.573
<b>Total Revenue from operations (a+b+c)</b>	<b>23333.173</b>	<b>13046.687</b>
<b>18 Other Income</b>		
Foreign exchange fluctuation gain (net)	120.655	67.306
Gain on redemption of investments (net)	57.514	3.981
Investment In mutual fund fair valuation gain/loss	54.694	81.386
Interest		
- on fixed deposits	33.946	35.922
- others	53.590	36.105
Income calculated using effective interest rate method	2.627	3.843
(Loss) / profit on sale of property, plant and equipment (net)	0.397	-
Excess provision / creditors written back (including advances)	6.784	9.785
Other non-operating income	31.690	19.036
	<b>361.897</b>	<b>257.364</b>

## Notes to the Consolidated financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in Indian rupees million unless otherwise stated)

	31 March 2022	31 March 2021
<b>19 Cost of materials consumed</b>		
Raw material consumed	<b>14811.295</b>	7309.688
	<b>14811.295</b>	7309.688
<b>20 Changes in inventories of Finished Goods, Work in Progress</b>		
<b>Inventories at the end of the year</b>		
Work in progress	<b>565.279</b>	302.705
Finished goods	<b>26.614</b>	15.346
	<b>591.893</b>	318.051
<b>Inventories at the beginning of the year</b>		
Work in progress	<b>302.705</b>	319.229
Finished goods	<b>15.346</b>	50.292
	<b>318.051</b>	369.521
<b>(Increase) / Decrease in inventories</b>	<b>(273.842)</b>	51.470
<b>21 Employee Benefit Expenses</b>		
Salaries, wages and bonus	<b>1968.047</b>	1580.859
Contributions to provident and other funds (Refer note 31 a)	<b>72.643</b>	61.215
Gratuity Expense (Refer note 31 b)	<b>21.760</b>	21.651
Employee stock option expense	<b>29.355</b>	0.791
Staff welfare	<b>84.422</b>	57.463
	<b>2176.227</b>	1721.979
<b>22 Finance costs</b>		
Interest expense	-	-
Net interest cost on net defined benefit obligations (Refer note 31b)	<b>5.767</b>	6.896
Interest on Lease Liability	<b>19.284</b>	21.679
	<b>25.051</b>	28.575



## Notes to the Consolidated financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in Indian rupees million unless otherwise stated)

	31 March 2022	31 March 2021
<b>23 Other Expenses</b>		
Consumption of stores and spares	231.276	138.685
Site expenses and labour charges	2366.512	1331.785
Freight and transport	522.242	375.438
Bad debts written off (INR 582.816; 31 March 2021 INR 98.135) / Net Provision for doubtful debts and advances	73.655	95.261
Sales commission	144.717	59.730
Travel and conveyance	189.310	89.055
Professional consultancy charges	316.815	175.309
Insurance	66.082	41.592
Rent (Refer note 30)	41.608	17.010
Power and fuel	72.866	58.547
Advertising and exhibition expenses	29.484	18.003
Communication expenses	20.687	15.840
Testing charges	53.530	43.351
Repairs and maintenance:		
Building	17.970	9.404
Plant and Machinery	31.023	23.519
Others	29.196	21.973
Auditors' remuneration		
for audit services	5.013	5.058
for taxation services	1.550	1.550
for certification charges	0.093	-
out of pocket expenses	0.049	0.104
Directors' commission	9.000	8.100
Rates and taxes	8.460	4.125
(Profit) / Loss on sale of fixed assets (net)	-	0.756
Miscellaneous expenses	450.516	305.880
	<b>4681.654</b>	<b>2840.075</b>

## Notes to the Consolidated financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in Indian rupees million unless otherwise stated)

	31 March 2022	31 March 2021
<b>24 Income tax</b>		
<b>A Statement of profit and loss:</b>		
Current income tax:		
Current income tax charge (net of MAT credit utilisation of INR Nil; 31 March 2021 INR 53.342)	<b>430.748</b>	241.576
Tax relating to earlier periods	<b>27.870</b>	7.734
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	<b>87.734</b>	71.149
<b>Income tax expense reported in the statement of profit and loss</b>	<b>546.352</b>	320.459
<b>B Statement of other comprehensive income:</b>		
<b>Deferred tax:</b>		
Remeasurements gains and losses on post employment benefits	<b>2.812</b>	(5.252)
Income tax expense reported in the statement of other comprehensive income	<b>2.812</b>	(5.252)
<b>C Reconciliation of effective tax rate</b>		
<b>Accounting profit before tax</b>	<b>2048.772</b>	1131.046
<b>Tax using the Company's domestic tax rate 25.168% (34.944%)</b>	<b>515.635</b>	395.233
i Adjustments in respect of current income tax of previous years	<b>27.870</b>	7.734
<b>Less: Tax effect of:</b>		
i MAT credit utilisation not considered as asset	-	(53.342)
ii Income chargeable at lower rate	<b>(5.306)</b>	(29.704)
iii IND-AS adjustment	<b>(6.154)</b>	(8.641)
iv Deduction claimed for which Deferred Tax Asset was not created	<b>(1.919)</b>	(13.796)
v Gratuity provision reduction considered in OCI	-	(5.250)
vi Dividend from Subsidiary eligible for deduction u/s 80M	-	-
vii Loss on closure of Subsidiary claimed as Business Loss	<b>(24.144)</b>	-
viii Change in tax rate including subsidiaries	-	(13.407)
ix Tax effect of Exchange gain on closure of subsidiary	<b>(3.259)</b>	-
<b>Add: Tax effect of</b>		
i Deferred Tax Liability on conditional exemption (net)	<b>8.748</b>	21.820
ii Donations ineligible under Income tax	<b>5.465</b>	0.959
iii Others including rounding off	<b>3.886</b>	5.200
iv Deferred Tax Asset reversal of earlier years	-	13.237
v Impact on Deferred Tax due to change in Tax Rate	<b>20.972</b>	-
vi Gratuity provision reduction considered in OCI	<b>2.812</b>	-
vii Change in tax rate including subsidiaries	<b>1.746</b>	0.416
<b>Total</b>	<b>546.352</b>	320.459
<b>Income tax expense reported in the statement of profit and loss</b>	<b>546.352</b>	320.459



## Notes to the Consolidated financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in Indian rupees million unless otherwise stated)

### D Deferred tax

Deferred tax relates to the following: Deferred tax asset / (liability)	Balance sheet		Statement of profit and loss & other comprehensive income & other equity	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
<b>Deferred tax asset</b>				
Provision for doubtful debts and advances	115.814	336.372	220.558	(1.204)
Gratuity	27.299	37.873	10.574	4.383
Carry forward business loss	-	-	-	27.237
Compensated absences	43.844	49.116	5.272	(7.553)
Percentage of completion on consolidated basis	12.483	8.711	(3.772)	(11.824)
Others disallowances under income tax	62.200	18.457	(43.743)	0.840
Lease Liability	43.398	51.391	7.993	8.440
<b>Total</b>	<b>305.038</b>	<b>501.920</b>	<b>196.882</b>	<b>20.319</b>
<b>Deferred tax liability</b>				
Property, plant & equipment and intangible assets	(230.356)	(313.398)	(83.042)	(26.213)
Conditional exemptions claimed under Income tax / others	(55.399)	(84.317)	(28.918)	82.295
<b>Total</b>	<b>(285.755)</b>	<b>(397.715)</b>	<b>(111.960)</b>	<b>56.082</b>
<b>Net deferred tax asset / (liability)</b>	<b>19.283</b>	<b>104.205</b>	<b>84.922</b>	<b>76.401</b>
<b>Deferred tax expense/(income)</b>			<b>84.922</b>	<b>76.401</b>
- Recognised in the statement of profit and loss			87.734	71.149
- Recognised in the statement of other comprehensive income			(2.812)	5.252

### 25 Earnings per share

Particulars	31 March 2022	31 March 2021
<b>Reconciliation of basic and diluted shares used in computing earnings per share</b>		
Weighted average number of basic equity shares	183,596,780	183,172,607
Add: effect of dilutive potential equity shares:		
- Employee stock options	80,365	156,519
Weighted average number of diluted equity shares	183,677,145	183,329,126
<b>Computation of basic and diluted earnings per share</b>		
Net profit after tax attributable to equity shareholders	1502.394	810.469
Basic earnings per equity share of INR 2 each	8.18	4.43
Diluted earnings per equity share of INR 2 each	8.18	4.42

## Notes to the Consolidated financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in Indian rupees million unless otherwise stated)

### 26 Capital commitments and contingent liabilities

Particulars	31 March 2022	31 March 2021
<b>Capital commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	<b>115.454</b>	26.032
<b>Other commitments</b>		
Partly paid shares of Praj Far East Co. Ltd., Thailand	<b>13.408</b>	13.770
<b>Contingent liabilities</b>		
Claims against Company not acknowledged as debts (primarily relating to performance related claims filed by customers) (net of possibility of reimbursement from insurance company of INR 41.021)	<b>21.845</b>	17.550
Disputed demands in appeal towards income tax, service tax & sales tax	<b>366.235</b>	204.888
Guarantee issued in respect of obligations of a subsidiary	<b>814.360</b>	571.060

### 27 Disclosures pursuant to Ind AS 115 - Revenue from Contracts with Customers

Particulars	31 March 2022	31 March 2021
Contract revenue recognised during the year (excluding taxes)	<b>20289.489</b>	10654.688
Aggregate amount of contract costs incurred and recognised profits (less recognised losses)	<b>35155.570</b>	19710.504
Customer advances outstanding for contracts in progress	<b>5597.831</b>	2022.974
Retention money due from customers for contracts in progress	<b>1073.688</b>	535.459
Gross amount due from customers for contract work (presented as contracts in progress)	<b>2786.270</b>	1378.961
Gross amount due to customers for contract work (presented as dues to customers relating to contracts in progress)	<b>(910.733)</b>	(708.005)

#### I) Revenue by category of contracts:

Particulars	31 March 2022	31 March 2021
Over a period of time basis	<b>20243.483</b>	10621.578
At a point-in-time basis	<b>3089.690</b>	2425.109
<b>Total revenue from contracts with customers</b>	<b>23333.173</b>	13046.687

#### II) Revenue by geographical market:

Particulars	31 March 2022	31 March 2021
Within India	<b>18492.028</b>	9307.683
Outside India	<b>4841.145</b>	3739.004
<b>Total revenue from contracts with customers</b>	<b>23333.173</b>	13046.687

#### III) Disaggregation of revenue by business vertical:

Particulars	31 March 2022	31 March 2021
Bioenergy	<b>16306.146</b>	8651.205
Others	<b>7027.027</b>	4395.482
<b>Total revenue from contracts with customers</b>	<b>23333.173</b>	13046.687



## Notes to the Consolidated financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in Indian rupees million unless otherwise stated)

### IV) Transaction price allocated to the remaining performance obligations

Particulars	31 March 2022	31 March 2021
Remaining Performance Obligations	23264.678	11583.515

### V) Contract balances

Particulars	31 March 2022	31 March 2021
Trade receivables	5117.941	4534.411
Unbilled Revenue (Contract Asset)	2786.270	1378.961
Unearned Revenue (Contract Liability)	910.733	708.005
Customer Advances (Contract Liability)	6795.224	3012.580

Contract assets primarily relate to the Company's rights to consideration for work completed but not billed at the reporting date. The Contract assets are transferred to Trade receivables on completion of milestones and its related invoicing.

