

**PRAJ HIPURITY SYSTEMS LIMITED**  
Balance sheet as at 31st March, 2021

*(Amounts in Indian Rupees million unless otherwise stated)*

| Particulars   | Note No. | 31st Mar 2021    | 31st Mar 2020    |
|---|----------|------------------|------------------|
| <b>ASSETS</b>   |          |                  |                  |
| <b>Non-current assets</b>   |          |                  |                  |
| Property, plant and equipment   | 3        | 169.357          | 165.998          |
| Right-of-Use assets   | 3        | 27.404           | 34.953           |
| Capital work-in-progress  |          | -                | -                |
| Intangible assets   | 3        | 2.550            | 0.587            |
| Intangible assets under development   |          | -                | -                |
| Financial assets  |          | -                | -                |
| Loans   | 4        | 4.697            | 9.064            |
| Deferred tax assets (net)   | 26       | 12.005           | 42.289           |
| Other non-current assets  | 5        | 25.580           | 71.009           |
| <b>Total non-current assets</b>   |          | <b>241.593</b>   | <b>323.900</b>   |
| <b>Current assets</b>   |          |                  |                  |
| Inventories   | 6        | 394.660          | 382.767          |
| Financial assets  |          | -                | -                |
| Investments   | 7        | -                | 55.000           |
| Trade receivables   | 8        | 614.987          | 465.328          |
| Cash and cash equivalents   | 9        | 133.243          | 133.552          |
| Other Bank Balance  | 10       | 217.500          | -                |
| Loans   | 4        | 0.533            | 0.300            |
| Other Financial Assets  | 11       | 5.570            | 0.633            |
| Current tax asset (net)   |          | 15.733           | 33.920           |
| Other current assets  | 5        | 55.029           | 77.183           |
| <b>Total current assets</b>   |          | <b>1,437.255</b> | <b>1,148.683</b> |
| <b>Total assets</b>   |          | <b>1,678.848</b> | <b>1,472.583</b> |
| <b>EQUITY AND LIABILITIES</b>   |          |                  |                  |
| <b>Equity</b>   |          |                  |                  |
| Equity share capital  | 12       | 50.000           | 50.000           |
| Other equity  | 13       | 992.730          | 910.215          |
| <b>Total equity</b>   |          | <b>1,042.730</b> | <b>960.215</b>   |
| <b>Liabilities</b>  |          |                  |                  |
| <b>Non-current liabilities</b>  |          |                  |                  |
| Financial Liabilities   |          | -                | -                |
| Lease Liabilities   |          | -                | -                |
| Provisions  | 14       | 23.373           | 29.534           |
| <b>Total non-current liabilities</b>  |          | <b>12.308</b>    | <b>9.608</b>     |
| <b>Total non-current liabilities</b>  |          | <b>35.681</b>    | <b>39.142</b>    |
| <b>Current liabilities</b>  |          |                  |                  |
| Financial liabilities   |          | -                | -                |
| Lease Liabilities   |          | -                | -                |
| Trade payables  | 15       | 6.150            | 12.761           |
| (i) Total outstanding dues to micro enterprises and small enterprises (MSMED)     |          | 110.936          | 81.244           |
| (ii) Total outstanding dues to other than micro enterprises and small enterprises |          | 233.662          | 173.286          |
| Other financial liabilities   | 16       | 36.990           | 18.316           |
| Other current liabilities   | 17       | 194.092          | 172.036          |
| Provisions  | 14       | 18.607           | 15.583           |
| Current tax liabilities (net)   |          | -                | -                |
| <b>Total current liabilities</b>  |          | <b>600.437</b>   | <b>473.226</b>   |
| <b>Total liabilities</b>  |          | <b>636.118</b>   | <b>512.368</b>   |
| <b>Total equity and liabilities</b>   |          | <b>1,678.848</b> | <b>1,472.583</b> |

Summary of significant accounting policies

The accompanying notes are an integral part of these financial statements

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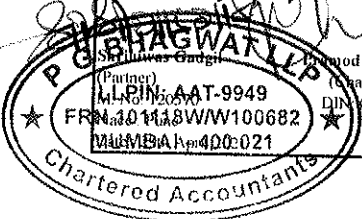
As per our report of even date attached

For **M.P.G. Bhagwat LLP**

Chartered Accountants

FRN 10118W / W100682

For and on behalf of the Board of Directors of  
**PRAJ HIPURITY SYSTEMS LIMITED**



**Pranod Chaudhari**  
(Chairman)  
DIN: 00196415

**Vikram Pandit**  
(Director and Manager)  
DIN: 07710490

**Shishir Joshipura**  
(Director)  
DIN: 00574970

**Sivaramakrishnan Iyer**  
(Director)  
DIN: 00503487

**Anant Bavare**  
(Company Secretary)  
M. No. 21405



**PRAJ HIPURITY SYSTEMS LIMITED**  
**Statement of profit and loss for the period ended 31st March 2021**

*(Amounts in Indian Rupees million unless otherwise stated)*

| Particulars   | Note No. | 31st Mar 2021    | 31st Mar 2020    |
|---|----------|------------------|------------------|
| <b>Income</b>   |          |                  |                  |
| Revenue from operations   | 18       | 1,645.948        | 1,189.398        |
| Other income  | 19       | 35.805           | 9.026            |
| <b>Total income</b>   |          | <b>1,681.753</b> | <b>1,198.424</b> |
| <b>Expenses</b>   |          |                  |                  |
| Cost of materials consumed  | 20       | 1,015.022        | 853.303          |
| Changes in inventories of finished goods and work-in-progress   | 21       | 16.106           | -162.830         |
| Employee benefits expense   | 22       | 181.042          | 192.882          |
| Finance costs   | 23       | 5.613            | 6.514            |
| Depreciation and amortisation expense   | 3        | 29.733           | 29.695           |
| Other expenses  | 24       | 297.371          | 332.097          |
| <b>Total expense</b>  |          | <b>1,544.887</b> | <b>1,251.661</b> |
| <b>Profit before exceptional items and tax</b>  |          | <b>136.866</b>   | <b>-53.237</b>   |
| Exceptional items   |          | -                | -                |
| <b>Profit before tax</b>  |          | <b>136.866</b>   | <b>-53.237</b>   |
| <b>Tax expenses</b>   |          |                  |                  |
| Current tax   | 26       | 21.500           | -                |
| Deferred tax  |          | 30.281           | -26.860          |
| Excess Provision of Earlier Year  |          | 2.576            | 1.649            |
| <b>Total tax expense</b>  |          | <b>54.357</b>    | <b>-25.211</b>   |
| <b>Profit for the period</b>  |          | <b>82.509</b>    | <b>-28.026</b>   |
| <b>Other comprehensive income</b>   |          |                  |                  |
| Items that will not be reclassified to profit or loss   | 25       | 0.009            | -1.472           |
| Income tax relating to items that will not be reclassified to profit or loss  |          | 0.003            | 0.410            |
| <b>Total comprehensive income for the period (comprising profit (loss) and other comprehensive income for the period)</b> |          | <b>82.515</b>    | <b>-29.908</b>   |
| <b>Earnings per equity share (for discontinued and continuing operations)</b>   |          |                  |                  |
| (1) Basic   |          | 16.50            | -5.61            |
| (2) Diluted   |          | 16.50            | -5.61            |

*The accompanying notes are an integral part of these financial statements*

As per our report of even date attached  
 For **M. P.G. Bhagwat LLP**  
 Chartered Accountants  
 FRN: 101118W / W 100682

For and on behalf of the Board of Directors of  
**PRAJ HIPURITY SYSTEMS LIMITED**

Shrinivas Chaudhari  
 (Partner)  
**P. G. BHAGWAT LLP**  
 Place: Pune  
 PIN: 411 002  
 LLPIN: AAT-9949  
 Date: 29th April 2021  
 FRN: 101118W/W100682  
 MUMBAI - 400 021  
 Chartered Accountants

