

P G BHAGWAT LLP
CHARTERED ACCOUNTANTS
LLPIN: AAT-9949

HEAD OFFICE
Suites 101-102, 'Orchard'
Dr. Pai Marg, Baner, Pune – 45
Tel (O): 020 – 27290771/1772/1773
Email: pgb@pgbhagwatca.com
Web: www.pgbhagwatca.com

INDEPENDENT AUDITORS' REPORT

To the Members of Praj Engineering and Infra Limited

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

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

Other Information

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

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

PRAJ ENGINEERING AND INFRA LIMITED AUDIT REPORT MARCH 31, 2022

Offices at: Mumbai | Kolhapur | Belgaum | Hubli | Dharwad | Bengaluru

P G BHAGWAT LLP

Chartered Accountants

LLPIN: AAT-9949

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue 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 Financial Statements.

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

P G BHAGWAT LLP

Chartered Accountants

LLPIN: AAT-9949

We also:

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

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

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

P G BHAGWAT LLP

Chartered Accountants

LLPIN: AAT-9949

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A; a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended.
 - e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
 - g) According to information and explanation provided to us and based on our verification, the company has not paid or provided any remuneration to its directors.
 - a) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The Company has no pending litigations which would have impact on its financial position in its Financial Statements.
 - (ii) The Company has made provision as required under the applicable law or Indian Accounting Standards for the material foreseeable losses on the long term contracts as at 31st March, 2022 .



P G BHAGWAT LLP

Chartered Accountants


LLPIN: AAT-9949

- (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- (iv) (a) The management has represented to us that, to the best of its knowledge and belief no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries. (Refer Note No. 35)
- (b) the management has represented to us, that, to the best of its knowledge and belief no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries. (Refer Note No. 35)
- (c) Based on the information and explanation given to us and audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations made by the management and as mentioned under sub-clause (iv)(a) and (iv)(b) above contain any material misstatement.
- (v) No Dividend is proposed, declared and paid during the year.
- (vi) The requirement to the use of accounting software for maintaining Company's books of account which has a feature of recording audit trail (edit log) facility is deferred to financial years commencing on or after April 1, 2023, therefore reporting under Rule 11(g) of Companies (Audit & Auditors) Rules, 2014 is not applicable for financial year ended on March 31, 2022.

For **P G BHAGWAT LLP**

Chartered Accountants

Firm Registration Number: 101118W/W100682



Sandeep Rao

Partner

Membership Number: 047235

UDIN: 22047235AJQCA3894

Pune

17th May, 2022

P G BHAGWAT LLP

Chartered Accountants
LLPIN: AAT-9949

Annexure A to the Independent Auditors' Report

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

- i. (a) (A) The Company is maintaining proper records showing full particulars, including quantitative details and situation of Property, Plant & Equipment.

(B) The Company does not own any intangible assets. Therefore, the provisions of Clause (i)(a)(B) of the said Order are not applicable to the Company.

(b) The Property, Plant & Equipment of the Company have been physically verified by the Management during the year and as informed to us no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.

(c) The Company does not own any immovable properties. Therefore, the provisions of Clause 3(i)(c) of the said Order are not applicable to the Company.

(d) The Company has adopted cost model and as such not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets during the year.

(e) According to the information and explanations provided to us there are no proceedings have been initiated or are pending against the company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended in 2016) and rules made thereunder. Hence reporting under clause 3(i) (e) of the Order is not applicable.
- ii. (a) The Company is in the business of rendering services, primarily engaged in rendering of erection and commissioning service and consequently, does not hold any inventory. Therefore, the provisions of Clause 3(ii)(a) of the said Order are not applicable to the Company.

(b) According to the information and explanations provided to us, the company has not been sanctioned working capital limits in excess of five crore rupees during the year, in aggregate, from banks or financial institutions on the basis of security of current assets. Hence reporting under clause 3(ii)(b) of the order is not applicable
- iii. The company during the year has not made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties. Hence reporting under Clause 3(iii)(a), 3(iii)(b), 3(iii)(c), 3(iii)(d), 3(iii)(e) and 3(iii)(f), of the said Order are not applicable to the Company.
- iv. In our opinion, and according to the information and explanations given to us, the Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.
- v. The Company has not accepted any deposits or amounts which are deemed to be deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified. According to the information and explanation given to us, no Order has been passed by The Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.

P G BHAGWAT LLP

Chartered Accountants

LLPIN: AAT-9949

- vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including Goods and Service Tax, provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities. According to the information and explanation provided to us, no undisputed amounts payable in respect of statutory dues were in arrears as at March 31st, 2022, for a period more than six months from the date they became payable except amount of Rs. 2,54,676 payable with respect to Income tax.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there statutory dues referred to in sub-clause (a) which have not been deposited on account of any dispute.
- viii. In terms of the information and explanations given to us and the books of account and records examined by us, the Company has not surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961. Hence reporting under clause 3(viii) of the Order is not applicable.
- ix. (a) As the Company does not have any loans or other borrowings from any lender during the year, hence the provisions of Clause 3(ix)(a) of the Order are not applicable to the Company.
- (b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (c) According to the information and explanations given to us and on the basis of our audit procedures, the Company has not availed any term loan
- (d) According to the information and explanations given to us and on the basis of our audit procedures, the Company has not raised any funds on short term basis
- (e) The company does not have any subsidiary, associate or joint venture, hence reporting under clause 3(ix)(e) of the order is not applicable.
- (f) The company does not have any subsidiary, associate or joint venture, hence reporting under clause 3(ix)(f) of the order is not applicable
- x. (a) The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) during the year. Accordingly, the provisions of Clause 3(x)(a) of the Order are not applicable to the Company.
- (b) The Company has not made any preferential allotment or private placement of shares or fully or partly or optionally convertible debentures during the year. Accordingly, the provisions of Clause 3(x)(b) of the Order are not applicable to the Company
- xi. (a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by

P G BHAGWAT LLP

Chartered Accountants

LLPIN: AAT-9949

the Company or on the Company noticed or reported during the year, nor have we been informed of any such case by the Management.