The Contract liabilities relate to unearned revenue and customer advances where performance obligations are yet to be fulfilled as per the contracts. The fulfilment of the performance obligations will extinguish these liabilities and revenue will be recognised.

## 28 Segment reporting

The business activities of the Company from which it earns revenues and incurs expenses; whose operating results are regularly reviewed by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available involve predominantly one operating segment i.e. process and project engineering.

## 29 Related party transactions

### a) Key management personnel and their close members of family

Executive Chairman	Dr Pramod Chaudhari
CEO & Managing Director	Shishir Joshipura
Chief Financial Officer & Director - Resources	Sachin Raole
Chief Internal Auditor & Company Secretary	Dattatraya Nimbolkar
Non-Executive Directors	Berjis Desai
	Parimal Chaudhari
	Sivaramakrishnan S. Iyer
	Mrunalini Joshi
	Dr Shridhar Shukla
	Suhas Baxi
Close members of family of key management personnel -	Parimal Chaudhari (Director)
Dr Pramod Chaudhari	Parth Chaudhari

### b) Entity controlled or jointly controlled by a person identified in (a)

Praj Foundation
Plutus Properties LLP

## Notes to the Consolidated financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in Indian rupees million unless otherwise stated)

c) **Transactions and balances with related parties have been set out below:**

<b>Particulars</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
<b>Praj Foundation</b>		
Donation paid	18.635	7.000
<b>Plutus Properties LLP</b>		
Rent	3.778	3.596
<b>Dr Pramod Chaudhari</b>		
Short term employee benefits	76.209	44.552
Post employment benefits	12.275	4.284
Other long term employee benefits	2.250	(1.500)
Dividend	83.592	-
Payable	16.205	3.240
<b>Shishir Joshipura</b>		
Short term employee benefits	42.310	29.286
Post employment benefits	4.185	3.564
Other long term employee benefit	0.932	0.847
Share based payment	15.726	0.396
Dividend	0.216	-
Payable	11.122	6.495
<b>Sachin Raole</b>		
Short term employee benefits	18.936	12.203
Post employment benefits	1.263	1.052
Other long term employee benefit	0.521	0.359
Share based payment	5.242	0.396
Dividend	0.313	-
Payable	7.485	4.362
<b>Dattatraya Nimbolkar</b>		
Short term employee benefits	9.031	7.468
Post employment benefits	0.469	0.342
Other long term employee benefit	0.198	0.113
Dividend	0.002	-
Payable	2.584	2.437
<b>Parimal Chaudhari</b>		
Commission on profit	2.000	1.750
Dividend	46.656	-
Payable	2.000	1.750





## Notes to the Consolidated financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in Indian rupees million unless otherwise stated)

### 30 Leases

The company classifies the lease transactions as per the requirements of IND-AS 116 "Leases"

Nature of Leasing activity:

The Company has entered into lease arrangements for office and factory premises, residential premises for its employees, office equipments and computers.

Particulars	31 March 2022	31 March 2021
Depreciation for right-of-use asset	51.394	42.561
Interest expense on lease liabilities	19.284	21.679
Expenses relating to short-term / low value leases	41.608	17.010
Total Cash outflow for leases	114.528	79.013
Carrying amount of right-of-use asset	162.271	125.744
Maturity analysis of lease liabilities:		
- less than 1 year	63.326	63.432
- between 1 to 3 years	143.076	77.811
- more than 3 years	4.474	35.348

### 31 Employee benefits

#### a) Defined contribution plans

The Company has recognised INR 72.643 (31 March 2021: INR 61.215) towards post-employment defined contribution plans comprising of provident and superannuation fund in the statement of profit and loss.

#### b) Defined benefit plan

In accordance with the Payment of Gratuity Act, 1972, the Company is required to provide post-employment benefit to its employees in the form of gratuity. The Company has maintained a fund with the Life Insurance Corporation of India to meet its gratuity obligations. In accordance with the Standard, the disclosures relating to the Company's gratuity plan are provided below:

**The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:**

Particulars	31 March 2022	31 March 2021
<b>Present value of obligation as at the beginning of the period</b>	<b>280.540</b>	281.201
Interest cost	17.444	16.764
Past service cost	-	-
Current service cost	21.760	21.531
Benefits paid	(10.222)	(25.493)
Remeasurements on obligation - (gain) / loss	12.243	(13.463)
<b>Present value of obligation as at the end of the period</b>	<b>321.765</b>	280.540

## Notes to the Consolidated financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in Indian rupees million unless otherwise stated)

The changes in the fair value of planned assets representing reconciliation of opening and closing balances thereof are as follows:

Particulars	31 March 2022	31 March 2021
<b>Fair value of plan assets at the beginning of the period</b>	<b>170.400</b>	158.682
Interest income	11.677	9.868
Contributions	30.839	2.500
Benefits paid	(1.217)	(2.168)
Mortality Charges and Taxes	(0.115)	(0.121)
Return on plan assets, excluding amount recognized in interest income - gain / (loss)	1.696	1.639
Adjustment entry	-	-
<b>Fair value of plan assets as at the end of the period</b>	<b>213.280</b>	170.400

Amounts recognised in the balance sheet are as follows:

Particulars	31 March 2022	31 March 2021
Present value of obligation as at the end of the period	321.765	280.540
Fair value of plan assets as at the end of the period	213.299	170.400
<b>Surplus / (deficit)</b>	<b>(108.466)</b>	(110.140)

Amounts recognised in the statement of profit and loss are as follows:

Particulars	31 March 2022	31 March 2021
Current service cost	21.760	21.531
Net interest (income) / expense	5.767	6.896
<b>Net periodic benefit cost recognised in the statement of profit and loss at the end of the period</b>	<b>27.527</b>	28.427

Amounts recognised in the statement of other comprehensive income (OCI) are as follows:

Particulars	31 March 2022	31 March 2021
Remeasurement for the year - obligation (gain) / loss	12.340	(13.463)
Remeasurement for the year - plan assets (gain) / loss	(1.696)	(1.639)
<b>Total remeasurements cost / (credit) for the year</b>	<b>10.644</b>	(15.102)

Net interest (income) / expense recognised in statement of profit and loss are as follows:

Particulars	31 March 2022	31 March 2021
Interest (income) / expense - obligation	17.444	16.764
Interest (income) / expense - plan assets	(11.677)	(9.868)
<b>Net interest (income) / expense for the year</b>	<b>5.767</b>	6.896

The broad categories of plan assets as a percentage of total plan assets are as follows:

Particulars	31 March 2022	31 March 2021
Funds managed by insurer	100%	100%
<b>Total</b>	<b>100%</b>	100%



## Notes to the Consolidated financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in Indian rupees million unless otherwise stated)

**Principal actuarial assumptions used in determining gratuity benefit obligations for the Company's plans are as follows:**

Particulars	31 March 2022	31 March 2021
Discount rate	7.00%-7.30%	6.30%-6.80%
Rate of increase in compensation levels	5.00%-8.00%	5.00%-8.00%
Expected rate of return on plan assets	6.30%-6.90%	6.20%-7.00%
Expected average remaining working lives of employees (in years)	9.58-14.55	9.63-14.55
Withdrawal rate		
Age upto 30 years	2% - 7%	2% - 7%
Age 31 - 40 years	2% - 7%	2% - 7%
Age 41 - 50 years	2% - 7%	2% - 7%
Age above 50 years	2% - 7%	2% - 7%

**A quantitative sensitivity analysis for significant assumptions is shown as follows:**

Sensitivity analysis indicates the influence of a reasonable change in certain significant assumptions on the outcome of the present value of obligation. Sensitivity analysis is done by varying (increasing/ decreasing) one parameter by 100 basis points (1%)

**a) Impact of change in discount rate when base assumption is decreased / increased by 100 basis point**

Discount rate	Present value of obligation	
	31 March 2022	31 March 2021
Decrease by 1%	337.343	296.046
Increase by 1%	308.048	266.947

**b) Impact of change in salary increase rate when base assumption is decreased / increased by 100 basis point**

Salary increment rate	Present value of obligation	
	31 March 2022	31 March 2021
Decrease by 1%	309.743	268.719
Increase by 1%	335.067	293.671

**c) Impact of change in withdrawal rate when base assumption is decreased / increased by 100 basis point**

Withdrawal rate	Present value of obligation	
	31 March 2022	31 March 2021
Decrease by 1%	322.045	281.447
Increase by 1%	321.512	279.728

### Risk Exposure and Asset Liability Matching

Provision of a defined benefit scheme poses certain risks, some of which are detailed hereunder, as companies take on uncertain long term obligations to make future benefit payments.

#### 1) Liability Risks

##### a. Asset-Liability Mismatch Risk-

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the company is successfully able to neutralize valuation swings caused by interest rate movements. Hence companies are encouraged to adopt asset-liability management.

##### b. Discount Rate Risk-

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practise can have a significant impact on the defined benefit liabilities.

## Notes to the Consolidated financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in Indian rupees million unless otherwise stated)

### c. Future Salary Escalation and Inflation Risk-

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

### 2) Asset Risks

All plan assets are maintained in a trust fund managed by a public sector insurer viz; LIC of India. LIC has a sovereign guarantee and has been providing consistent and competitive returns over the years.

The company has opted for a traditional fund wherein all assets are invested primarily in risk averse markets. The company has no control over the management of funds but this option provides a high level of safety for the total corpus. A single account is maintained for both the investment and claim settlement and hence 100% liquidity is ensured. Also interest rate and inflation risk are taken care of.

## 32 Employee Stock Option Plan (ESOP)

In the Annual General Meeting of the Company held on 22 July 2011, total of 9,238,936 stock options were approved under the scheme "Employee Stock Option Plan 2011". In the Meeting of the Compensation and Share Allotment Committee held on 27 January 2015 it was decided to grant options to CEO & MD and senior executives of the Company at the relevant market price as ESOP 2011 – Grant I. The total options granted under ESOP 2011 - Grant I are 3,750,000 options out of which 250,000 options (Plan A) were granted to CEO & MD and 3,500,000 options (Plan B) were granted to senior executives of the Company.

During the year 2015-16 390,000 options were granted to senior executives of the Company as ESOP 2011 – Grant II to V. During the year 2016-17 100,000 options were granted to senior executive of the Company as ESOP 2011 – Grant VI. During the year 2017-18 1,969,700 options were granted to certain employees of the Company as ESOP 2011 – Grant VII. During the year 2018-19 1,625,000 options were granted to certain employees of the Company as ESOP 2011- Grant VIII to X. During the year 2021-22 140,000 options were granted to CEO& MD and certain senior executives of the Company as ESOP 2011- Grant XI.