**Vikram Pandit**  
 (Director and Manager)  
 DIN: 07710490

**Shishir Joshipura**  
 (Director)  
 DIN: 00574970

**Sivaramkrishnan Iyer**  
 (Director)  
 DIN: 00503487

**Anant Bavare**  
 (Company Secretary)  
 M. No.21405



**PRAJ HIPURITY SYSTEMS LIMITED**  
Statement of cash flows for the year ended 31st March, 2021

(Amounts in Indian Rupees million unless otherwise stated)

| Particulars  | 31 MAR 2021    | 31 MAR 2020    |
|--|----------------|----------------|
| <b>A. Cash flow from operating activities</b>  |                |                |
| Net profit before tax  | 136.866        | -54.886        |
| <b>Adjustments</b>   |                |                |
| (Profit) / loss on sale of property, plant and equipment   | 0.770          | -              |
| Unrealised foreign exchange (gain) / loss (net)  | -1.615         | -0.030         |
| Net Gain on termination of lease   | -7.890         | 0.000          |
| Depreciation and amortisation  | 29.733         | 29.695         |
| Sundry balances written back   | -0.990         | -0.072         |
| Sundry balances written off  | 1.126          | 0.742          |
| Provision for doubtful debts   | 1.496          | -9.783         |
| Interest earned  | -12.629        | -6.630         |
| Interest charged   | 4.286          | 6.514          |
| <b>Operating profit before working capital changes</b>   | <b>151.152</b> | <b>-34.450</b> |
| <b>Changes in working capital</b>  |                |                |
| (Increase) / decrease in trade receivables   | -154.667       | 222.585        |
| (Increase) / decrease in inventories   | -11.892        | -160.887       |
| (Increase) / decrease in loans   | 4.134          | -0.887         |
| (Increase) / decrease in other assets  | 45.429         | -20.759        |
| (Increase) / decrease in other current financial assets  | 22.154         | -              |
| (Increase) / decrease in other financial assets  | -4.937         | -0.633         |
| Increase / (decrease) in trade payables  | 91.058         | -31.411        |
| Increase / (decrease) in other current financial liabilities   | 18.674         | -34.107        |
| Increase / (decrease) in other current liabilities   | 21.780         | 94.417         |
| Increase / (decrease) in provisions  | 5.724          | 4.299          |
| <b>Cash generated from operations</b>  | <b>188.609</b> | <b>38.166</b>  |
| Direct taxes paid (including taxes deducted at source), net of refunds   | -5.889         | -3.804         |
| <b>NET CASH FROM OPERATING ACTIVITIES</b>  | <b>182.720</b> | <b>34.363</b>  |
| <b>B. Cash flow from investing activities</b>  |                |                |
| Purchase of property, plant and equipment and intangible assets (including capital work-in-progress and intangibles under development) | -22.976        | -8.447         |
| Proceeds from sale of property, plant and equipment  | -              | -              |
| Interest received on investments   | 12.629         | 6.630          |
| Investment in Fixed Deposit  | 55.000         | -55.000        |
| <b>NET CASH FROM / (USED) IN INVESTING ACTIVITIES</b>  | <b>44.653</b>  | <b>-56.817</b> |
| <b>C. Cash flow from financing activities</b>  |                |                |
| Repayment of short term borrowings (net)   | -              | -              |
| Interest expense   | -              | -1.202         |
| Payment towards Lease Liability  | -10.181        | -10.682        |
| <b>NET CASH FROM / (USED) IN FINANCING ACTIVITIES</b>  | <b>-10.181</b> | <b>-11.884</b> |
| <b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>  | <b>217.191</b> | <b>-34.338</b> |
| Cash and cash equivalents at the beginning of the year (Refer Note 9)  | 133.553        | 167.802        |
| Effect of exchange rate changes on cash and cash equivalent  | -              | 0.088          |
| <b>Cash and cash equivalents at the end of the year (Refer Note 9)</b>   | <b>350.744</b> | <b>133.553</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 Cash Flow Statement

As per our report of even date attached

For **M.P.G. Bhagwat LLP**  
Chartered Accountants  
FRN: 101118W / W 100682

For and on behalf of the Board of Directors of  
**PRAJ HIPURITY SYSTEMS LIMITED**

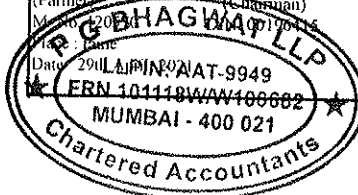
Shrinivas Gadgil (Partner)  
Pramod Chaudhari (Partner)

Vikram Pandit  
(Director and Manager)  
DIN: 07710490

Shishir Joshipura  
(Director)  
DIN: 00574970

Sivaramakrishnan Iyer  
(Director)  
DIN: 00503487

Anant Bavare  
(Company Secretary)  
M. No. 21405



**PRAJ HIPURITY SYSTEMS LIMITED****Statement of changes in equity for the period ended 31st March, 2021***(Amounts in Indian Rupees million unless otherwise stated)***A. Equity share capital**

| Balance as at 1 April 2019 | Changes in equity share capital during the year | Balance as at 31 March 2020    |
|----------------------------|---|--------------------------------|
| 50.000                     | -   | 50.000                         |
| Balance as at 1 April 2020 | Changes in equity share capital during the year | Balance as at 31st March, 2021 |
| 50.000                     | -   | 50.000                         |

**B. Other equity**

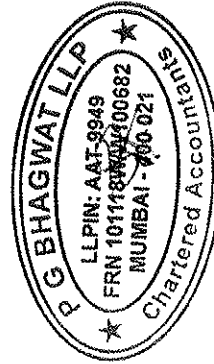
| Particulars                          | Reserves and surplus |                   | Total          |
|--------------------------------------|----------------------|-------------------|----------------|
|                                      | General reserve      | Retained earnings |                |
| <b>Balance as at 01st April 2019</b> | <b>157.770</b>       | <b>787.588</b>    | <b>945.357</b> |
| Profit for the period                |                      | -28.026           | -28.026        |
| Other comprehensive income           | -                    | -1.882            | -1.882         |
| Transition impact of IND AS 116      |                      | 5.234             | 5.234          |
| Transfer to retained earnings        | -                    | -                 | -              |
| <b>Balance as at 31st March 2020</b> | <b>157.770</b>       | <b>752.446</b>    | <b>910.215</b> |
| Profit for the period                |                      | 82.509            | 82.509         |
| Other comprehensive income           | -                    | 0.006             | 0.006          |
| Transition impact of IND AS 116      |                      | -                 | -              |
| Transfer to retained earnings        | -                    | -                 | -              |
| <b>Balance as at 31st March 2021</b> | <b>157.770</b>       | <b>834.961</b>    | <b>992.730</b> |



**PRAJ HIPURITY SYSTEMS LIMITED**  
**Notes to the financial statements for the year ended 31st March, 2021**  
*(Amounts in Indian Rupees million unless otherwise stated)*

Note 3: Property, plant and equipment and intangible assets

| Particulars                               | Freehold land | Factory Building | Right of Use Asset - Building - SOLITAIRE | Right of Use Asset - Building - DUH | Right of Use Asset - Workshop Equipment | Plant and machinery | Office equipments | Vehicles | Tangible assets        |                                     |           |                     | Intangible assets |         |          | Grand total |         |         |
|---|---------------|------------------|---|-------------------------------------|---|---------------------|-------------------|----------|------------------------|-------------------------------------|-----------|---------------------|-------------------|---------|----------|-------------|---------|---------|
|   |               |                  |   |                                     |   |                     |                   |          | Furniture and fixtures | Electric fittings and installations | Computers | Temporary structure | Exhibition asset  | Total   | Software |             | Total   |         |
| Gross block                               | 6,667         | 227,973          | 62,975                                    | -                                   | -                                       | 185,091             | 7,966             | 4,542    | 24,432                 | 9,699                               | 11,149    | 0,173               | 0,205             | -       | 540,774  | 7,946       | 7,946   | 548,720 |
| As at 1 April 2020                        | -             | -                | 25,270                                    | 5,450                               | -                                       | 15,390              | 0,782             | -        | 3,183                  | -                                   | 0,475     | -                   | -                 | -       | 80,549   | 3,147       | 3,147   | 83,696  |
| Additions during the year                 | -             | -                | -   | -                                   | -                                       | -                   | 0,034             | -        | 1,250                  | -                                   | -         | -                   | -                 | -       | 64,259   | -           | -       | 64,259  |
| Deletions during the year                 | -             | -                | -   | -                                   | -                                       | -                   | -                 | -        | -                      | -                                   | -         | -                   | -                 | -       | -        | -           | -       | -       |
| As at 31st March 2021                     | 6,667         | 227,973          | 25,270                                    | 5,450                               | 5,450                                   | 200,480             | 8,715             | 4,542    | 26,356                 | 9,699                               | 11,624    | 0,173               | 0,205             | -       | 577,065  | 11,093      | 11,093  | 588,157 |
| Accumulated depreciation and amortisation | -             | -                | -   | -                                   | -                                       | -                   | -                 | -        | -                      | -                                   | -         | -                   | -                 | -       | -        | -           | -       | -       |
| As at 1 April 2020                        | -             | 139,176          | 28,022                                    | -                                   | -                                       | 131,147             | 7,461             | 1,862    | 12,096                 | 9,342                               | 10,338    | 0,173               | 0,205             | -       | 339,823  | 7,359       | 7,359   | 347,181 |
| Charge for the year                       | -             | 4,450            | 1,499                                     | 1,817                               | 8,111                                   | 8,111               | 0,304             | 0,611    | 1,693                  | 0,096                               | 0,435     | -                   | -                 | -       | 28,549   | 1,184       | 1,184   | 29,733  |
| Depreciation on deletions                 | -             | -                | -   | -                                   | -                                       | -                   | 0,034             | -        | 0,479                  | -                                   | -         | -                   | -                 | -       | 38,068   | -           | -       | 38,068  |
| As at 31st March 2021                     | -             | 143,626          | 1,499                                     | 1,817                               | 139,258                                 | 139,258             | 7,731             | 2,473    | 13,310                 | 9,438                               | 10,774    | 0,173               | 0,205             | -       | 350,303  | 8,543       | 8,543   | 358,846 |
| Adjusted through reserves                 | -             | -                | -   | -                                   | -                                       | 0,082               | 1,277             | 0,002    | 0,015                  | -                                   | 0,240     | -                   | -                 | -       | 1,616    | 0,148       | 0,148   | 1,764   |
| Net carrying value                        | 6,667         | 84,347           | -   | 3,633                               | 61,222                                  | 53,944              | 0,984             | 2,069    | 13,046                 | 0,171                               | 0,850     | -                   | -                 | 196,761 | 2,550    | 2,550       | 199,311 |         |
| As at 31st March 2021                     | 6,667         | 88,797           | 23,771                                    | -                                   | -                                       | 53,944              | 0,506             | 2,680    | 12,327                 | 0,267                               | 0,811     | -                   | -                 | 209,951 | 0,687    | 0,687       | 210,638 |         |
| As at 31 March 2020                       | -             | -                | -   | -                                   | -                                       | -                   | -                 | -        | -                      | -                                   | -         | -                   | -                 | -       | -        | -           | -       | -       |



