

P G BHAGWAT LLP

Chartered Accountants
LLPIN: AAT-9949

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Independent Auditor's Report on Audited standalone Quarterly Financial Results and Year to Date Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF PRAJ INDUSTRIES LIMITED Report on the audit of the Standalone Financial Results

Opinion

We have audited the accompanying standalone quarterly and annual financial results of Praj Industries Limited (the company) for the quarter ended 31st March 2021 and the year to date results for the period from 1st April 2020 to 31st March 2021, attached herewith, being submitted by the company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us these standalone financial results:

- i. are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
- ii. give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable accounting standards and other accounting principles generally accepted in India of the net profit and other comprehensive income and other financial information for the quarter ended 31st March 2021 as well as the year to date results for the period from 1st April 2020 to 31st March 2021.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 (the Act). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Results* 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 financial results under the provisions of the Companies Act, 2013 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.

Management's Responsibilities for the Standalone Financial Results

These quarterly financial results as well as the year to date standalone financial results have been prepared on the basis of the interim financial statements. The Company's Board of Directors are responsible for the preparation of these financial results that give a true and fair view of the net profit/loss and other comprehensive income and other financial information in accordance with the accounting principles generally accepted in India including The Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rule 2015 (as amended) under Section 133 of the Act

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read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. 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 results that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial results, the Board of Directors are 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Standalone Financial Results

Our objectives are to obtain reasonable assurance about whether the standalone financial results 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 results.

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 results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' 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 financial results 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 results, including the disclosures, and whether the financial results 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.

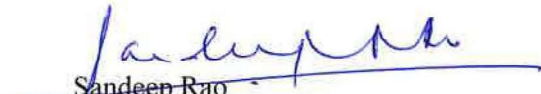
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We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear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

The quarterly standalone financial results for the period ended March 31, 2021 are the derived figures between the audited figures in respect of the year ended March 31, 2021 and the published year-to-date figures up to December 31, 2020, being the date of the end of the third quarter of the current financial year, which were subjected to limited review as required under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

For P G BHAGWAT LLP
Chartered Accountants
(Firm's Registration No 101118W/W100682.)


Sandeep Rao
Partner
Membership No. 47235
Pune: 6th May, 2021
UDIN: 21047235AAAACO9368



AUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31 MARCH 2021, PREPARED IN COMPLIANCE WITH THE INDIAN ACCOUNTING STANDARDS (IND AS)

(Rupees in crores except per share data)

Sr. No.	Particulars	Quarter ended			Year ended	Year ended
		31 March 2021	31 December 2020	31 March 2020	31 March 2021	31 March 2020
		(Audited)	(Unaudited)	(Audited)	(Audited)	(Audited)
1	INCOME					
	Revenue from operations	499.22	289.44	244.17	1,088.54	941.85
	Other income	4.98	3.51	10.00	16.69	29.87
	Total income	504.20	292.95	254.17	1,105.23	971.72
2	EXPENSES					
	Cost of materials consumed	298.09	160.21	115.71	624.90	478.96
	Changes in inventories of finished goods and work-in-progress	(1.75)	2.73	2.32	3.54	1.64
	Employee benefits expense	46.53	35.55	27.16	143.17	133.87
	Finance costs	0.55	0.57	0.61	2.33	2.45
	Depreciation and amortisation expense	4.71	4.82	4.72	19.07	18.80
	Exchange (gain) / loss	(2.68)	(0.58)	(0.40)	(6.52)	(3.91)
	Other expenses	89.07	56.16	75.23	222.06	252.60
	Total expenses	434.52	259.46	225.35	1,008.55	884.41
3	Profit before exceptional items and tax (1-2)	69.68	33.49	28.82	96.68	87.31
4	Exceptional items- Impairment of investment in subsidiary	-	-	9.76	-	9.76
5	Profit before tax (3-4)	69.68	33.49	19.06	96.68	77.55
6	Tax expense					
	Current tax	15.73	4.72	5.86	20.45	17.34
	Deferred tax	2.19	3.71	(1.42)	4.62	(4.49)
	Adjustments of tax relating to earlier periods	0.36	-	0.37	0.36	(0.01)
	Total tax expense	18.28	8.43	4.81	25.43	12.84
7	Profit for the period (5-6)	51.40	25.06	14.25	71.25	64.71
8	Other comprehensive income					
	Items that will not be reclassified to profit and loss:					
	Re-measurement of defined benefit plans	0.39	0.50	(0.20)	1.50	(1.81)
	Income tax effect	(0.14)	(0.17)	0.07	(0.52)	0.63
	Other comprehensive income	0.25	0.33	(0.13)	0.98	(1.18)
9	Total comprehensive income for the year (7+8)	51.65	25.39	14.12	72.23	63.53
	Earnings per equity share (Nominal value per share Rs. 2 each)					
	Basic	2.81	1.37	0.78	3.89	3.54
	Diluted	2.80	1.37	0.78	3.89	3.53

Notes:

- The above results were reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on 06 May 2021.
- The figures for the quarter ended 31 March 2021, as reported in the financial results, are the balancing figures between the audited figures in respect of the full financial year and published figures of nine months ended 31 December 2020. The figures for the nine months ended 31 December 2020 have been subjected to limited review by the statutory auditors.
- The Company operates only in one segment, i.e. "Process and Project Engineering".
- During the quarter ended 31 March 2021, Company allotted 56,544 equity shares to its employees under Employee Stock Option Plan.
- As the Company's operations for the June 2020 quarter were adversely affected due to the outbreak of COVID-19, the results for the year ended 31 March 2021 are not comparable with corresponding figures for the year ended 31 March 2020.
- The Board of Directors proposed a final dividend of Rs. 2.16 per equity share (108% of the face value of Rs.2 each) for the financial year ended 31 March 2021 which is subject to the approval of shareholders at the forthcoming Annual General Meeting.
- Prior year comparatives are regrouped / reclassified wherever necessary to conform to current period's presentation.