The stock options vest in a graded manner equally over the period of vesting, each vesting taking effect as per the terms of the grant. The stock options granted are exercisable at 100% of the fair market value of the underlying equity shares of the Company as on the date of grant.

### Amount of employee compensation expense recognised for employee services received during the year:

Particulars	31 March 2022	31 March 2021
Expense arising from equity-settled share-based payment transactions	29.355	0.791



## Notes to the Consolidated financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in Indian rupees million unless otherwise stated)

### Movements during the year ESOP 2011 Grant I to XI

Particulars	31 March 2022		31 March 2021	
	Options	Weighted average exercise price INR	Options	Weighted average exercise price INR
<b>Number of options outstanding at the beginning of the year</b>	<b>4,53,464</b>	<b>58.82</b>	18,27,308	66.47
Number of options granted during the year	1,40,000	90.00	-	-
Number of options exercised during the year	(4,44,184)	59.01	(68,844)	50.00
Number of options forfeited/lapsed during the year	(9,280)	50.00	(13,05,000)	70.00
<b>Number of options outstanding at the end of the year</b>	<b>1,40,000</b>	<b>90.00</b>	<b>4,53,464</b>	<b>58.82</b>
Number of options exercisable at the end of the year	-	N.A.	4,53,464	58.82
Range of exercise price of options outstanding at the end of the year	<b>INR 90.00</b>		INR 50.00 to 70.00	
Average share price during the year	<b>INR 336.86</b>		INR 89.83	
Weighted average remaining contractual life of options outstanding at the end of the year	<b>0.75 years</b>		1.35 years	
Weighted average fair value of option as on date of grant (granted during the year)	<b>17-Jun-21</b>	<b>265.74</b>	-	-

### Method used for calculating fair value of option – Black Scholes Option Valuation Model

Significant assumptions used in arriving at the fair value of options under Black Scholes model are stated as follows:

Movements during the year	FY 2021-22
Grant date	17 Jun 2021
Risk-free interest rate	4.20%
Expected life	1.0 year
Expected volatility*	61.25%
Expected dividend yield	2.11%
Price of the underlying share in market at the time of grant of option (INR)	359.15

\* Expected volatility has been determined based on closing price of the share of the Company over a period equivalent to expected life.

### 33 Expenditure on research & development activities

Revenue expenditure on research and development is charged under respective heads of account in the year in which it is incurred. Capital expenditure on research and development is included as part of property, plant and equipment and depreciated on the same basis as other property, plant and equipment.

Particulars	31 March 2022	31 March 2021
Capital expenditure (Including capital work-in-progress and excluding advances)	<b>38.861</b>	44.735
Revenue expenditure	<b>231.984</b>	167.516

## Notes to the Consolidated financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in Indian rupees million unless otherwise stated)

### 34 Note on COVID-19 impact

During Financial Year 2020/21, the second wave of COVID-19 pandemic continued to spread across the globe and affected all businesses around the world albeit with less intensity when compared with previous year.

Considering the uncertainties, the Group will continue to closely monitor material changes, if any, in future economic conditions.

The Groups' operations at all its manufacturing units are normal and the Group is operating strictly as per the guidelines issued by Central and State Government.

As the Groups' operations for the first quarter of the year ended 31 March 2021 were affected due to the outbreak of COVID-19, the results for the year ended 31 March 2022 are not strictly comparable with corresponding figures for the year ended 31 March 2021.

### 35 Corporate Social Responsibility (CSR) expenditure

The Company was required to spend INR 18.635 as expenditure on CSR as per requirements of the Companies Act, 2013. During the year, the Company has incurred CSR expenses of INR 21.715 as follows:

Amount spent on	Amounts paid	Yet to be paid
Construction/acquisition of asset	Nil	Nil
On other purposes covered under Schedule VII to Companies Act, 2013	21.715*	Nil

\* Includes INR 18.635 given to Praj Foundation which is a related party.

The above expenditure includes contribution/donation of INR 21.715 to trusts / institute which are engaged in activities eligible under section 135 of Companies Act, 2013 read with Schedule VII thereto.



## Notes to the Consolidated financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in Indian rupees million unless otherwise stated)

### 36 Fair value measurements

As per assessments made by the management, fair values of all financial instruments carried at amortised cost (except as specified below) are not materially different from their carrying amounts since they are either short term nature or the interest rates applicable are equal to the current market rate of interest.

The Company has performed a fair valuation of its investment in mutual funds which are classified as FVTPL using quoted prices.

Sr. No	Particulars	Carrying value	
		31 March 2022	31 March 2021
	<b>Financial asset</b>		
	<b>Levelled at level 2</b>		
	<b>a) Carried at amortised cost</b>		
	Investment in quoted perpetual bonds*	652.179	398.060
	Investment in deposits	72.500	172.500
	Investment in National saving certificate	0.013	0.013
	Security deposits	89.113	65.903
	Trade receivable	5117.941	4534.411
	Deposits with banks	51.348	84.983
	Other receivables	41.758	41.562
	Cash and cash equivalents & Other bank balances	1550.830	1324.462
	<b>b) Carried at fair value through profit and loss (FVTPL)</b>		
	Foreign exchange forward contracts (The fair value is as per the mark-to-market valuation from banks)	30.988	4.095
	<b>Levelled at level 1</b>		
	<b>a) Investments in mutual funds</b>	<b>3906.273</b>	2777.567
	<b>Financial liabilities</b>		
	<b>Levelled at level 2</b>		
	<b>a) Carried at amortised cost</b>		
	Trade payables	4247.902	3416.142
	Unclaimed dividends	10.648	10.886
	Lease Liability	210.876	176.591
	Other payables	222.768	123.155
	<b>b) Carried at fair value through profit and loss (FVTPL)</b>		
	Foreign exchange forward contracts (The fair value is as per the mark-to-market valuation from banks)	-	-
	<b>* Fair value of investment in quoted perpetual bonds</b>	<b>652.569</b>	407.253

## Notes to the Consolidated financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in Indian rupees million unless otherwise stated)

### 37 Financial risk management policy and objectives

Company's principal financial liabilities, comprise loans and borrowings, trade and other payables, and financial guarantee contracts. The main purpose of these financial liabilities is to finance company's operations and to provide guarantees to support its operations. Company's principal financial assets include advances to subsidiaries, trade and other receivables, security deposits and cash and cash equivalents, that derive directly from its operations.

In order to minimise any adverse effects on the financial performance of the company, it has taken various measures. This note explains the source of risk which the entity is exposed to and how the entity manages the risk and impact of the same in the financial statements.

Risk	Exposure arising from	Measurement	Management
Credit	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost.	Aging analysis, external credit rating (wherever available)	Diversification of bank deposits, credit limits and letters of credit
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk- Foreign Currency Risk	Recognised financial assets and liabilities not denominated in Indian rupee (INR)	Sensitivity Analysis	Management follows established risk management policies, including use of derivatives like foreign exchange forward contracts, where the economic conditions match the company's policy.

The company's risk management is carried out by management, under policies approved by the board of directors. Company's treasury identifies, evaluates and hedges financial risks in close cooperation with the company's operating units. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, credit risk, and investment of excess liquidity.

#### (A) Credit risk

Credit risk in case of the Company arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers including outstanding receivables.

##### Credit risk management

Credit risk arises from the possibility that counter party may not be able to settle their obligations as agreed. To manage this, the Company periodically assesses the reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of accounts receivable. Individual risk limits are set accordingly.

The company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers reasonable and supportive forward looking information such as:

- (i) Actual or expected significant adverse changes in business,
- (ii) Actual or expected significant changes in the operating results of the counterparty,
- (iii) Financial or economic conditions that are expected to cause a significant change to counterparty's ability to meet its obligations,
- (iv) Significant increases in credit risk on other financial instruments of the same counterparty,
- (v) Significant changes in the value of collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements.





## Notes to the Consolidated financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in Indian rupees million unless otherwise stated)

The company provides for expected credit loss in case of trade receivables, claims receivable and security deposits when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the company. The company categorises a receivable for provision for doubtful debts/write off when a debtor fails to make contractual payments greater than 180 days past due. The amount of provision depends on certain parameters set by the Company in its provisioning policy Where loans or receivables have been written off, the company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

### Provision for expected credit loss

Financial assets for which loss allowance is measured using 180 days Expected Credit Losses (ECL)

Exposure to risk	31 March 2022	31 March 2021
Trade receivables	5572.602	5497.596
Less : expected loss	454.661	963.185
	5117.941	4534.411

	31 March 2022	31 March 2021
<b>Trade receivables</b>		
Neither past due nor impaired	1760.001	1285.355
Less than 180 days	2425.287	2737.662
181 - 365 days	494.923	357.866
More than 365 days	437.730	153.528
<b>Total</b>	5117.941	4534.411

### Reconciliation of loss provision

	Trade receivables	Trade receivables
Loss allowance as at 31 March 2021	963.185	966.059
Changes in loss allowance	(508.524)	(2.874)
Loss allowance as at 31 March 2022	454.661	963.185

**Note :** Write back of provision is mainly on account of bad debts written off.

### B) Liquidity risk

"Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, company maintains flexibility in funding by maintaining availability under committed credit lines."

Management monitors rolling forecasts of the company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. This is carried out in accordance with practice and limits set by the group. In addition, the company's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

Exposure to risk	31 March 2022	31 March 2021
<b>Interest bearing borrowings</b>		
On demand	-	-
Less than 180 days	-	-
181 - 365 days	-	-
More than 365 days	-	-
<b>Total</b>	-	-

## Notes to the Consolidated financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in Indian rupees million unless otherwise stated)

<b>Exposure to risk</b>	31 March 2022	31 March 2021
<b>Other liabilities</b>		
On demand	<b>10.648</b>	10.886
Less than 180 days	<b>222.768</b>	142.429
181 - 365 days	<b>63.326</b>	44.158
More than 365 days	<b>147.550</b>	113.159
<b>Total</b>	<b>444.292</b>	310.632
<b>Trade payables</b>		
Not Due	<b>2,074.486</b>	2,861.881
Less than 365 days	<b>1927.725</b>	531.553
More than 365 days	<b>245.691</b>	22.708
<b>Total</b>	<b>4247.902</b>	3416.142

The group has access to following undrawn facilities at the end of the reporting period.

	31 March 2022	31 March 2021
Expiring within one year	<b>510.000</b>	410.000
Expiring beyond one year	-	-

### (C) Foreign currency risk

The group is exposed to foreign exchange risk mainly through its sales to overseas customers and purchases from overseas suppliers in various foreign currencies.

The group evaluates exchange rate exposure arising from foreign currency transactions and the company follows established risk management policies, including use of derivatives like foreign exchange forward contracts to hedge exposure to foreign currency risk, where the economic conditions match the company's policy.