**PRAJ HIPURITY SYSTEMS LIMITED**

**Notes to the financial statements for the year ended 31st March, 2021**

(Amounts in Indian Rupees million unless otherwise stated)

**Note 4: Loans**

| Particulars                | 31st Mar 2021 | 31st Mar 2020 |
|----------------------------|---------------|---------------|
| Security deposits          | 5.230         | 9.364         |
| Unsecured, considered good |               |               |
| Non-current                | 4.697         | 9.064         |
| Current                    | 0.533         | 0.300         |
| <b>Total</b>               | <b>5.230</b>  | <b>9.364</b>  |
| <b>Non-current</b>         | <b>4.697</b>  | <b>9.064</b>  |
| <b>Current</b>             | <b>0.533</b>  | <b>0.300</b>  |

**Note 5: Other assets**

| Particulars  | 31st Mar 2021 | 31st Mar 2020  |
|--|---------------|----------------|
| (i) Prepaid expenses   |               |                |
| Unsecured, considered good                                     | 7.617         | 6.368          |
| Non-current  | 0.553         | 0.015          |
| Current  | 7.064         | 6.353          |
| (ii) Balances with central excise, customs and VAT authorities |               |                |
| Unsecured, considered good                                     | 67.815        | 125.605        |
| Non-current  | 25.027        | 70.994         |
| Current  | 42.788        | 54.611         |
| (iii) Advance to vendors                                       |               |                |
| Unsecured, considered good                                     | 3.704         | 12.876         |
| Non-current  |               |                |
| Current  | 3.704         | 12.876         |
| (iv) Advance to Staff  |               |                |
| Unsecured, considered good                                     | 1.473         | 3.343          |
| Non-current  |               |                |
| Current  | 1.473         | 3.343          |
| <b>Total</b>   | <b>80.609</b> | <b>148.192</b> |
| <b>Non-current</b>   | <b>25.580</b> | <b>71.009</b>  |
| <b>Current</b>   | <b>55.029</b> | <b>77.183</b>  |

**Note 6: Inventories**

| Particulars                    | 31st Mar 2021  | 31st Mar 2020  |
|--------------------------------|----------------|----------------|
| Raw materials                  | 162.966        | 136.970        |
| Work-in-progress               | 225.325        | 223.078        |
| Packing material               | 0.772          | 0.306          |
| Consumables, stores and spares | 5.597          | 4.060          |
| Finished goods                 | -              | 18.353         |
| <b>Total</b>                   | <b>394.660</b> | <b>382.767</b> |

(i) Inventories are valued at lower of cost or net realisable value, unless otherwise stated.

(ii) The Company follows suitable provisioning norms for writing down the value of Inventories towards slow moving and non-moving inventory.

(iii) Write down of Inventories for the year Rs 17.683 - (Previous year Rs.20.112 ). Inventory values shown above are net of the write down.



**PRAJ HIPURITY SYSTEMS LIMITED****Notes to the financial statements for the year ended 31st March, 2021***(Amounts in Indian Rupees million unless otherwise stated)***Note 7: Investments at amortised cost**

| Particulars                        | 31st Mar 2021 | 31st Mar 2020 |
|------------------------------------|---------------|---------------|
| Deposit with Bajaj Finance Limited | -             | 55.000        |
| <b>Total</b>                       | <b>-</b>      | <b>55.000</b> |

**Note 8: Trade receivables**

| Particulars   | 31st Mar 2021  | 31st Mar 2020  |
|---|----------------|----------------|
| Trade receivables   | 614.987        | 465.328        |
| Unsecured, considered good                                |                |                |
| From related parties                                      | -              | -              |
| From others   | 614.987        | 465.328        |
| Unsecured, considered doubtful from others                | 15.363         | 13.868         |
|   | <b>630.350</b> | <b>479.196</b> |
| Less: Impairment allowance (allowance for doubtful debts) | 15.363         | 13.868         |
| <b>Total</b>  | <b>614.987</b> | <b>465.328</b> |

No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

For terms and conditions relating to related party trade receivables, refer note 31.

Trade receivables are non interest bearing and generally on credit terms ranging from 120 to 180 days.

**Note 9: Cash and cash equivalents**

| Particulars   | 31st Mar 2021  | 31st Mar 2020  |
|---|----------------|----------------|
| (i) Balances with banks                               |                |                |
| On current accounts                                   | 2.447          | 17.091         |
| Deposits with original maturity of less than 3 months | 130.752        | 116.189        |
| (ii) Cash on hand                                     | 0.044          | 0.271          |
| <b>Total</b>  | <b>133.243</b> | <b>133.551</b> |

**Note 10: Other Bank Balance**

| Particulars   | 31st Mar 2021  | 31st Mar 2020 |
|---|----------------|---------------|
| Bank Deposit with remaining maturity of less than 12 months | 42.500         | -             |
| Bank Deposit with remaining maturity of more than 12 months | 25.000         | -             |
| Deposit with Bajaj Finance Limited                          | 150.000        | -             |
|   | <b>217.500</b> | <b>-</b>      |

**Note 11: Other Financial Assets**

| Particulars                 | 31st Mar 2021 | 31st Mar 2020 |
|-----------------------------|---------------|---------------|
| Other Financial Assets      |               |               |
| Interest accrued on deposit | -             | -             |
| Non-current                 | -             | -             |
| Current                     | 5.570         | 0.633         |
| <b>Total</b>                | <b>5.570</b>  | <b>0.633</b>  |
| Non-current                 | -             | -             |
| Current                     | 5.570         | 0.633         |



**PRAJ HIPURITY SYSTEMS LIMITED**

Notes to the financial statements for the year ended 31st March, 2021

(Amounts in Indian Rupees million unless otherwise stated)

**Note 12: Equity share capital**

| Particulars   | 31st Mar 2021 | 31st Mar 2020 |
|---|---------------|---------------|
| <b>Authorised shares</b>  |               |               |
| 5 (31 March 2021: 5 ; 1 April 2020: 5) equity shares of INR 10 each | 50,000        | 50,000        |
| <b>Issued, subscribed and fully paid-up shares</b>                  |               |               |
| 5 (31 March 2021: 5 ; 1 April 2020: 5) equity shares of INR 10 each | 50,000        | 50,000        |
| <b>Total</b>  | <b>50,000</b> | <b>50,000</b> |

**a) Terms/rights attached to equity shares**

The Company has only one class of equity shares having a par value of INR 10 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. During the year ended 31 March 2021, no dividend was declared and paid to equity shareholders. 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.