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AUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31 MARCH 2021, PREPARED IN COMPLIANCE WITH THE INDIAN ACCOUNTING STANDARDS (IND AS)..... CONTD.

STATEMENT OF ASSETS AND LIABILITIES

Particulars	As at	
	31 March 2021	31 March 2020
	(Audited)	(Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	186.46	196.25
Capital work-in-progress	0.61	2.08
Investment property	13.69	13.69
Intangible assets	0.58	0.76
Financial assets		
Investments	197.37	197.37
Loans	5.96	4.95
Others	3.03	6.07
Deferred tax assets (net)	7.50	12.64
Other assets	1.78	2.20
	416.98	436.01
Current assets		
Inventories	89.45	72.86
Financial assets		
Investments	277.76	115.01
Trade receivables	372.73	265.72
Cash and cash equivalents	72.13	21.58
Other bank balances	25.05	1.52
Loans	-	0.01
Others	4.48	4.25
Current tax asset (net)	-	3.21
Other assets	209.51	142.55
	1,051.11	626.71
TOTAL ASSETS	1,468.09	1,062.72
EQUITY AND LIABILITIES		
EQUITY		
Equity share capital	36.65	36.63
Other equity	740.35	667.72
TOTAL EQUITY	777.00	704.35
LIABILITIES		
Non-current liabilities		
Financial liabilities		
Other financial liabilities	11.32	13.89
Provisions	14.40	16.16
	25.72	30.05
Current liabilities		
Financial liabilities		
Trade payables	290.82	149.25
Other financial liabilities	13.87	13.76
Other current liabilities	334.15	159.62
Provisions	23.19	5.69
Current tax liabilities (net)	3.34	-
	665.37	328.32
TOTAL LIABILITIES	691.09	358.37
TOTAL EQUITY AND LIABILITIES	1,468.09	1,062.72

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AUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31 MARCH 2021, PREPARED IN COMPLIANCE WITH THE INDIAN ACCOUNTING STANDARDS (IND AS)..... CONTD.

AUDITED STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2021

Particulars	31 March 2021	31 March 2020
A. Cash flow from operating activities		
Net profit before tax	96.68	77.55
Adjustments for:		
Loss / (profit) on sale of property, plant and equipment	(0.00)	-
Gain on redemption of mutual fund investments	(0.40)	(3.81)
Gain on redemption of bonds	-	(0.43)
Bad debts / provision for doubtful debts and advances	8.75	17.18
Excess provision / creditors written back (including advances)	(0.88)	(0.11)
Unrealised foreign exchange (gain) / loss (net)	(5.77)	(0.23)
Depreciation and amortisation	19.07	18.80
Interest earned	(4.96)	(8.81)
Provision for Impairment	-	9.76
Unrealised gain on mutual fund investments	(8.14)	(7.12)
Dividend from mutual fund investments/ Subsidiary	(1.58)	(5.47)
Interest on Lease Liability	1.74	1.84
Interest expense	-	0.00
Equity-settled share-based payment transactions	0.08	1.38
Operating profit before working capital changes	104.59	100.53
Changes in working capital		
Decrease/ (increase) in trade receivables	(118.13)	(51.49)
(Increase)/decrease in inventories (including contracts in progress)	(49.98)	50.85
(Increase)/decrease in non-current loans	(1.01)	(0.90)
(Increase)/decrease in other non-current financial assets	3.05	13.93
Decrease/(increase) in other non-current assets	0.20	(0.13)
Decrease/(increase) in current loans	0.01	0.14
(Increase)/decrease in current financial assets-others	3.43	(0.01)
Decrease/(increase) in other current assets	(55.51)	13.10
(Decrease)/increase in trade payables	146.00	(41.19)
(Decrease) in other current financial liabilities	(0.19)	(6.98)
(Decrease)/Increase in other current liabilities	174.53	(41.11)
(Decrease)/Increase in long term provisions	(0.27)	(0.68)
(Decrease)/Increase in short term provisions	17.50	(5.69)
Cash generated from operations	224.22	30.37
Direct taxes paid (including taxes deducted at source), net of refunds	(14.27)	(16.80)
NET CASH FROM OPERATING ACTIVITIES	209.95	13.57
B. Cash flow from investing activities		
Purchase of property, plant and equipment and intangible assets	(6.37)	(6.05)
Investments:		
- in mutual funds	(207.81)	(65.00)
Sale of investments		
- in mutual funds	38.60	118.32
- in debentures and bonds	-	5.43
Proceeds from sale of property, plant and equipment	0.12	0.29
Interest received on investments	5.11	9.20
(Investment) /redemption in fixed deposits	15.00	5.00
NET CASH FROM / (USED) IN INVESTING ACTIVITIES	(155.35)	67.19
C. Cash flow from financing activities		
Proceeds from exercise of employee stock options	0.34	2.56
Dividend paid including dividend distribution tax	(0.43)	(94.95)
(Decrease)/Increase in short term borrowings	-	(0.04)
Interest on Lease Liability	(1.74)	(1.84)
Principal payment on Leases	(3.01)	(2.11)
Interest paid	-	(0.00)
NET CASH FROM / (USED) IN FINANCING ACTIVITIES	(4.84)	(96.38)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	49.76	(15.62)
Cash and cash equivalents at the beginning of the year	21.58	33.62
Add: effect of exchange rate changes on cash and cash equivalents	0.79	3.58
Cash and cash equivalents at the end of the year	72.13	21.58