**Foreign currency exposure :**

<b>Financial assets</b>	<b>Currency</b>	<b>Amount in foreign currency</b>		<b>Amount in INR</b>	
		31 March 2022	31 March 2021	31 March 2022	31 March 2021
Trade receivables	EUR	<b>0.417</b>	0.422	<b>34.838</b>	31.978
	USD	<b>8.757</b>	11.505	<b>658.585</b>	838.491
	GBP	<b>0.180</b>	0.180	<b>17.682</b>	17.972
Bank accounts	EUR	<b>2.256</b>	0.690	<b>188.599</b>	58.770
	USD	<b>2.644</b>	2.256	<b>198.679</b>	164.666
Foreign exchange forward contracts	EUR	<b>10.283</b>	2.400	<b>860.235</b>	204.504
	USD	<b>13.535</b>	10.450	<b>1017.949</b>	763.059
<b>Financial liabilities</b>	<b>Currency</b>	<b>Amount in foreign currency</b>		<b>Amount in INR</b>	
		31 March 2022	31 March 2021	31 March 2022	31 March 2021
Trade payables	EUR	<b>0.888</b>	1.215	<b>75.774</b>	105.766
	USD	<b>1.438</b>	0.295	<b>109.599</b>	21.291
	GBP	<b>(0.006)</b>	(0.005)	<b>(0.590)</b>	(0.524)
	SEK	<b>29.634</b>	5.276	<b>241.046</b>	44.294

**Currency wise net exposure (assets -liabilities)**



## Notes to the Consolidated financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in Indian rupees million unless otherwise stated)

Particulars	Amount in foreign currency		Amount in INR	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
EUR	12.068	2.297	1007.898	189.486
USD	23.498	23.916	1765.614	1744.925
GBP	0.186	0.185	18.272	18.496
SEK	(29.634)	(5.276)	(241.046)	(44.294)

### Sensitivity analysis

Currency	Amount in INR		Sensitivity %	Impact on profit-strengthen [ Loss / (Gain) ]		Impact on profit -weakening [ Loss / (Gain) ]	
	2022	2021		2022	2021	2022	2021
EUR	1007.898	189.486	5.00%	(50.395)	(9.474)	50.395	9.474
USD	1765.614	1744.925	5.00%	(88.281)	(87.246)	88.281	87.246
GBP	18.272	18.496	5.00%	(0.914)	(0.925)	0.914	0.925
SEK	(241.046)	(44.294)	5.00%	12.052	2.216	(12.052)	(2.216)
<b>Total</b>	<b>2550.738</b>	<b>1908.613</b>		<b>(127.538)</b>	<b>(95.429)</b>	<b>127.538</b>	<b>95.429</b>

(GBP - Great Britain Pound, EUR- Euro, USD - US Dollar, SEK- Swedish Krona)

## 38 Ageing schedule for Trade Receivables, Trade Payables and Capital Work-in-progress

(A) The table below provides details regarding Trade receivables ageing schedule

Particulars	31 March 2022						
	Unbilled dues/Not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months -1 Year	1-2 Years	2-3 Years	More than 3 years	
(i) Undisputed Trade receivables – considered good	1760.001	2425.287	494.923	342.830	23.633	71.267	5117.941
(ii) Undisputed Trade Receivables – credit impaired	30.827	4.157	25.768	68.539	45.618	279.752	454.661
<b>Total</b>	<b>1790.828</b>	<b>2429.444</b>	<b>520.691</b>	<b>411.369</b>	<b>69.251</b>	<b>351.019</b>	<b>5572.602</b>

Particulars	31 March 2021						
	Unbilled dues/Not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months -1 Year	1-2 Years	2-3 Years	More than 3 years	
(i) Undisputed Trade receivables – considered good	1285.355	2737.662	357.866	79.649	23.751	50.128	4534.411
(ii) Undisputed Trade Receivables – credit impaired	14.253	5.708	35.010	82.898	90.490	734.826	963.185
<b>Total</b>	<b>1299.608</b>	<b>2743.370</b>	<b>392.876</b>	<b>162.547</b>	<b>114.241</b>	<b>784.954</b>	<b>5497.596</b>

## Notes to the Consolidated financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in Indian rupees million unless otherwise stated)

(B) The table below provides details regarding Trade payables ageing schedule

Particulars	31 March 2022					
	Unbilled dues/Not due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 Years	2-3 Years	More than 3 years	
(i) MSME	251.429	144.979	-	-	-	396.408
(ii) Other	1823.057	1782.746	234.282	0.587	10.822	3851.494
<b>Total</b>	<b>2074.486</b>	<b>1927.725</b>	<b>234.282</b>	<b>0.587</b>	<b>10.822</b>	<b>4247.902</b>

Particulars	31 March 2021					
	Unbilled dues/Not due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 Years	2-3 Years	More than 3 years	
(i) MSME	251.198	111.358	-	-	-	362.556
(ii) Other	2610.683	420.195	-	12.655	10.053	3053.586
<b>Total</b>	<b>2861.881</b>	<b>531.553</b>	<b>-</b>	<b>12.655</b>	<b>10.053</b>	<b>3416.142</b>

(C) The table below provides details regarding Capital Work-in-progress (CWIP) ageing schedule

Particulars	31 March 2022				
	Less than 1 year	1-2 Years	2-3 Years	More than 3 years	Total
Capital Work-in-progress	14.262	6.655	-	-	20.917

Particulars	31 March 2021				
	Less than 1 year	1-2 Years	2-3 Years	More than 3 years	Total
Capital Work-in-progress	4.496	0.801	0.847	-	6.144



## Notes to the Consolidated financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in Indian rupees million unless otherwise stated)

### 39 Analytical Ratios

Sr. No.	Ratio	Numerator	Denominator	31 March 2022	31 March 2021	% Variance	Reason for Variance
1	Current ratio	Current assets	Current liabilities	1.46	1.62	-9.88%	N.A.
2	Debt-equity ratio	Debt	Net worth	NA	NA	-	
3	Debt service coverage ratio	Profit after tax + finance cost and depreciation	Interest & Lease Payments	24.05	17.10	41.00%	Refer Note (a) below
4	Return on equity ratio	Profit after tax	Average Shareholder's Equity	17.48%	10.65%	64.13%	Refer Note (a) below
5	Inventory turnover ratio	Cost of materials consumed + Changes in inventories + Consumption of stores and spares	Average Inventory	6.23	6.25	-0.32%	N.A.
6	Trade receivables turnover ratio	Sales (billed to customer)	Average Accounts Receivable	4.59	3.34	37.43%	Refer Note (b) below
7	Trade payables turnover ratio	Net Credit Purchases	Average Trade Payables	4.29	2.87	49.48%	Refer Note (c) below
8	Net capital turnover ratio	Sales	Average Working capital	4.46	3.10	43.87%	Refer Note (d) below
9	Net profit ratio	Profit After Tax	Sales	6.44%	6.21%	3.70%	N.A.
10	Return on capital employed	Earning Before Interest & Tax	Capital Employed	22.69%	14.65%	54.88%	Refer Note (a) below
11	Return on investment	Income from Investments	Investment				
	i. Mutual Funds			4.08%	5.72%	-28.68%	Refer Note (e) below
	ii. Bonds			8.40%	8.68%	-3.15%	N.A.
	iii. Fixed Deposits			2.50%-5.00%	2.50%-5.00%	N.A.	N.A.

#### Notes:

- There is favourable change in these ratios on account of increase in revenue from operations during the year by 55.91%. Increase in profit before tax by 55.21% mainly due to increase in revenue from operations.
- Favourable increase is due to better realisation from the debtors.
- Change in ratio is due to improved liquidity position of the Company.
- Improved ratio is on account of higher revenue from operations compared to increase in average working capital employed.
- Variation in returns is due to market conditions.

## Notes to the Consolidated financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in Indian rupees million unless otherwise stated)

### 40 Other Notes

#### i Details of Benami Property

The Group does not own any benami property neither any proceedings are initiated or pending against the Group under the Prohibition of Benami Property Transactions Act, 1988.

#### ii Borrowings secured against current assets

Though the Group does not have any fund based borrowings from banks or financial institutions on the basis of security of current assets, it has filed quarterly returns or statements of current assets with banks or financial institutions and the same are in agreement with the books of account read with notes given in the quarterly returns or statements.

#### iii Wilful Defaulter

The Group has not been declared as wilful defaulter by any bank or financial institution or other lender.

#### iv Relationship with Struck off Companies

As per the information available with the Group, the Group has not entered into any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956

#### v Registration of charges with ROC

There are three charges totalling to INR 781.550 created in favour of banks which are pending for satisfaction. There are no outstanding dues to these banks and satisfaction of these charges is pending due to technical issues which are being sorted out by the Group.

#### vi Utilisation of Borrowed funds and share premium

The Group does not have any borrowings. The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) nor has it received any fund from any person(s) or entity(ies), including foreign entities (Funding Party).

#### vii Details of Crypto-Currency or Virtual Currency

The Group has not traded or invested in Crypto-Currency or Virtual Currency during the financial year.

### 41 Capital management

#### Risk management

The group objectives when managing capital are to

- safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry, the company monitors capital on the basis of the following gearing ratio: Net debt (total borrowings net of cash and cash equivalents) divided by total equity and net debt (as shown in the balance sheet, including non-controlling interests).

The company's strategy is to maintain a gearing ratio 0%. The gearing ratios were as follows:



## Notes to the Consolidated financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in Indian rupees million unless otherwise stated)

	31 March 2022	31 March 2021
Loans and borrowings	-	-
Other financial liability	-	-
Less: cash and cash equivalents	<b>1074.563</b>	1011.088
Net debt	-	-
Equity	<b>9164.026</b>	8025.047
Capital and net debt	<b>9164.026</b>	8025.047
<b>Gearing ratio</b>	<b>0%</b>	<b>0%</b>

### 42 Additional information, as required under schedule III to the companies Act, 2013, of enterprises consolidated as subsidiary / Associates / Joint Ventures.