**b) Reconciliation of share capital**

| Particulars                          | 31st Mar 2021 |        | 31st Mar 2020 |        |
|--------------------------------------|---------------|--------|---------------|--------|
|                                      | Number        | Amount | Number        | Amount |
| At the beginning of the period       | 5,000         | 50,000 | 5,000         | 50,000 |
| Add: Additions during the period     |               |        |               |        |
| Outstanding at the end of the period | 5,000         | 50,000 | 5,000         | 50,000 |

**c) Shares held by holding / ultimate holding Company and / or their subsidiaries / associates**

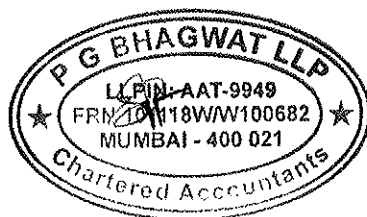
Entire share capital of the Company is held by Praj Industries Limited (Holding company)

**d) Details of shareholders holding more than 5% shares in the Company**

| Particulars                               | 31st Mar 2021 |           | 31st Mar 2020 |           |
|---|---------------|-----------|---------------|-----------|
|   | Number        | % holding | Number        | % holding |
| Equity shares of INR 10 each fully paid   |               |           |               |           |
| Holding Company (Praj Industries Limited) | 5,000         | 100%      | 5,000         | 100%      |

**e) 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:**

| Particulars   | 31st Mar 2021 | 31st Mar 2020 |
|---|---------------|---------------|
| Number of bonus shares issued, shares issued for consideration other than cash and shares bought back | -             | -             |





**PRAJ HIPURITY SYSTEMS LIMITED**

**Notes to the financial statements for the year ended 31st March, 2021**

(Amounts in Indian Rupees million unless otherwise stated)

**Note 13: Other equity**

| Particulars  | 31st Mar 2021  | 31st Mar 2020  |
|--|----------------|----------------|
| (i) General reserve  | 157.770        | 157.770        |
| (ii) Surplus in the Statement of Profit and Loss               |                |                |
| At the beginning of the period                                 | 752.445        | 787.588        |
| Transition impact of IND AS 116                                | -              | 5.234          |
| Total comprehensive income as per Statement of Profit and Loss | 82.515         | -29.909        |
| At the end of the period                                       | 834.960        | 752.445        |
| <b>Total</b>   | <b>992.730</b> | <b>910.215</b> |

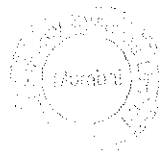
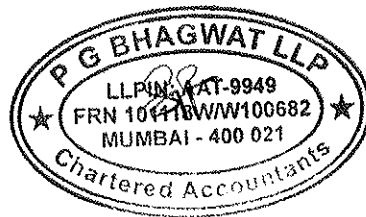
**Nature & Purpose of Reserve**

a) General reserve is created out of profits earned by the Company by way of transfer from surplus in the statement of profit and loss. As General reserve is created by transfer on one component of equity to another and is not an item of other comprehensive income, items included in the General reserve will not be subsequently reclassified to statement of profit and loss

b) Surplus in the Statement of Profit and Loss are the profits that the Company has earned till date, less any transfers to General reserve and payment of dividend.

**Note 14: Provisions**

| Particulars                        | 31st Mar 2021 | 31st Mar 2020 |
|------------------------------------|---------------|---------------|
| Provision for employee benefits    |               |               |
| (i) Provision for leave encashment | 13.717        | 10.687        |
| Non-current                        | 12.308        | 9.608         |
| Current                            | 1.409         | 1.079         |
| (ii) Provision for gratuity        | 17.198        | 14.504        |
| Non-current                        | -             | -             |
| Current                            | 17.198        | 14.504        |
| <b>Total</b>                       | <b>30.915</b> | <b>25.191</b> |
| Non-current                        | 12.308        | 9.608         |
| Current                            | 18.607        | 15.583        |



**PRAJ HIPURITY SYSTEMS LIMITED**

**Notes to the financial statements for the year ended 31st March, 2021**

(Amounts in Indian Rupees million unless otherwise stated)

**Note 15: Trade payables**

| Particulars  | 31st Mar 2021  | 31st Mar 2020  |
|--|----------------|----------------|
| To related parties   | 0.496          | 1.105          |
| To others  |                |                |
| Total outstanding dues to micro enterprises and small enterprises (MSMED)    | 110.936        | 81.244         |
| Total outstanding dues to other than micro enterprises and small enterprises | 233.166        | 172.181        |
| <b>Total</b>   | <b>344.598</b> | <b>254.530</b> |

Micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) have been identified by the Company on the basis of the information available with the Company and the auditors have relied on the same. Accordingly, there is no undisputed amount overdue as on March 31, 2021, to Micro, Small and Medium Enterprises on account of principal or interest.

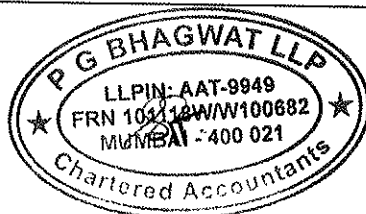
Trade Payable are generally on credit terms ranging from 60 to 90 days.

**Note 16: Other financial liabilities**

| Particulars   | 31st Mar 2021 | 31st Mar 2020 |
|---|---------------|---------------|
| (i) Payables for purchases of property, plant and equipment |               |               |
| Non-current   | -             | -             |
| Current   | -             | -             |
| (ii) Other financial liabilities                            | 36.990        | 18.316        |
| Current   |               |               |
| Employee Benefits Payable                                   | 0.832         | 0.906         |
| Other Payable   | 36.158        | 17.410        |
| (iii) Corporate guarantee payable                           |               |               |
| Non-current   | -             | -             |
| Current   | -             | -             |
| (iv) Accrued expenses                                       | 36.990        | 18.316        |
| Non-current   | -             | -             |
| Current   | 36.990        | 18.316        |
| <b>Total</b>  | <b>36.990</b> | <b>18.316</b> |
| Non-current   | -             | -             |
| Current   | 36.990        | 18.316        |

**Note 17: Other current liabilities**

| Particulars                          | 31st Mar 2021  | 31st Mar 2020  |
|--------------------------------------|----------------|----------------|
| (i) Advances received from customers | 191.394        | 169.302        |
| Non-current                          | -              | -              |
| Current                              | 191.394        | 169.302        |
| (ii) Statutory Dues Payable          | 2.698          | 2.734          |
| Non-current                          | -              | -              |
| Current                              | 2.698          | 2.734          |
| <b>Total</b>                         | <b>194.092</b> | <b>172.036</b> |
| Non-current                          | -              | -              |
| Current                              | 194.092        | 172.036        |



**PRAJ HIPURITY SYSTEMS LIMITED**

**Notes to the financial statements for the year ended 31st March, 2021**

(Amounts in Indian Rupees million unless otherwise stated)

**Note 18: Revenue from operations**

| Particulars                   | 31st Mar 2021    | 31st Mar 2020    |
|-------------------------------|------------------|------------------|
| Sale of products and projects | 1,331.738        | 974.914          |
| Sale of services              | 88.819           | 104.605          |
| Export service                | 5.254            | 17.773           |
| Export sales                  | 220.137          | 92.106           |
| <b>Total</b>                  | <b>1,645.948</b> | <b>1,189.398</b> |

**Note 19: Other income**

| Particulars  | 31st Mar 2021 | 31st Mar 2020 |
|--|---------------|---------------|
| Interest income  | 12.629        | 6.630         |
| Income calculated using effective interest rate method | 1.366         | 0.468         |
| Net gain on sale of property, plant and equipment      | 0.001         | -             |
| Sundry balances written back                           | 0.990         | 0.072         |
| Foreign exchange gain (net)                            | 1.615         | 1.546         |
| Miscellaneous income                                   | 19.204        | 0.310         |
| <b>Total</b>   | <b>35.805</b> | <b>9.026</b>  |

**Note 20: Cost of materials consumed**

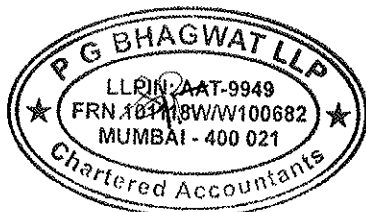
| Particulars           | 31st Mar 2021    | 31st Mar 2020  |
|-----------------------|------------------|----------------|
| Raw material consumed | 1,015.022        | 853.303        |
| <b>Total</b>          | <b>1,015.022</b> | <b>853.303</b> |

**Note 21: Changes in inventories of finished goods and work-in-progress**

| Particulars                                     | 31st Mar 2021  | 31st Mar 2020   |
|---|----------------|-----------------|
| <b>Inventories at the end of the year</b>       |                |                 |
| Finished goods                                  | -              | 18.353          |
| Work-in-progress                                | 225.325        | 223.078         |
|   | <b>225.325</b> | <b>241.431</b>  |
| <b>Inventories at the beginning of the year</b> |                |                 |
| Finished goods                                  | 18.353         | 6.990           |
| Work-in-progress                                | 223.078        | 71.611          |
|   | <b>241.431</b> | <b>78.601</b>   |
| <b>(Increase) / decrease in inventories</b>     | <b>16.106</b>  | <b>-162.830</b> |

**Note 22: Employee benefits expense**

| Particulars  | 31st Mar 2021  | 31st Mar 2020  |
|--|----------------|----------------|
| Salaries, wages and bonus                                  | 169.523        | 179.002        |
| Contributions to provident and other funds (Refer note 33) | 4.778          | 5.727          |
| Gratuity expense (Refer note 34)                           | 2.219          | 2.136          |
| Staff welfare  | 4.522          | 6.017          |
| <b>Total</b>   | <b>181.042</b> | <b>192.882</b> |