Name of the Enterprise	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
1	2	3	4	5	6	7	8	9
<b>Parent</b>								
Praj Industries Limited	98.91%	9064.474	109.42%	1643.905	37.26%	(8.360)	110.51%	1635.544
<b>Subsidiaries</b>								
<b>Indian</b>								
1 Praj HiPurity Systems Limited, India.	9.66%	885.036	9.44%	141.778	-2.35%	0.528	9.62%	142.307
2 Praj Engineering and infra Limited, India	1.40%	127.898	0.50%	7.511	-	-	0.51%	7.485
<b>Foreign</b>								
1 Praj Far East Philippines Ltd., Philippines	0.22%	19.862	-0.21%	(3.134)	6.68%	(1.499)	-0.31%	(4.631)
2 Praj Industries (Africa) Pty. Limited, South Africa	-	-	-	-	57.72%	(12.950)	-0.88%	(12.950)
3 Praj Americas Inc. USA	0.15%	13.355	0.54%	8.160	-1.49%	0.334	0.57%	8.494
4 Praj Far East Co., Ltd. Thailand	0.26%	24.206	0.20%	3.049	2.18%	(0.490)	0.17%	2.556
Minority Interests in all subsidiaries	0.07%	6.841	0.00%	0.026	-	-	0.00%	0.026
Inter Company Eliminations/ Goodwill Amortisation	-10.67%	(977.646)	-19.89%	(298.875)	-	-	-20.19%	(298.847)
<b>Total</b>	<b>100.00%</b>	<b>9164.026</b>	<b>100.00%</b>	<b>1502.420</b>	<b>100.00%</b>	<b>(22.437)</b>	<b>100.00%</b>	<b>1479.984</b>

For and on behalf of the Board of Directors of **Praj Industries Limited**

**Dr Pramod Chaudhari**  
Executive Chairman  
(DIN : 00196415)

**Shishir Joshipura**  
CEO and Managing Director  
(DIN : 00574970)

**Sachin Raole**  
CFO and Director- Resources  
(DIN : 00431438)

**Dattatraya Nimbolkar**  
Chief Internal Auditor and Company Secretary  
(M.No.: ACS4660)

Place: Pune  
Date: 25 May 2022

# Praj Industries Limited

"Praj Tower", S.No. 274 & 275/2, Bhumkar Chowk- Hinjewadi Road, Hinjewadi, Pune – 411 057.

CIN: L27101PN1985PLC038031

e-mail : investorsfeedback@praj.net; website : www.praj.net

## Notice

**Notice** is hereby given that the Thirty Sixth Annual General Meeting of **PRAJ INDUSTRIES LIMITED** will be held on **Thursday, the 4th August, 2022 at 10.00 A.M. IST** through video conferencing ("VC")/ **Other Audio Video Visual Means ("OAVM")** to transact the following business:-

### ORDINARY BUSINESS

1. To receive, consider and adopt ;
  - a. the audited Financial Statements of the Company for the financial year ended 31st March, 2022 together with the reports of the Board of Directors and the Auditors thereon.
  - b. the audited Consolidated Financial Statements of the Company for the financial year ended 31st March, 2022 together with the report of the Auditors thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Ms. Parimal Chaudhari (DIN: 00724911) who retires by rotation and being eligible, offers herself for re-appointment.

### SPECIAL BUSINESS

4. **To ratify the remuneration of Dhananjay V. Joshi & Associates, Cost Accountants, Pune as Cost Auditors for the financial year ending 31st March, 2023 and in this regard to consider and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution:**

**"RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the Company hereby ratifies the remuneration of Rs. 2,75,000/- as Audit fees plus out of pocket expenses at actual on submission of supporting bills, plus applicable taxes, payable to Dhananjay V. Joshi & Associates, Cost Accountants, Pune who have been appointed by the Board of Directors as Cost Auditors of the Company, to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2023."

5. **To consider and approve extension of appointment of Dr Pramod Chaudhari (DIN : 00196415 ) as Executive Chairman of the Company and to fix his remuneration and in this matter, to consider and if thought fit, to pass , with or without modification, the following Resolution as Special Resolution:**

**"RESOLVED THAT** in accordance with the provisions of Sections 196, 197 and 203, read with rules framed there under and Schedule V and other applicable provisions (including any Statutory modifications or re-enactments thereof for the time being in force), if any, of the Companies Act, 2013, hereinafter referred to as 'The Act' and Regulation 17 (e) of SEBI (LODR) Regulations 2015, and subject to the approval given by Members at 35th Annual General Meeting held on 11th August, 2021 as per Special Resolution No. 5 for payment of remuneration in excess of limits specified in Section 197 of the Companies Act, 2013 consent of the Company be and is hereby accorded to the extension of appointment of Dr Pramod Chaudhari as Executive Chairman of the Company for a period of twenty nine (29) months with effect from 1st August, 2022 till 31st December, 2024, which includes consent for continuation of appointment after attaining age of 70 years, on the terms and conditions including remuneration as set out in the Explanatory Statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) to alter and vary the terms and conditions and/ or remuneration.

**RESOLVED FURTHER THAT** in the event of any enhancement of the limits specified in Schedule V to the Act, the Board of Directors be and is hereby authorized to vary and / or upwardly revise the remuneration within such enhanced limits.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this Resolution."





6. **To consider and approve extension of appointment of Mr. Sachin Raole (DIN: 00431438) as CFO & Director-Resources and in this regard to consider and if thought fit, to pass with or without modification, the following resolution as Ordinary Resolution:**

**"RESOLVED THAT** in accordance with the provisions of Sections 196, 197 and 203 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act"), read with Schedule V to the Act or any statutory modification(s) or re-enactment thereof, and subject to the approval given by Members at 35th Annual General Meeting held on 11th August, 2021 as per Special Resolution No. 5 for payment of remuneration in excess of limits specified in Section 197 of the Companies Act, 2013 consent of the Company be and is hereby accorded to the extension of appointment of Mr. Sachin Raole (DIN: 00431438) as Chief Financial Officer (CFO) & Director - Resources, for a period of five (5) years effective 1st August, 2022 till 31st July, 2027, on the terms and conditions including remuneration as set out in the Explanatory Statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) to alter and vary the terms and conditions and/ or remuneration.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

7. **To consider and if thought fit, to pass with or without modifications, the following Resolution as Special Resolution :-**

**"RESOLVED THAT** in supersession of earlier resolution passed in this regard and pursuant to the provisions of Section 180 (1) (c) and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014, including any statutory modification(s) or re-enactment thereof, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to borrow money, as and when required, from bank (s), financial institution (s), foreign lender(s), any body corporate, entity (ies), through suppliers' credit, through any other instruments either in Indian Rupees or in such other foreign currencies as may be permitted under relevant law from time to time, notwithstanding money so borrowed together with monies already borrowed by the Company, apart from the temporary loans obtained from the Company's bankers in the ordinary course of business, may exceed the aggregate of the paid-up share capital and its free reserves, provided that the total amount so borrowed by the Board shall not at any time exceed of Rs 1350 Crores (Rs. One Thousand Three Hundred and Fifty Crores only) or limits so prescribed under Section 180 (1) (c) of the Companies Act, 2013, as may be amended from time to time, whichever is higher.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to delegate all or any of the powers conferred on it by the foregoing resolution to any Director or any Officer or any Employee of the Company as it may consider appropriate to give effect to the aforesaid resolution.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to do all such acts, things and deeds necessary and expedient to give effect to the aforesaid resolution."

By Order of the Board of Directors

Place: Pune  
Date: 25th May, 2022

**Dattatraya Nimbolkar**  
Chief Internal Auditor &  
Company Secretary

**Notes:-**

1. Ministry of Corporate Affairs ("MCA") has, vide its Circular No. 02/2022 dated 5th May, 2022, has permitted convening the Annual General Meeting ("AGM") through Video Conferencing ("VC") or Other Audio Visual Means ("OAVM"), without physical presence of the members at a common venue. Accordingly, 36th AGM of the Company is being held through VC / OAVM. The deemed venue for the AGM shall be "Praj Tower", S. No. 274 & 275/2, Bhumkar Chowk, Hinjewdi Road, Hinjewadi, Pune 411057.
2. The business set out in the Notice will be transacted through electronic voting system and the Company is providing facility for voting by electronic means.
3. Corporate members intending to authorize authorised representatives to attend the Meeting through VC are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
4. Brief resume of Director proposed to be re-appointed, nature of his/ her expertise in specific functional areas, names of Companies in which he/she holds directorship and membership / Chairmanship of Board Committees, shareholding and relationships between Directors inter-se as stipulated under Regulation 36 of SEBI (Listing Obligations & Disclosure

Requirements) Regulations, 2015, are as follows;

Name of Director and DIN	Date of Birth (No. of Equity Shares held)	Qualification and Relationship with other Directors	Nature of Expertise	Name of Companies in which he/she holds Directorship*	Name of Committees of the Companies of which he/she holds Chairmanship/ Membership**
Ms. Parimal Chaudhari (DIN: 00724911)	01/08/1956 (14,400,000)	Post Graduate degree in Journalism & Communications from Pune University and MS in Television-Radio-Film (TRF) from Syracuse University, USA.  Spouse of Dr Pramod Chaudhari, Executive Chairman	Versatile experience in Communication and Human Resource development. As Managing Trustee of Praj Foundation, she steers the CSR activities of the Company.	Praj Industries Ltd.	Praj Industries Ltd.-Member of Stakeholders' Relationship Committee.
Dr Pramod Chaudhari (DIN: 00196415)	26/11/1949 (38,700,000)	Mechanical Engineer from IIT, Bombay. ( Dr Pramod Chaudhari is a spouse of Ms. Parimal Chaudhari, Director)	As a first generation techno-entrepreneur, Dr Pramod Chaudhari founded Praj in 1983. He dreamt and developed Praj into a world-class engineering company specialized in Agri-processing opportunities.  With strong belief in principle of triple bottom-line, his business model is inherently scalable, replicable and sustainable. Praj fostered the emergence of advanced technologies in certain Bio-Energy and allied space. Dr Pramod Chaudhari is a 'Distinguished Alumnus of IIT Bombay (1971)' and an alumnus of Harvard Business School (AMP 1995). Dr Pramod Chaudhari is a winner of prestigious George Washington Carver Award 2020 by BIO Impact, Washington DC, USA. He is the first Indian to receive this global honour. He is also winner of William C Holmberg Award.  His career spans over 51 years of professional and entrepreneurial endeavour.	Praj Industries Ltd.  Praj HiPurity Systems Ltd.	Nil
Mr. Sachin Raole (DIN: 00431438)	29/08/1970 (145,000)	Chartered Accountant and Cost Accountant (not related with any Director/ KMP of the Company)	Mr. Sachin Raole has 27 years of experience in varied fields of Finance and Accounts. He has worked in the areas of divestment, merger and acquisitions, financial restructuring, treasury, accounts and taxation. He has very rich experience in wide spectrum of finance across industries, manufacturing, project, financial service and pharmaceuticals. Additionally, he also has an experience in handling human resources, materials, IT, Legal and Secretarial.	Praj Industries Ltd. Praj Engineering & Infra Ltd.	Praj Industries Ltd. - Member of Audit Committee & Stakeholders' Relationship Committee.

\* Directorship includes Directorship in Indian Public Companies including Praj Industries Limited.

\*\* Memberships / Chairmanship of only Audit Committee and Stakeholders' Relationship Committee have been considered for this purpose.

- e) A Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.
- f) In case of joint holders, only such joint holder who is higher in the order of names will be entitled to vote.
- g) Relevant documents referred to in the accompanying Notice and the Statement are open for inspection by the members at the Registered Office of the Company on all working days, (Saturdays and Sundays are weekly offs),



during business hours up to the date of the Meeting.

- h) The Company has notified closure of Register of Members and Share Transfer Books from **Friday, the 29th July, 2022 to Thursday, the 4th August, 2022 (both days inclusive)**.

The Dividend, if any declared, shall be payable to those shareholders whose names stand registered:

- a. As beneficial owner as at the end of **business hours on Thursday, the 28th July, 2022** as per the lists to be furnished by National Securities Depository Limited and Central Depository Services ( India) Limited in respect of the shares held in the electronic form and
  - b. As member in the register of members of the Company/ Registrar & Share Transfer Agent as at the end of the business hours on **Thursday, the 28th July, 2022**.
  - c. The dividend on Equity Shares, if declared at the Meeting, will be credited / dispatched by 31st August, 2022 before statutory time limit.
- i) Members holding shares in electronic form are requested to intimate any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change in their address or bank mandates to the Company / Link Intime India Private Limited, Share Transfer Agent of the Company (Link).
- j) Pursuant to the provisions of Section 124 of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules') including any statutory modification(s) or re-enactment thereof for the time being in force, dividend for the financial year ended 31st March, 2015 and onwards, which remains unclaimed for a period of seven (7) years from the date of its transfer to the unpaid dividend account of the Company would be transferred to Investor Education and Protection Fund (IEPF).

The members who have so far not yet claimed their dividend for the previous years are advised to submit their claim to the Company or to the Company's Registrar and Share Transfer Agent at their address given herein below, quoting their Folio No. / DP Id and Cliend Id :

Link Intime India Pvt. Ltd.  
Block No. 202, 2nd Floor, Akshay Complex,  
Near Ganesh Temple, Off Dhole Patil Road,  
Pune 411 001.

During Financial Year 2021-22, the Company has transferred the unpaid or unclaimed dividend of Rs. 13,22,461/- to IEPF in accordance with the provisions of Section 125 of the Companies Act, 2013 read with the IEPF Rules, as amended.

- k) Pursuant to the provisions of Section 12 (6) of the Companies Act, 2013 read with IEPF Rules, 2016, as amended, all the shares in respect of which dividend has not claimed for 7 consecutive years or more shall be transferred by the Company in the name of IEPF.

The shareholders who have not claimed / encashed the dividend in the last 7 consecutive years From F. Y. 2014-15 are requested to claim the same to avoid transfer of shares to IEPF.

In accordance with the aforesaid provisions, the Company has transferred 16,147 equity shares pertaining to the financial year 2013-14, in respect of which the dividend has not been claimed by the concerned shareholder/s consecutively for 7 years, to Investor Education and Protection Fund on 14th October, 2021

Shareholders may note that the unclaimed dividend amount transferred to IEPF and the shares transferred to the Demat Account of IEPF can be claimed back from IEPF by making an online application in Form IEPF 5 (available on [www.iepf.gov.in](http://www.iepf.gov.in)) to IEPF authority with a copy to the Company.

- l) Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to Link, for consolidation into a single folio.
- m) The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company / Link.
- n) Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company.
- o) Non-Resident Indian Members are requested to inform Link, immediately of:

- (i) Change in their residential status on return to India for permanent settlement.
  - (ii) Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with PIN code number, if not furnished earlier.
- p) To further Company's environment friendly agenda and to participate in MCA's Green Initiatives, members are requested to register / update their e-mail address with their Depository Participants. Members who are holding shares in physical form are requested to send their e-mail address at investorsfeedback@praj.net for updation.
  - q) The notice of 36th Annual General Meeting and instructions for remote e-voting, is being sent by electronic mode to all members whose email addresses are registered with the Company/Depository Participant(s) unless a member has requested for a hard copy of the same.
  - r) Members are requested to notify their queries, if any, on financial statements etc. latest by 29th July, 2022 to facilitate the answering thereto. The queries be sent on e-mail at investorsfeedback@praj.net.
  - s) Members who would like to express their views or ask questions during Annual General Meeting may register themselves as a speaker by sending their request from their registered email address mentioning their name, DP Id and Client ID/Folio No., mobile number at investorsfeedback@praj.net on or before 29th July, 2022, 5.00 P.M. IST. Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM. Speakers are requested to submit their questions at the time of registration, to enable the Company to respond appropriately.
  - t) When a pre-registered speaker is invited to speak at the meeting but does not respond, the next speaker will be invited to speak. Accordingly, all speakers are requested to get connected to a device with a video/camera along with good internet speed.
  - u) The Company reserves the right to restrict the number of questions and number of speakers, as appropriate, to ensure the smooth conduct of the AGM.

By Order of the Board of Directors

Place: Pune  
Date: 25th May, 2022

**Dattatraya Nimbolkar**  
**Chief Internal Auditor &**  
**Company Secretary**

## Instructions and other information relating to e-voting are as under:

1. Ministry of Corporate Affairs ("MCA") has, vide its Circular No, 02/2022 dated 5th May, 2022, has permitted convening the Annual General Meeting ("AGM" / "Meeting") through Video Conferencing ("VC") or Other Audio Visual Means ("OAVM"), without physical presence of the members at a common venue. Accordingly, 36th AGM of the Company is being held through VC / OAVM. The deemed venue for the AGM shall be "Praj Tower", S. No. 274 & 275/2, Bhumkar Chowk, Hinjewadi Road, Hinjewadi, Pune 411057.
2. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circular dated 5th May, 2022 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.
3. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairperson of the Audit Committee, Nomination and Remuneration Committee and Stakeholders' Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
4. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.



5. Pursuant to MCA Circular No. 02/2022 dated May 5, 2022, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting.
6. In line with the Ministry of Corporate Affairs (MCA) Circular No. 02/2022 dated 5th May, 2022 the Notice calling the AGM has been uploaded on the website of the Company at [www.praj.net](http://www.praj.net). The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively. The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. [www.evotingindia.com](http://www.evotingindia.com).
7. The AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 02/2022 dated May 5, 2022.

## THE INTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING AND JOINING VIRTUAL MEETINGS ARE AS UNDER:

**Step 1:** Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

**Step 2:** Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

- (i) The voting period begins on **Monday, the 1st August, 2022 at 9.00 A.M. and ends on Wednesday, the 3rd August, 2022 at 5.00 P.M.** During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. Thursday, the 28th July, 2022 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote on the date of AGM.
- (iii) Pursuant to SEBI Circular No. **SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated 13th May, 2022**, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to **all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants**. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

**Step 1 :** Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

- (iv) In terms of SEBI circular no. **SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated 13th May, 2022** on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Pursuant to above said SEBI Circular, Login method for e-Voting and joining virtual meetings **for Individual shareholders holding securities in Demat mode CDSL/NSDL** is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with <b>CDSL Depository</b>	<ol style="list-style-type: none"> <li>1. Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or visit <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on Login icon and select New System Myeasi.</li> <li>2. After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting his/her vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly.</li> <li>3. If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>4. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page or click on <a href="https://evoting.cdslindia.com/Evoting/EvotingLogin">https://evoting.cdslindia.com/Evoting/EvotingLogin</a> The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.</li> </ol>
Individual Shareholders holding securities in demat mode with <b>NSDL Depository</b>	<ol style="list-style-type: none"> <li>1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsd.com">https://eservices.nsd.com</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>2) If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsd.com">https://eservices.nsd.com</a>. Select "Register Online for IDeAS "Portal or click at <a href="https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsd.com/">https://www.evoting.nsd.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting</li> </ol>



Type of shareholders	Login Method
Individual Shareholders (holding securities in demat mode) login through their <b>Depository Participants (DP)</b>	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/ Password are advised to use "Forget User ID" and "Forget Password" options available at abovementioned website.

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

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33
Individual Shareholders holding securities in Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30

**Step 2** : Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

(v) Login method for e-Voting and joining virtual meetings for Physical shareholders and shareholders other than individual holding in Demat form.

- 1) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- 2) Click on "Shareholders" module.
- 3) Now enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
- 4) Next enter the Image Verification as displayed and Click on Login.
- 5) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier e-voting of any company, then your existing password is to be used.
- 6) If you are a first-time user follow the steps given below:

	For Physical shareholders and other than individual shareholders holding shares in Demat.
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>• Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.</li> </ul>
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> <li>• If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field.</li> </ul>

- (vi) After entering these details appropriately, click on "SUBMIT" tab.
- (vii) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (viii) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (ix) Click on the EVSN for Praj Industries Ltd. on which you choose to vote.
- (x) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xi) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xii) After selecting the resolution, you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xiii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xiv) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xv) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xvi) There is also an optional provision to upload BR/POA if any uploaded, which will be made available to scrutinizer for verification.
- (xvii) Additional Facility for Non – Individual Shareholders and Custodians –For Remote Voting only.
  - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the "Corporates" module.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login will be mapped automatically & can be delink in case of any wrong mapping.
  - It is Mandatory that, a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
  - Alternatively Non Individual shareholders are required mandatorily to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; [investorsfeedback@praj.net](mailto:investorsfeedback@praj.net) , if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

## **INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM & E-VOTING DURING MEETING ARE AS UNDER:**

1. The procedure for attending meeting & e-Voting on the day of the AGM is same as the instructions mentioned above for e-voting.
2. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for e-voting.
3. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.





4. Shareholders are encouraged to join the Meeting through Laptops / iPads for better experience.
5. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
6. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
7. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance latest by Friday, the 29th July, 2022 mentioning their name, demat account number/folio number, email id, mobile number at [investorsfeedback@praj.net](mailto:investorsfeedback@praj.net). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance latest by Friday, the 29th July, 2022 mentioning their name, demat account number/folio number, email id, mobile number at [investorsfeedback@praj.net](mailto:investorsfeedback@praj.net). These queries will be replied to by the company suitably by email.
8. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
9. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
10. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders may be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

## PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL/MOBILE NO. ARE NOT REGISTERED WITH THE COMPANY/DEPOSITORIES.

1. For Physical shareholders - please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to Company/RTA.
2. For Demat shareholders - Please update your email id & mobile no. with your respective Depository Participant (DP)
3. For Individual Demat shareholders – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact at toll free no. 1800 22 55 33

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL, ) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call toll free no. 1800 22 55 33.