**PRAJ HIPURITY SYSTEMS LIMITED**

**Notes to the financial statements for the year ended 31st March, 2021**

(Amounts in Indian Rupees million unless otherwise stated)

**Note 23: Finance costs**

| Particulars  | 31st Mar 2021 | 31st Mar 2020 |
|--|---------------|---------------|
| Interest on borrowings                               | -             | -             |
| Net interest cost on net defined benefit obligations | 0.984         | 0.806         |
| Other (Interest on Delayed Payment)                  | 0.343         | 0.396         |
| Interest on Lease Liability                          | 4.286         | 5.312         |
| <b>Total</b>   | <b>5.613</b>  | <b>6.514</b>  |

**Note 24: Other expenses**

| Particulars                                   | 31st Mar 2021  | 31st Mar 2020  |
|---|----------------|----------------|
| Consumption of Stores & spares                | 12.774         | 14.193         |
| Site expenses and labour charges              | 114.776        | 114.274        |
| Freight and transport                         | 24.905         | 18.305         |
| Factory expenses                              | 5.642          | 4.319          |
| Bank charges                                  | 2.641          | 1.674          |
| Testing charges                               | 0.264          | 0.062          |
| Duties and taxes                              | 1.826          | 8.172          |
| Bad Debts                                     | 4.119          | 33.927         |
| Provision for doubtful debts                  | 1.496          | -9.783         |
| Sundry balances written off                   | 1.126          | 0.742          |
| Commission and brokerage                      | 4.646          | 0.613          |
| Travelling and conveyance                     | 32.335         | 56.957         |
| Professional consultancy charges              | 14.829         | 7.360          |
| Insurance                                     | 7.658          | 8.271          |
| Rent  | 2.618          | 5.350          |
| Royalty Fees                                  | 3.151          | 2.256          |
| Power and fuel                                | 3.829          | 4.435          |
| Communication expenses                        | 1.956          | 3.006          |
| Business promotion expenses                   | 2.762          | 5.277          |
| Staff Expense -other                          | 38.147         | 35.842         |
| Repairs and maintenance - Plant and machinery | 4.408          | 4.086          |
| Repairs and maintenance - Others              | 5.192          | 4.409          |
| Auditor's remuneration - Audit service        | 1.035          | 1.035          |
| Auditor's remuneration - Other services       | 0.007          | 0.042          |
| Rates and taxes                               | 0.688          | 0.694          |
| Foreign Exchange fluctuation loss             | -              | -              |
| Corporate social responsibility expenses      | 0.595          | 1.840          |
| Miscellaneous expenses                        | 3.946          | 4.739          |
| <b>Total</b>                                  | <b>297.371</b> | <b>332.097</b> |

**Note 25: Items that will not be reclassified to profit or loss**

| Particulars   | 31st Mar 2021 | 31st Mar 2020 |
|---|---------------|---------------|
| <b>Items that will not be reclassified to profit or loss</b>                        |               |               |
| Remeasurements gains and losses on post-employment benefit plans                    | -0.009        | 1.472         |
| <b>Income tax relating to items that will not be reclassified to profit or loss</b> |               |               |
| Tax on remeasurements gains and losses on post-employment benefit plans             | 0.003         | 0.410         |

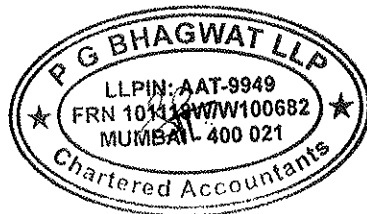


**PRAJHIPURITY SYSTEMS LIMITED**

**Notes to the financial statements for the year ended 31st March, 2021**

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

| Particulars |  | 31 March 2021 | 31 March 2020  |
|-------------|--|---------------|----------------|
| 26          | <b>Income tax</b>  |               |                |
| A           | <b>Statement of profit and loss:</b>   |               |                |
|             | <b>Current income tax:</b>   |               |                |
|             | Current income tax charge  | 21.500        | -              |
|             | Tax relating to earlier periods  | 2.576         | -              |
|             | <b>Deferred tax:</b>   |               |                |
|             | Relating to origination and reversal of temporary differences                                    | 30.281        | -26.860        |
|             | <b>Income tax expense reported in the statement of profit and loss</b>                           | <b>54.357</b> | <b>-26.860</b> |
| B           | <b>Statement of other comprehensive income:</b>  |               |                |
|             | <b>Deferred tax:</b>   |               |                |
|             | Remeasurements gains and losses on post employment benefits                                      | 0.003         | 0.410          |
|             | <b>Income tax expense reported in the statement of other comprehensive income</b>                | <b>0.003</b>  | <b>0.410</b>   |
| C           | <b>Reconciliation of effective tax rate</b>  |               |                |
|             | Accounting profit before tax   | 136.875       | -54.709        |
|             | Tax using the Company's domestic tax rate (28.60%)   | 39.146        | -              |
|             | Adjustments in respect of current income tax of previous years                                   | 2.576         | -              |
|             | Adjustments in respect excess tax paid during the year   | 0.393         | -              |
|             | <b>Less: Tax effect of:</b>  |               |                |
| i           | Tax rate difference on book profit as per Minimum Alternate Tax                                  | -             | -              |
| ii          | Tax effect on exempt income dividend   | -             | -              |
| iii         | Tax effect of reversal of Deferred Tax on adjustment to Opening Reserve in respect of IND AS 115 | -             | -              |
| iv          | Additional Allowances for tax purpose  | -30.016       | -              |
|             | <b>Add: Tax effect of</b>  |               |                |
| i           | Tax liability on IND AS adjustment to Retained earnings  | -             | -              |
| ii          | Tax liability on permanent Difference 14A Disallowance   | -             | -              |
| iii         | Effect on deduction claimed in MAT for Doubtful debt provision written back                      | -             | -              |
| iv          | Effect on deduction claimed in MAT for Provision for Impairment of Investment                    | -             | -              |
| v           | Effect on deduction claimed in MAT for Expenditure debited to Reserves-ESOP expenses             | -             | -              |
| vi          | Deferred Tax expenses accounted as no effect of Timing differences on MAT liability              | 30.284        | -26.860        |
| vii         | Expenses not allowed for tax purpose (including Exceptional Item)                                | 11.976        | -              |
|             | <b>Total</b>   | <b>54.360</b> | <b>-26.860</b> |
|             | <b>Income tax expense reported in the statement of profit and loss</b>                           | <b>54.360</b> | <b>-26.860</b> |

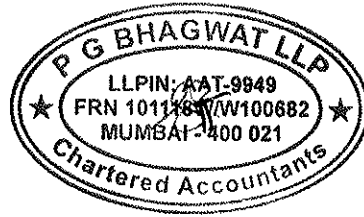


**PRAJ HIPURITY SYSTEMS LIMITED**

Notes to the financial statements for the year ended 31st March, 2021

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

| D  |  | Deferred tax   |               |
|--|--|----------------|---------------|
| Deferred tax relates to the following:                               |  | Balance sheet  |               |
| Deferred tax asset / (liability)                                     |  | 31 March 2021  | 31 March 2020 |
| Deferred tax asset   |  |                |               |
| Provision for doubtful debts and advances                            |  | 4.394          | 3.858         |
| Gratuity   |  | 5.403          | 4.509         |
| Leave encashment   |  | 3.923          | 2.973         |
| Long term capital losses   |  |                |               |
| Carry forward business loss  |  | -              | 26.927        |
| Compensated absences   |  |                |               |
| Others   |  | 8.444          | 11.766        |
| Lease Liability  |  |                |               |
| IND AS 115 Deferred Tax reversal                                     |  | 0.087          | 2.017         |
| <b>Total</b>   |  | <b>22.251</b>  | <b>52.051</b> |
| Deferred tax liability   |  |                |               |
| Property, plant & equipment and intangible assets                    |  | -10.246        | -9.763        |
| Amortisation of prepaid lease rentals / others                       |  |                |               |
| <b>Total</b>   |  | <b>-10.246</b> | <b>-9.763</b> |
| <b>Net deferred tax asset / (liability)</b>                          |  | <b>12.005</b>  | <b>42.289</b> |
| Deferred tax expense/(income)  |  |                |               |
| - Recognised in the statement of profit and loss                     |  | 30.281         | 26.860        |
| - Recognised in the statement of other comprehensive income          |  | 0.003          | -0.410        |
| - Recognised in opening reserve under statement of changes in equity |  | 0.087          | 2.017         |



**PRAJ HIPURITY SYSTEMS LIMITED****Notes to the financial statements for the year ended 31st March, 2021***(Amounts in Indian Rupees million unless otherwise stated)***Note 27: Payment to Statutory Auditor (for audit services exclusive of service tax/ GST)**

| Particulars              | 31st Mar 2021 | 31st Mar 2020 |
|--------------------------|---------------|---------------|
| Audit Fees               | 1.035         | 1.035         |
| In other Capacity        | 0.067         | 0.041         |
| Reimbursement of Expense | 0.007         | 0.037         |

**Note 28: Dues to micro and small enterprises - As per Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED' Act)**

This information has been determined to the extent such parties have been identified on the basis of information available with the company

| Particulars   | 31st Mar 2021 | 31st Mar 2020 |
|---|---------------|---------------|
| Principal amount remaining unpaid to any supplier as at the end of the year   | 110.936       | 81.244        |
| Amount of Interest due remaining unpaid to any supplier as the end of the year  | -             | -             |
| Amount of interest paid under MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during the year.                | -             | -             |
| Amount of interest due and payable for the period of delay in making payment (where the principal has been paid but interest under the MSMED Act, 2006 not paid). | -             | -             |
| Amount of interest accrued and remaining unpaid at the end of year.   | -             | -             |
| Amount of further interest remaining due and payable even in the succeeding year.   | -             | -             |

**Note 29: Contingent liabilities**

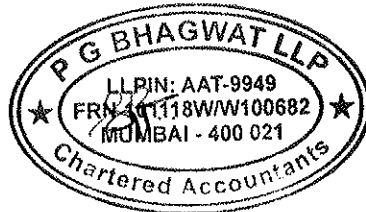
| Particulars                                  | 31st Mar 2021 | 31st Mar 2020 |
|--|---------------|---------------|
| Contingent liabilities                       |               |               |
| Disputed demands in appeal towards sales tax | 3.093         | 3.414         |

**Note 30: Segment reporting**

a) 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 reportable operating segment i.e. Engineering goods for pharmaceuticals industries.

**b) Secondary segment information**

| Particulars                            | Within India    | Outside India   |
|--|-----------------|-----------------|
| Revenue based on location of customers | 1,420.557       | 225.392         |
| <b>Total</b>                           | <b>1,645.95</b> | <b>1,645.95</b> |



**PRAJ HIPURITY SYSTEMS LIMITED****Notes to the financial statements for the year ended 31st March, 2021***(Amounts in Indian Rupees million unless otherwise stated)***Note 31: Related party transactions****a) Parties which are members of the same group****(i) Holding company**

Praj Industries Limited

**(ii) Fellow Subsidiaries**

Praj Engineering &amp; Infra Limited

Praj Far East Co. Limited

Praj Americas Inc.

Praj Industries (Africa) Pty Limited

Praj Industries (Namibia) Limited

Praj Far East (Philippines) Inc

**b) Key management personnel and their close family members**

Mr. Pramod Madhukar Chaudhari

Mr. Sivaramakrishnan Srinivasan Iyer

Mr. Sandeep Rajnikant Mehta

Mrs. Mrunalini Harish Joshi

Dr. Shridhar Bhalchandra Shukla

Mr. Shishir Joshipura

Mr. Vikram Shirang Pandit

Mr. Anant Bavare

Chairman

Independent Director

Independent Director

Independent Director

Additional Director

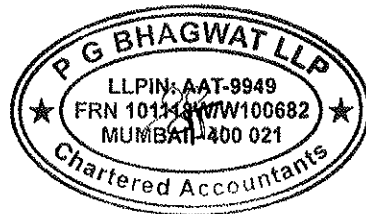
Director

Director &amp; Manager

Company Secretary

**c) Transactions and balances with related parties have been set out below:****Transactions with related parties and year end balances**

| Particulars   | 31st Mar 2021 | 31st Mar 2020 |
|---|---------------|---------------|
| <b>Praj Industries Limited</b>                      |               |               |
| Sale of products                                    | -             | 2.072         |
| Sale of services                                    | -             | 0.773         |
| Expenses reimbursed to holding company              | -             | -             |
| Purchase of products                                | -             | -             |
| Receipt of services                                 | 6.394         | 4.469         |
| Expenses incurred and reimbursed by holding company |               |               |
| <b>Sandeep Mehta</b>                                |               |               |
| Director's Fees                                     | 0.550         | -             |
| <b>Praj Industries Limited</b>                      |               |               |
| Receivable  | -             | -             |
| Payable   | 0.496         | 1.105         |
| <b>Sandeep Mehta</b>                                |               |               |
| Payable   | -             | -             |





**PRAJ HIPURITY SYSTEMS LIMITED**

**Notes to the financial statements for the year ended 31st March, 2021**

(Amounts in Indian Rupees million unless otherwise stated)

**Note 32: Leases**

| Particulars  | 31st Mar 2021 | 31st Mar 2020 |
|--|---------------|---------------|
| Depreciation for right-of-use asset                | 12.850        | 12.711        |
| Interest expense on lease liabilities              | 4.286         | 5.312         |
| Expenses relating to short-term / low value leases | 2.618         | 5.350         |
| Total Cash outflow for leases                      | 17.085        | 10.682        |
| Carrying amount of right-of-use asset              | 27.404        | 34.953        |
| Maturity analysis of lease liabilities:            |               |               |
| - less than 1 year                                 | 6.151         | 18.131        |
| - between 1 to 3 years                             | 12.227        | 32.603        |
| - more than 3 years                                | 11.145        | -             |

**Note 33: Earnings per share**

| Particulars  | 31st Mar 2021 | 31st Mar 2020 |
|--|---------------|---------------|
| <b>Reconciliation of basic and diluted shares used in computing earnings per share</b> |               |               |
| Weighted average number of basic equity shares   | 5.000         | 5.000         |
| Weighted average number of diluted equity shares                                       | 5.000         | 5.000         |
| <b>Computation of basic and diluted earnings per share</b>                             |               |               |
| Net profit after tax attributable to equity shareholders                               | 82.509        | -28.026       |
| Basic earnings per equity share of INR 10 each   | 16.502        | -5.605        |
| Diluted earnings per equity share of INR 10 each                                       | 16.502        | -5.605        |

**Note 34: Employee benefits**

**a) Defined contribution plans**

The Company has recognised INR 4.778 MN (31 March 2020: INR 5.727 MN) 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   | 31st Mar 2021 | 31st Mar 2020 |
|---|---------------|---------------|
| Present value of obligation as at the beginning of the period | 17.318        | 13.934        |
| Interest cost   | 1.120         | 1.043         |
| Past service cost   | -             | -             |
| Current service cost  | 2.100         | 2.002         |
| Benefits paid   | (2.168)       | (1.121)       |
| Remeasurements on obligation - (gain) / loss                  | (0.056)       | 1.460         |
| Present value of obligation as at the end of the period       | 18.313        | 17.318        |



**PRAJ HIPURITY SYSTEMS LIMITED**

**Notes to the financial statements for the year ended 31st March, 2021**

(Amounts 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   | 31st Mar 2021 | 31st Mar 2020 |
|---|---------------|---------------|
| Fair value of plan assets at the beginning of the period                              | 2,813         | 3,345         |
| Interest income   | 0.137         | 0.237         |
| Contributions   | 0.500         | 0.500         |
| Benefits paid   | (2.168)       | (1.121)       |
| Mortality Charges and Taxes   | (0.120)       | (0.134)       |
| Return on plan assets, excluding amount recognized in interest income - gain / (loss) | (0.047)       | (0.012)       |
| <b>Fair value of plan assets as at the end of the period</b>                          | <b>1,115</b>  | <b>2,813</b>  |
| Actual return on plan assets  | 0.089         | 0.224         |

Amounts recognised in the balance sheet are as follows:

| Particulars   | 31st Mar 2021   | 31st Mar 2020   |
|---|-----------------|-----------------|
| Present value of obligation as at the end of the period | 18.313          | 17.318          |
| Fair value of plan assets as at the end of the period   | 1.115           | 2.813           |
| <b>Surplus / (deficit)</b>                              | <b>(17.198)</b> | <b>(14.504)</b> |

Amounts recognised in the statement of profit and loss are as follows:

| Particulars  | 31st Mar 2021 | 31st Mar 2020 |
|--|---------------|---------------|
| Current service cost   | 2.100         | 2.002         |
| Past service cost  | -             | -             |
| Net interest (income) / expense  | 0.984         | 0.806         |
| <b>Net periodic benefit cost recognised in the statement of profit and loss at the end of the period</b> | <b>3.083</b>  | <b>2.808</b>  |

Amounts recognised in the statement of other comprehensive income (OCI) are as follows:

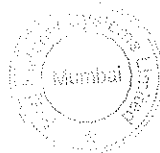
| Particulars   | 31st Mar 2021  | 31st Mar 2020 |
|---|----------------|---------------|
| Opening amount recognised in OCI outside statement of profit and loss |                |               |
| Remeasurement for the year - obligation (gain) / loss                 | (0.056)        | 1.460         |
| Remeasurement for the year - plan assets (gain) / loss                | 0.047          | 0.012         |
| <b>Total remeasurements cost / (credit) for the year</b>              | <b>(0.009)</b> | <b>1.472</b>  |