### Dividend Related Information:

1. The Record Date for determining the names of members eligible for dividend on Equity Shares, if declared at the Meeting, is **Thursday, the 28th July, 2022.**
2. Dividend as recommended by the Board of Directors, if approved at this meeting, will be paid by 31st August, 2022 by way of electronic mode or in physical form as follows:
  - a) To all those shareholders holding shares in electronic form, as per the beneficial ownership data made available to the Company by National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) as at the close of business hours on the record date i.e., **Thursday, 28th July 2022;** and
  - b) To all those shareholders holding shares in physical form, as per the details provided to the Company by the share transfer agent of the Company i.e., Link Intime India Private Limited ("Link Intime" ) as at the close of business hours on the record date i.e., **Thursday, 28th July 2022.**
3. Accordingly, you are requested to ensure that the below details, as applicable to you, are submitted and/ or updated with Link Intime / your demat account(s) maintained with the Depository participant(s):

- Valid Permanent Account Number (PAN);
  - Residential status as per the Income-tax Act, 1961 ('the Act'), i.e. Resident or Non-Resident for FY 2022-23 (i.e. from 1 April 2022 to 31 March 2023);
  - Category of the Shareholder, viz. Mutual Fund, Insurance Company, Alternate Investment Fund (AIF) – Category I, II or III, Government (Central/ State Government), Foreign Portfolio Investor (FPI)/ Foreign Institutional Investor (FII), Foreign Company, Individual, Hindu Undivided Family (HUF), Firm, Limited Liability Partnership (LLP), Association of Persons (AOP), Body of Individuals (BOI) or Artificial Juridical Person, Trust, Domestic Company, etc.;
  - Email Address;
  - Mobile number;
  - Bank account details; and
  - Address with PIN code (including country).
4. Following additional documents are to be submitted by the shareholders holding shares in physical form:
- scanned copy of cancelled cheque leaf of the above-mentioned bank account (In case the cancelled cheque leaf does not bear your name, please attach a copy of the bank pass-book statement, duly self-attested); and
  - self-attested copy of your PAN card.

This will facilitate receipt of dividend directly in your bank account.

5. Members holding shares in physical form are requested to send a communication duly signed by all the holder(s) intimating about the change of address immediately to the R&T agent / Company along with the self-attested copy of their PAN Card(s), unsigned copy of the Cheque leaf where an active Bank account is maintained and the copy of the supporting documents evidencing change in address. Communication details of R&T agent are as under: Link Intime India Pvt. Ltd. Block No. 202, Akshay Complex, Off. Dhole Patil Road, Pune 411 001; Tel No: 020 26160084 E-mail: Sandip.pawar@linkintime.co.in.
6. In case, the Company is unable to pay the dividend to any shareholder by the electronic mode, due to non-availability of the details of the bank account, the Company shall dispatch the dividend warrant to such shareholder by post.
7. The Company is required to deduct Tax at Source ('TDS') in respect of approved payment of dividend to its shareholders (resident as well as non-resident). To give effect to the TDS provisions, the shareholders are required to upload/ provide with the Registrar and Transfer Agent at <https://linkintime.co.in> or on email to Sandip.pawar@linkintime.co.in the documents/ certificates/ declarations as stated in the ensuing paragraph and corresponding Annexures by the following dates:

Sr. No	Date of shareholding	Last date to submit details
1	Shareholders holding shares as on or before 21st July 2022 and continuing to be shareholders on 28th July 2022	21st July 2022
2	Shareholders acquiring shares in between 22nd July 2022 till 28th July 2022	29th July 2022

No communication on the tax determination / deduction shall be entertained after the above-mentioned dates.

## 8. TDS Rates:

### 8.1 Resident Shareholders:

TDS at the rate of 10% under section 194 of the Act is subject to provisions of section 206AB of Act (effective from July 1, 2021) which introduces special provisions for TDS in respect of non-filers of income-tax return.

As provided in section 206AB of the Act, tax is required to be deducted at the highest of the following rates in case of payments to specified persons:

- at twice the rate specified in the relevant provision of the Act; or
- at twice the rate or rates in force; or
- at the rate of 5%.

Where sections 206AA and 206AB are applicable simultaneously i.e., in a case where the specified person has not submitted the PAN as well as not filed returns, tax shall be deducted at the higher of the rates prescribed in these two sections.



The term 'specified person' is defined in sub section (3) of section 206AB of the Act as a person who satisfies the following conditions:

- A person who has not filed the income tax return for the previous year immediately prior to the year in which tax is required to be deducted, for which the time limit of filing of return of income under section 139(1) of the Act has expired; and
- The aggregate of TDS and TCS in his case is 50,000 or more in such previous year.

A non-resident who does not have a permanent establishment in India is excluded from the scope of a specified person.

In order to check the status of specified person, the Company would rely on the details available on the online portal of the Income tax Department and shall accordingly determine the applicable TDS rate. The Company shall not rely on any declaration in relation to non-applicability of provisions of section 206AB of the Act.

Further, no tax shall be deducted at source on the dividend payable to a resident individual if the total dividend to be received by the said resident individual from the Company during the financial year does not exceed Rs. 5,000.

Tax will not be deducted at source in cases where a shareholder provides Form 15G (where applicable) / Form 15H (applicable to an individual above the age of 60 years), provided that the eligibility conditions are met.

Blank Form 15G and 15H can be downloaded from the link given at the end of this communication. Please note that all fields mentioned in the Form are mandatory and the Company may reject the forms submitted, if it does not meet the requirement of the law.

NIL / lower tax shall be deducted on the dividend payable to following resident shareholders on submission of self-declaration (as per formats attached) enclosed as Annexure - A (Part 1) herewith:

- i. Insurance companies;
- ii. Mutual Funds;
- iii. Category I/ Category II Alternative Investment Fund (AIF) established in India;
- iv. New Pension System Trust;
- v. Other exempt shareholders; and
- vi. Government

The above referred documents submitted by you will be verified by us and we will consider the same while deducting the appropriate taxes, if any, provided that these documents are in accordance with the provisions of the Act.

## 8.2 Non-resident Shareholders:

Tax is required to be deducted at source in the case of non-resident shareholders in accordance with the provisions of section 195 of the Act at the rates in force. As per the relevant provisions of the Act, the TDS on dividend shall be @ 20% or applicable rate under the DTAA plus applicable surcharge and health & education cess on the amount of dividend payable to the non-resident shareholders. For FII/ FPI shareholders, section 196D provides for TDS @ 20% or applicable rate under the DTAA plus applicable surcharge and health & education cess.

However, as per section 90 of the Act, non-resident shareholders have the option to be governed by the provisions of the Double Tax Avoidance Agreement (DTAA) read with applicable Multilateral Instrument (MLI) provisions, if they are more beneficial to them.

In order to claim the benefit of the DTAA, non-resident shareholders will have to provide required documents/ declarations. A list of such documents/ declarations required to be provided by the shareholders is enclosed as **Annexure - A (Part 2)** herewith.

Application of beneficial DTAA rate shall depend upon the completeness and satisfactory review by the Company, of the documents submitted by non-resident shareholders and meeting the requirement of the Act read with applicable DTAA. In absence of the same, the Company will not be obligated to apply the beneficial DTAA rate at the time of tax deduction on dividend.

The above referred documents submitted by you will be verified by us and we will consider the same while deducting the appropriate taxes, if any, provided that these documents are in accordance with the provisions of the Act.

- i. In addition to the above, please note the following:
  - In case you hold shares under multiple accounts under different status/ category but under a single PAN, the highest rate of tax as applicable to the status in which shares held under the said PAN will be considered on the entire holding in different accounts.
  - In case of joint shareholding, the withholding tax rates shall be considered basis the status of the primary beneficial shareholder.
  - For deduction of tax at source, the Company would be relying on the above data shared by Link Intime as updated up to the record date.
- ii. It may be further noted that in case tax on dividend is deducted at a higher rate in the absence of receipt of any of the details/ valid documents mentioned in preceding paragraphs from the shareholders within the timeline mentioned above, the shareholders may consider claiming appropriate refund, as may be eligible in their return of income. No claim shall lie against the Company for such taxes deducted. The Company shall arrange to email the soft copy of the TDS certificate to shareholders at the registered email ID within the prescribed time, post payment of the said dividend, if approved in the AGM. The tax credit can also be viewed in Form 26AS by logging in with your credentials (with valid PAN) at TRACES <https://www.tdscpc.gov.in/app/login.xhtml> or the e-filing website of the Income Tax department of India <https://www.incometax.gov.in/home>.
- iii. Please note dividend shall be paid to the shareholders as per the details provided to the Company by Link Intime as at the close of business hours on the record date and TDS will be deducted accordingly, subject to declarations received by the Company in this regard.
- iv. NIL / lower tax shall be deducted on the dividend payable to resident as well as non-resident shareholders who have provided a valid certificate issued under section 197 of the Act for nil/ lower rate of deduction or an exemption certificate issued by the income tax authorities along with Declaration. Also, please provide valid declaration under Rule 37BA of the Income Tax Rules in case of Joint shareholders, Minor shareholders, etc. in case the dividend income is assessable for tax in the hands of person, other than the person whose name appears in the shareholder register as on the record date.
- v. In the event of any income tax demand (including interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission of information provided by the Shareholder/s, such Shareholder/s will be responsible to indemnify the Company and also, provide the Company with all information / documents and co-operate in any assessment/ appellate proceedings before the Tax/ Government authorities.

The Company will be sending out individual communication to you through Link Intime. In the communication, step by step procedure for sharing/ uploading the aforementioned documents will be provided.

Kindly note that the aforementioned documents are required to be uploaded before 29th July, 2022 with Link Intime India Pvt. Ltd., the R&T Agent at <https://linkintime.co.in>

You can also visit their site at [www.linkintime.co.in](http://www.linkintime.co.in) under tab – Service -> Registrar Transfer Agent -> RTA quick links -> Submission of Tax Exemption Forms to download and upload the documents as applicable.

#### 9. UPDATION OF BANK ACCOUNT DETAILS:

While on the subject, we request you to submit / update your bank account details with your Depository Participant, in case you are holding shares in the electronic form. In case your shareholding is in the physical form, you will have to submit a scanned copy of a covering letter, duly signed by you, along with a cancelled cheque leaf with your name and bank account details and a copy of your PAN card duly self-attested. This will facilitate receipt of dividend directly into your bank account. In case the cancelled cheque leaf does not bear your name, please attach a copy of the bank pass-book statement, duly self-attested.

10. The Company shall arrange to email the soft copy of TDS certificate at the registered email ID of members post payment of the dividend.
11. No claim shall lie against the Company for such taxes deducted.
12. For further information, Members are requested to refer to the email communication sent to them in this regard.

By Order of the Board of Directors

Place: Pune  
Date: 25th May, 2022

**Dattatraya Nimbolkar**  
Chief Internal Auditor &  
Company Secretary



## STATEMENT PURSUANT TO SECTION 102 (1) OF THE COMPANIES ACT, 2013:-

The following Statement set outs all material facts relating to the Special Businesses mentioned in the accompanying Notice:

### Item No. 4

**To ratify the remuneration of Dhananjay V. Joshi & Associates, Cost Accountants, Pune as Cost Auditors for the financial year ending 31st March, 2023.**

The Board, on the recommendation of the Audit Committee, has approved the appointment of Dhananjay V. Joshi & Associates, Cost Accountants, Pune, the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2023 for a total remuneration of Rs. 2, 75,000/- as Audit fees plus out of pocket expenses at actual on submission of supporting bills and taxes as may be applicable.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company.

None of the Directors / Key Managerial Personnel of the Company / their relatives is, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 4 of the Notice.

The Board recommends the Ordinary Resolution set out at Item No. 4 of the Notice for approval by the shareholders.