Net interest (income) / expense recognised in statement of profit and loss are as follows:

| Particulars   | 31st Mar 2021 | 31st Mar 2020 |
|---|---------------|---------------|
| Interest (income) / expense - obligation            | 1.120         | 1.043         |
| Interest (income) / expense - plan assets           | (0.137)       | (0.237)       |
| <b>Net interest (income) / expense for the year</b> | <b>0.984</b>  | <b>0.806</b>  |

The broad categories of plan assets as a percentage of total plan assets are as follows:

| Particulars                       | 31st Mar 2021 | 31st Mar 2020 |
|-----------------------------------|---------------|---------------|
| Government of India securities    | 0%            | 0%            |
| High quality corporate bonds      | 0%            | 0%            |
| Equity shares of listed companies | 0%            | 0%            |
| Property                          | 0%            | 0%            |
| Special deposit scheme            | 0%            | 0%            |
| Funds managed by insurer          | 100%          | 100%          |
| Others                            | 0%            | 0%            |
| <b>Total</b>                      | <b>100%</b>   | <b>100%</b>   |



**PRAJ HIPURITY SYSTEMS LIMITED**

**Notes to the financial statements for the year ended 31st March, 2021**

(Amounts 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  | 31st Mar 2021 | 31st Mar 2020 |
|--|---------------|---------------|
| Discount rate  | 6.80%         | 6.90%         |
| Rate of increase in compensation levels                          | 5%            | 5%            |
| Expected rate of return on plan assets                           | 6.90%         | 7.80%         |
| Expected average remaining working lives of employees (in years) | 14.55*        | 15.23*        |
| Withdrawal rate  |               |               |
| Age upto 30 years  | 2%            | 2%            |
| Age 31 - 40 years  | 2%            | 2%            |
| Age 41 - 50 years  | 2%            | 2%            |
| Age above 50 years   | 2%            | 2%            |

\* It is actuarially calculated term of the plan using probabilities of death, withdrawal and retirement.

A quantitative sensitivity analysis for significant assumption 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

**a) Impact of change in discount rate when base assumption is decreased / increased by 100 basis point**

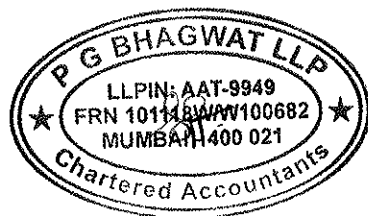
| Discount rate | Present value of obligation |               |
|---------------|-----------------------------|---------------|
|               | 31st Mar 2021               | 31st Mar 2020 |
| 5.80%         | 20.618                      | 19.595        |
| 7.80%         | 16.345                      | 15.382        |

**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 |               |
|-----------------------|-----------------------------|---------------|
|                       | 31st Mar 2021               | 31st Mar 2020 |
| 4.00%                 | 16.472                      | 15.497        |
| 6.00%                 | 20.359                      | 19.345        |

**c) Impact of change in withdrawal rate when base assumption is decreased / increased by 100 basis point**

| Withdrawal rate | Present value of obligation |               |
|-----------------|-----------------------------|---------------|
|                 | 31st Mar 2021               | 31st Mar 2020 |
| 1.00%           | 17.967                      | 16.942        |
| 3.00%           | 18.625                      | 17.654        |



## **PRAJ HIPURITY SYSTEMS LIMITED**

### **Notes to the financial statements for the year ended 31st March, 2021**

*(Amounts in Indian Rupees million unless otherwise stated)*

#### **d) Risk Exposure And Asset Liability Matching**

Provision of a defined benefit scheme process certain risks, some of which are detailed hereunder, as companies take on uncertain long term obligations to make future benefit payments.

##### **i) 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-**

Variation 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.

###### **c) Future Salary Escalation and Inflation Risk-**

Since price inflation and salary growth rate 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.

##### **ii) Asset Risk-**

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 adopted 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.



**PRAJ HIPURITY SYSTEMS LIMITED**

Notes to the financial statements for the year ended 31st March 2021

(Amounts in Indian Rupees million unless otherwise stated)

**Note 35: Fair value of financial assets and liabilities**

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments that are recognised in the financial statements

| Particulars   | Carrying value  |                 | Fair value      |                 |
|---|-----------------|-----------------|-----------------|-----------------|
|   | 31st March 2021 | 31st March 2020 | 31st March 2021 | 31st March 2020 |
| <b>A. Financial asset</b>                                 |                 |                 |                 |                 |
| <b>i. Measured at amortised cost</b>                      |                 |                 |                 |                 |
| Security deposits   | 4.697           | 9.064           | 4.697           | 9.064           |
| Trade receivables *                                       | 614.987         | 465.328         | 614.987         | 465.328         |
| Cash and cash equivalent *                                | 133.243         | 133.551         | 133.243         | 133.551         |
| Investment in Deposit*                                    | -               | 55.000          | -               | 55.000          |
| <b>ii. Measured at fair value through profit and loss</b> |                 |                 |                 |                 |
| Forward exchange contracts {Asset/(Liability)}            | -               | -               | -               | -               |
| <b>B. Financial liability</b>                             |                 |                 |                 |                 |
| <b>i. Measured at amortised cost</b>                      |                 |                 |                 |                 |
| Borrowings  | -               | -               | -               | -               |
| Trade payables *  | 344.598         | 254.530         | 344.598         | 254.530         |
| Other financial liabilities                               | 36.990          | 18.316          | 36.990          | 18.316          |

The Company maintains policies and procedures to value financial assets or financial liabilities using the best and most relevant data available. In addition, the Company internally reviews valuations, including independent price validation for certain instruments.

The fair value of the financial assets and liabilities are included at the amount at which the instrument that would be received to sell an asset or paid to transfer liability in an orderly transaction between market participants at the measurement date.

The following methods and assumptions were used to estimate the fair values:

\* The company has not disclosed the fair values of trade payables, trade receivables and cash and cash equivalents because their carrying amounts are reasonable approximation of fair value.

i. Fair value of security deposit (non-current) is estimated using a discounted cashflow model. The valuation requires management to make certain assumptions about interest rates, maturity period, credit risk, forecasted cash flows etc.



**PRAJ HIPURITY SYSTEMS LIMITED**

**Notes to the financial statements for the year ended 31st March 2021**

(Amounts in Indian Rupees million unless otherwise stated)

**Fair value hierarchy**

The following table provides the fair value measurement hierarchy of Company's assets and liabilities grouped into Level 1 to Level 3 as described in significant accounting policies - Note 2. Further, table describes the valuation techniques used, key inputs to valuations and quantitative information about significant unobservable inputs for fair value measurements.

**Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at 31 March 2021:**

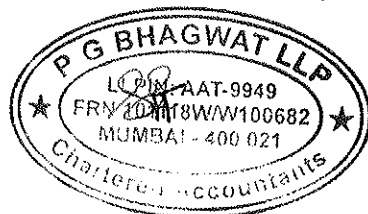
| Particulars  | Fair value measurement using |         |         | Valuation technique used  | Inputs used  |
|--|------------------------------|---------|---------|---|--|
|  | Level 1                      | Level 2 | Level 3 |   |  |
| <b>a) Financial assets measured at fair value</b>        |                              |         |         |   |  |
| Forward exchange contracts (Asset/(Liability))           |                              |         |         | The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies. | Quoted forward exchange rates, high credit quality yield curves. |
| <b>b) Assets for which fair values are disclosed</b>     |                              |         |         |   |  |
| <b>Financial assets measured at amortised cost</b>       |                              |         |         |   |  |
| Security deposits  |                              | 4.697   |         | Discounted cash flows   | Forecast cash flows, discount rate, maturity date etc.           |
| <b>c) Financial liability measured at amortised cost</b> |                              |         |         |   |  |
| Borrowings   |                              |         |         |   |  |
| Other financial liabilities                              |                              | 36.990  |         | Discounted cash flows   | Forecast cash flows, discount rate, maturity date etc.           |

**Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at 31 March 2020:**

| Particulars  | Fair value measurement using |         |         | Valuation technique used  | Inputs used  |
|--|------------------------------|---------|---------|---|--|
|  | Level 1                      | Level 2 | Level 3 |   |  |
| <b>a) Financial assets measured at fair value</b>        |                              |         |         |   |  |
| Forward exchange contracts (Asset/(Liability))           |                              |         |         | The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies. | Quoted forward exchange rates, high credit quality yield curves. |
| <b>b) Assets for which fair values are disclosed</b>     |                              |         |         |   |  |
| <b>Financial assets measured at amortised cost</b>       |                              |         |         |   |  |
| Security deposits  |                              | 9.064   |         | Discounted cash flows   | Forecast cash flows, discount rate, maturity date etc.           |
| <b>c) Financial liability measured at amortised cost</b> |                              |         |         |   |  |
| Borrowings   |                              |         |         |   |  |
| Other financial liabilities                              |                              | 18.316  |         | Discounted cash flows   | Forecast cash flows, discount rate, maturity date etc.           |

During the year ended 31 March 2021 & 31 March 2020 there were no transfers between level 1 and level 2 fair value measurements and no transfers into and out of level 3 fair value measurement.