### Item No. 5

**To consider and approve extension of appointment of Dr Pramod Chaudhari (DIN : 00196415 ) as Executive Chairman of the Company and to fix his remuneration and in this matter, to consider and if thought fit, to pass , with or without modification, the following Resolution as Special Resolution:**

Shareholders at 33rd Annual General Meeting held on 23rd July, 2019 had approved the extension of tenure of employment of Dr Pramod Chaudhari for a period of three (3) years with effect from 1st August, 2019 till 31st July, 2022, including continuation of appointment from 26th November, 2019, being the date of attainment of age of 70 years and also fix the remuneration. Further, the Company had entered into an agreement dated 12th August, 2021 with Dr Pramod Chaudhari (DIN 00196415) for revision in terms of remuneration.

On recommendation of Nomination & Remuneration Committee, the Board of Directors, at its meeting held on 25th May 2022, subject to the approval of the members in the ensuing Annual General Meeting, has extended the term of the employment on the terms and conditions including remuneration for a period of 29 (twenty nine) months with effect from 1st August, 2022 till 31st December, 2024.

In view of this, based on the recommendation of Nomination & Remuneration Committee, the Board has approved the increase of around 10% in his remuneration.

The information relevant for considering the resolution is as under:

Dr Pramod Chaudhari is a B.Tech in Mechanical Engineering from IIT, Bombay. He is Promoter and Founder Director of Praj Industries Limited. He has over 51 years' experience in the industry, as a professional and as an entrepreneur.

The key components of remuneration payable to Dr Pramod Chaudhari, Executive Chairman shall be as under:-

#### I. Salary :

Basic Salary not exceeding Rs. 22,50,000/- per month.

#### II. Performance Bonus/Variable Pay :

In addition to salary and perquisites, Performance Bonus/Variable Pay as recommended by the Nomination & Remuneration Committee and as approved by the Board shall be paid to Dr Pramod Chaudhari after considering the performance of the Company & Praj Group Companies and his individual performance.

#### III. Commission

In addition to salary, perquisites and Performance Bonus/Variable Pay, Commission on profits shall be paid to Dr Pramod Chaudhari depending upon the profitability of the Company and Praj Group Companies. The commission will be recommended by the Nomination & Remuneration Committee and will be approved by the Board after considering the performance of Company and Praj Group Companies within the overall limits approved by the members.

The total payments under the head Performance Bonus and Commission taken together shall not exceed 3% of consolidated profit before tax (subject to the overall limits prescribed under Section 197 (1) of the Companies Act 2013)

read with rules framed there under/ approval granted by the shareholders during 35th Annual General Meeting held on 11th August, 2021.

IV. Gratuity @ not exceeding one month's salary for each completed year of service.

V. Ex-gratia: 15% of annual basic salary

VI. Allowances / Perquisites:

In addition to the above, Dr Pramod Chaudhari shall be entitled to the allowances / perquisites which shall not exceed 137% of his basic salary.

The overall remuneration payable to Dr Pramod Chaudhari shall be within the ceiling of Section 197(1) of the Companies Act, 2013 read with rules framed there under/ approval granted by the shareholders during 35th Annual General Meeting held on 11th August, 2021.

However, the Board has got power to vary the remuneration upward within over all ceiling as prescribed under Section 197 (1) of the Companies Act, 2013 read with relevant Rules.

VII. Minimum Remuneration :

In the event of loss or inadequacy of profits in any financial year ( other than financial year 2022-23 for which approval has been granted by shareholders during 35th AGM held on 11th August, 2021) during the Term , the payment of Salary, perquisites and other allowances shall stand reduced to the limit prescribed under Schedule V to the Companies Act, 2013, as amended from time to time, as minimum remuneration.

Brief resume of Dr Pramod Chaudhari, nature of his expertise in specific functional areas, names of companies in which he holds directorships and memberships /chairmanships of Board Committees, shareholding and relationship between directors inter-se as stipulated under SEBI ( Listing Obligations & Disclosure Requirements) Regulations, 2015 read with amendments thereto , are given at page No.192 of this notice.

The Company has received Consent in writing to continue to act as Executive Director from Dr Pramod Chaudhari .

Dr Pramod Chaudhari has crossed 70 years of age. As per provisions of Section 196(3), person who has attained the age of 70 years can continue as a Whole Time Director of the Company subject to the approval of shareholders by Special Resolution.

The Board of the Company is of the view that Dr Pramod Chaudhari's leadership qualities and rich and versatile experience in the area in which the Company operates, since the inception of the Company, would definitely enable the Company to reach the desired targets and goals.

Dr Pramod Chaudhari is interested in the resolution set out at Item No. 5 of the Notice. The relatives of Dr Pramod Chaudhari may be deemed to be interested in the resolution set out at Item No. 5 of the Notice, to the extent of their shareholding interest, if any, in the Company.

None of the Directors, other than Dr Pramod Chaudhari and Ms. Parimal Chaudhari being spouse of Dr Pramod Chaudhari, is in any way concerned or interested in the said resolution.

Copy of agreement with Dr Pramod Chaudhari is available for inspection at the Registered Office of the Company on working day.

The Board recommends the Special Resolution set out at Item No. 5 of the Notice for approval by the members.

#### **Item No. 6 :**

**To consider and approve extension of appointment of Mr. Sachin Raole (DIN: 00431438) as CFO & Director-Resources and in this regard to consider and if thought fit, to pass with or without modification the following resolution as Ordinary Resolution :-**

Shareholders at 33rd Annual General Meeting held on 23rd July, 2019 had approved the extension of appointment of Mr. Sachin Raole, CFO and Director-Finance and Commercial for a further period of three years with effect from 1st August, 2019 till 31st July, 2022.

On recommendation of Nomination & Remuneration Committee, the Board of Directors, at its meeting held on 25th May 2022, subject to the approval of the members in the ensuing Annual General Meeting, has extended the term of the employment of Mr. Sachin Raole, CFO and Director-Resources for a further period of five (5) years with effect from 1st August, 2022 till 31st July, 2027, on the terms and conditions including remuneration as approved by the Board of Directors.

In view of this, based on the recommendation of Nomination & Remuneration Committee, the Board has approved the increase of around 15% in his remuneration.



The information relevant for considering the resolution is as under:

Mr. Sachin Raole is Chartered Accountant and Cost Accountant having 27 years of experience in varied fields of Finance and Accounts. He has worked in the areas of divestment, merger and acquisitions, financial restructuring, treasury, accounts and taxation. He has very rich experience in wide spectrum of finance across industries, manufacturing, project, financial service and pharmaceuticals. Additionally, he also has an experience in handling human resources, materials, IT, Legal and Secretarial.

The key components of remuneration payable to Mr. Sachin Raole, Chief Financial Officer (CFO) and Director –Resources shall be as under:-

**I. Salary :**

Basic Salary not exceeding Rs. 5,17,000/- per month.

**II. Performance Bonus/Variable Pay :**

In addition to salary and perquisites, Mr. Sachin Raole would be eligible for Performance Bonus/Variable Pay up to 30% of his CTC (basis salary plus 150% of basis salary) as recommended by the Nomination & Remuneration Committee and as approved by the Board after considering the performance of the Company and his individual performance.

**III. Commission**

In addition to salary, perquisites and Performance Bonus/Variable Pay, Commission on profits shall be paid to Mr. Sachin Raole not exceeding 0.30% of consolidated Profit after tax. The amount of commission will be recommended by the Nomination & Remuneration Committee and will be approved by the Board after considering the performance of Company within the overall limits approved by the members.

IV. Contribution to Provident Fund @ 12% and Gratuity @ not exceeding half month's salary for each completed year of service.

V. Ex-gratia: 15% of annual basic salary

VI. Allowances / Perquisites:

In addition to the above, Mr. Sachin Raole shall be entitled to the allowances / perquisites which shall not exceed 114% of his basic salary.

The overall remuneration payable to Mr. Sachin Raole shall be within the ceiling of Section 197(1) of the Companies Act, 2013 read with rules framed there under/ approval granted by the shareholders during 35th Annual General Meeting held on 11th August, 2021.

However, the Board has got power to vary the remuneration upward within over all ceiling as prescribed under Section 197 (1) of the Companies Act, 2013 read with relevant Rules.

**VII. Minimum Remuneration :**

In the event of loss or inadequacy of profits in any financial year ( other than financial year 2022-23 for which approval has been granted by shareholders during 35th AGM held on 11th August, 2021) during the Term , the payment of Salary, perquisites and other allowances shall stand reduced to the limit prescribed under Schedule V to the Companies Act, 2013, as amended from time to time, as minimum remuneration.

Brief resume of Mr. Sachin Raole, nature of his expertise in specific functional areas, names of companies in which he holds directorships and memberships /chairmanships of Board Committees, shareholding and relationship between directors inter-se as stipulated under SEBI ( Listing Obligations & Disclosure Requirements) Regulations, 2015 read with amendments thereto , are given at page No. 192 of this notice.

The Company has received Consent in writing to continue to act as Executive Director from Mr. Sachin Raole;

No Director or Key Managerial Personnel of the Company and/ or their relatives, except Mr. Sachin Raole in his personal capacity for whom the Resolutions relate, is interested or concerned in the Resolutions.

The Board recommends the Ordinary Resolution as set out at Item No. 6 of the Notice for approval by the shareholders.

**Item No. 7:**

The Company has existing borrowing limits of Rs. 685 crores which are well within limits specified under Section 180 (1) (c) of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014, as amended from time to time.

Keeping in view the Company's existing as well as future financial requirements to support its business operations, the Company may need additional funds mainly in the form of non-fund based limits and total funding requirements are estimated to the tune of Rs 1350 Crores.

For this purpose, the Company may, from time to time, raise finance / issue Bank Guarantees and / or Letter of Credit from various banks and /or financial institutions or any other lending institutions and /or Bodies Corporate or any other entities, as it may consider fit, which, together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid-up capital and free reserves of the Company.

In the backdrop of above, it is proposed to increase the maximum borrowing limits up to Rs. 1350 Crores.

Pursuant to Section 180 (1) (c) of the Companies Act, 2013, the Board of Directors can not borrow in excess of the aggregate amount of the paid-up share capital and free reserves of the Company at any time except with the consent of the members of the Company in a general meeting by way of Special Resolution.

No Director or Key Managerial Personnel of the Company and/ or their relatives is interested or concerned in the Resolutions.

The Board recommends the Special Resolution as set out at Item No. 7 of the Notice for approval by the shareholders.

**By Order of the Board of Directors**

Place: Pune  
Date: 25th May, 2022

**Dattatraya Nimbolkar**  
Chief Internal Auditor &  
Company Secretary



## Giving back to society

Sustainable water resources development project : Village Pangari, taluka purandar Dist. Pune

Before



Repairing percolation tank wall by creating Cut off trench (COT) and removing silt to increase reservoir capacity

After



Benefit: protective irrigation to 400 acres area till date



On the threshold of commissioning  
World's Largest Advanced Biofuels Refinery  
that processes rice straw as feedback  
based on Praj's Proprietary 2G technology



"Praj Tower" S. No. 274 & 275/2,  
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