Fair value of trade receivables, cash and cash equivalents and trade payables approximates their carrying value. Accordingly, fair value hierarchy disclosures are not applicable



## PRAJ HIPURITY SYSTEMS LIMITED

### Note 36: Financial risk management policy and objectives

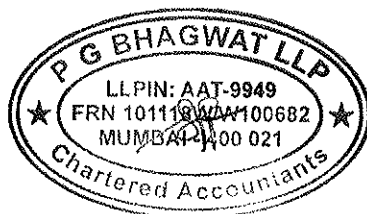
The key objective of the Company's capital management is to ensure that it maintains a stable capital structure with the focus on total equity to uphold investor, creditor, and customer confidence and to ensure future development of its business. The Company is focused on maintaining a strong equity base to ensure independence, security, as well as financial flexibility for potential future borrowings, if required without impacting the risk profile of the Company.

Company's principal financial liabilities, comprise borrowings, trade and other payables, and financial guarantee contracts. The main purpose of these financial liabilities is to finance Company's operations (short term) and to provide guarantees to support its operations. Company's principal financial assets include investments, foreign exchange forward contracts, security deposit, trade and other receivables, and cash and cash equivalents, that derive directly from its operations.

Company is exposed to market risk, credit risk and liquidity risk.

The Company's senior management oversees the management of these risks. The Company's senior management is supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The financial risk committee provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken.

The Board of Directors reviews and agrees policies for managing each of these risks, which are summarized below.



## **PRAJ HIPURITY SYSTEMS LIMITED**

### **i) Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk interest rate risk, currency risk and other price risk such as equity price risk and commodity risk. Financial instruments affected by market risk include borrowings, trade and other payables, investments, foreign exchange forward contracts, security deposit, advances to subsidiaries, trade and other receivables, deposits with banks.

The sensitivity analysis in the following sections relate to the position as at 31 March 2021 and 31 March 2020. The sensitivity of the relevant income statement item is the effect of the assumed changes in respective market risks. The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt, proportion of financial instruments in foreign currencies are all constant at 31 March 2021

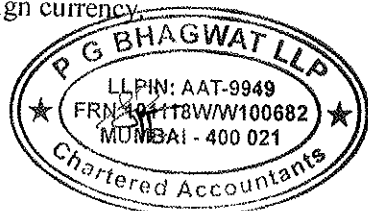
The analyses exclude the impact of movements in market variables on: the carrying values of gratuity and other post retirement obligations; provisions; and the non-financial assets and liabilities of foreign operations.

Company's activities expose it to variety of financial risks, including effect of changes in foreign currency exchange rate and interest rate.

### **a ) Foreign currency risk**

Foreign currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate. Company transacts business in local currency INR and in different foreign currencies. The Company manages its foreign currency risk by hedging transactions that are expected to occur within a maximum 6 month period for hedges of forecasted sales and purchases.

When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.





**PRAJ HIPURITY SYSTEMS LIMITED**  
**Notes to the financial statements for the year ended 31st March 2021**  
*(Amounts in Indian Rupees million unless otherwise stated)*

**Foreign currency sensitivity**

The following tables demonstrate the sensitivity to a reasonably possible change in USD, EUR and GBP exchange rates, with all other variables held constant.

| Particulars                  | Currency | Amount in foreign currency |           | Amount in INR |           |
|------------------------------|----------|----------------------------|-----------|---------------|-----------|
|                              |          | 31-Mar-21                  | 31-Mar-20 | 31-Mar-21     | 31-Mar-20 |
| <b>Financial assets</b>      |          |                            |           |               |           |
| Trade receivables            | EUR      | 0.272                      | 0.281     | 19.230        | 20.418    |
|                              | USD      | 0.545                      | 0.237     | 38.228        | 16.130    |
| Bank                         | EUR      | -                          | 0.010     | -             | 0.671     |
|                              | USD      | -                          | -         | -             | -         |
| Cash                         | EUR      | -                          | -         | -             | -         |
|                              | USD      | -                          | 0.010     | -             | 0.759     |
| <b>Financial liabilities</b> |          |                            |           |               |           |
| Trade payables               | EUR      | 0.215                      | 0.059     | 18.876        | 4.794     |
|                              | GBP      | -                          | -         | -             | -         |
|                              | USD      | 0.603                      | 0.330     | 44.117        | 23.631    |
| PCFC                         | USD      | -                          | -         | -             | -         |
| Buyer's credit               | USD      | -                          | -         | -             | -         |

**Currency wise net exposure (liabilities - assets)**

| Particulars | Amount in foreign currency |           | Amount in INR |           |
|-------------|----------------------------|-----------|---------------|-----------|
|             | 31-Mar-21                  | 31-Mar-20 | 31-Mar-21     | 31-Mar-20 |
| USD         | -0.057                     | -0.073    | -5.890        | -7.501    |
| EUR         | 0.058                      | 0.222     | 0.354         | 15.624    |
| GBP         | -                          | -         | -             | -         |

**Sensitivity analysis**

| Currency | Amount in INR |           | Sensitivity % | Impact on Profit Before Tax |           |
|----------|---------------|-----------|---------------|-----------------------------|-----------|
|          | 31-Mar-21     | 31-Mar-20 |               | 31-Mar-21                   | 31-Mar-20 |
| USD      | -5.890        | -7.501    | +5%           | -5.840                      | -0.375    |
| EUR      | 0.354         | 15.624    | -5%           | 0.294                       | 0.375     |
| GBP      | -             | -         | +5%           | 0.018                       | 0.781     |
|          | -             | -         | -5%           | -0.018                      | -0.781    |

**b) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

The company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

**ii) Credit risk**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance. Trade receivables are non interest bearing and are generally on 120 days to 180 days credit term. The Company has no concentration of risk as customer base is widely distributed both economically and geographically.

The ageing of trade receivables at the reporting date that were not impaired are as follows :

| Particulars         | 31-Mar-21      | 31-Mar-20      |
|---------------------|----------------|----------------|
| - Less than 90 days | 251.137        | 113.738        |
| - above 90 days     | 363.851        | 351.590        |
| <b>Total</b>        | <b>614.987</b> | <b>465.328</b> |

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on exchange losses historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 35. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.



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**b) Financial instruments and cash deposits**

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Company monitors rating, credit spreads and financial strength of its counter parties. Company monitors ratings, credit spread and financial strength of its counter parties. Based on ongoing assessment Company adjust it's exposure to various counterparties.

**iii) Liquidity risk**

Liquidity risk is the risk that the Company may not be able to meet its present and future cash flow and collateral obligations without incurring unacceptable losses. Company's objective is to, at all time maintain optimum levels of liquidity to meet its cash and collateral requirements. Company closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate sources of financing including overdraft, debt from domestic and international banks at optimised cost. Company enjoys strong access to domestic and international capital market across debt, equity and hybrids.

The table summarises the maturity profile of Company's financial liabilities based on contractual undiscounted payments

| As at 31 March 2021         |                 |           |                    |         |
|-----------------------------|-----------------|-----------|--------------------|---------|
| Particulars                 | Carrying amount | On demand | Less than 6 months | Total   |
| Interest bearing borrowings | -               | -         | -                  | -       |
| Trade payables              | 344.598         | -         | 344.598            | 344.598 |
| Other financial liabilities | 36.990          | -         | 36.990             | 36.990  |

| As at 31 March 2020         |                 |           |                    |         |
|-----------------------------|-----------------|-----------|--------------------|---------|
| Particulars                 | Carrying amount | On demand | Less than 6 months | Total   |
| Interest bearing borrowings | -               | -         | -                  | -       |
| Trade payables              | 254.530         | -         | 254.530            | 254.530 |
| Other financial liabilities | 18.316          | -         | 18.316             | 18.316  |

**Note 37: Capital management**

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents, excluding discontinued operations.

| Particulars                     | 31-Mar-21        | 31-Mar-20        |
|---------------------------------|------------------|------------------|
| Borrowings                      | -                | -                |
| Trade payables                  | 344.598          | 254.529          |
| Other financial liabilities     | 36.990           | 18.316           |
| Less: Cash and cash equivalents | 133.243          | 133.552          |
| <b>Net debt</b>                 | <b>248.345</b>   | <b>139.294</b>   |
| Equity                          | 1,042.730        | 960.215          |
| <b>Capital and net debt</b>     | <b>1,291.075</b> | <b>1,099.509</b> |
| Gearing ratio                   | 19%              | 13%              |