- (b) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, report in the form ADT-4 as specified under sub-section (12) of section 143 of the Companies Act has not been filed. Accordingly reporting under clause 3(xi)(b) of the Order is not applicable.
- (c) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us and as represented to us by the management, there are no whistle blower complaints received by the company during the year.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, accordingly the provisions of Clause 3(xii) (a), (b), (c) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of related party transactions have been disclosed in the financial statements as required under Ind AS 24, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. Refer Note 25
- xiv. In our opinion and based on our examination, the company is not required to have an internal audit system as per provisions of the Companies Act 2013. Hence reporting under clause 3(xii)(a) and clause 3(xii)(b) are not applicable.
- xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi)(a) of the Order are not applicable to the Company.
- (b) According to the information and explanations given to us and procedures performed by us, we report that the Company has not conducted any Non-Banking Financial or Housing Finance activities during the year. Therefore reporting under clause 3(xvi)(b) of the Order is not applicable.
- (c) According to the information and explanations given to us and procedures performed by us, the Company is not Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India, hence reporting under clause 3(xvi)(c) of the Order is not applicable.
- (d) Based on information and explanation given to us and as represented by the management, the Group does not have any Core Investment Company (CIC) as part of the Group, hence reporting under clause 3(xvi)(d) of the Order is not applicable.
- (xvii) The Company has not incurred cash losses during current financial year and had not incurred cash losses during immediately preceding financial year.

P G BHAGWAT LLP

Chartered Accountants

LLPIN: AAT-9949

- (xviii) There has been no resignation by statutory auditors during the year hence reporting under clause 3(xviii) of the Order is not applicable.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.
- (xx) (a) As the second proviso to sub-section (5) of Section 135 of the Act is not applicable to the company clause XX((a) & (b) are not applicable .

For **P G BHAGWAT LLP**

Chartered Accountants

Firm Registration Number: 101118W/W100682



Sandeep Rao

Partner

Membership Number: 047235

UDIN: 22047235AJOQCA3894

Pune

17th May, 2022

P G BHAGWAT LLP

Chartered Accountants

LLPIN: AAT-9949

Annexure B to the Independent Auditors' Report

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

Report on the Internal Financial Controls with reference to Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

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

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

P G BHAGWAT LLP

Chartered Accountants

LLPIN: AAT-9949

Meaning of Internal Financial controls with reference to the Financial Statements

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

Inherent Limitations of Internal Financial Controls with reference to the Financial Statements

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

Opinion

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

For P G BHAGWAT LLP

Chartered Accountants

Firm/Registration Number: 101118W/W100682



Sandeep Rao

Partner

Membership Number: 047235

UDIN: 22047235AJOQCA3894

Pune

17th May, 2022

Praj Engineering and Infra Limited

Balance Sheet as at 31 March 2022

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

	Particulars	Note No.	31 March 2022	31 March 2021
ASSETS				
(1)	Non-current assets			
	Property, plant and equipment	3	2.069	2.707
	Financial assets			
	Investments	4	0.013	0.013
	Others	5	12.890	30.355
	Deferred tax assets (net)	21	20.782	8.524
	Total non-current assets		35.754	41.599
(2)	Current assets			
	Financial assets			
	Investments	4	72.500	22.500
	Trade receivables	6	264.561	153.111
	Cash and cash equivalents	7	177.956	132.885
	Other bank balances	8	20.957	20.386
	Others	5	3.883	2.685
	Current tax asset (Net)		-	2.854
	Other current assets	9	130.326	116.511
	Total current assets		670.183	450.932
	TOTAL ASSETS		705.938	492.531
EQUITY AND LIABILITIES				
Equity				
	Equity share capital	10	3.098	3.098
	Other equity	11	124.802	117.291
	Total equity		127.900	120.389
LIABILITIES				
(1)	Non-current liabilities			
	Provisions	12	0.760	0.702
	Total non-current liabilities		0.760	0.702
(2)	Current liabilities			
	Financial liabilities			
	Trade payables	13		
	(i) Total outstanding dues of micro enterprises and small enterprises		1.278	0.658
	(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		140.770	146.917
	Other financial liabilities	14	46.023	3.941
	Other current liabilities	15	378.397	219.302
	Provisions	12	1.320	0.622
	Current tax liabilities (net)		9.490	-
	Total current liabilities		577.278	371.440
	Total liabilities		578.038	372.142
	TOTAL EQUITY AND LIABILITIES		705.938	492.531

Corporate information

1

Summary of significant accounting policies

2

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

As per our report of even date.

For P G BHAGWAT LLP

Chartered Accountants

Firm Regn. No: 101118W/W100682


Sandeep Rao

Partner

Membership No.: 47235

Place: Pune

Date: 17 May 2022

**For and on behalf of the Board of Directors of
Praj Engineering and Infra Limited**


Dattatraya Nimbolkar
Director
(DIN : 01104587)


Sachin Raole
Director
(DIN : 00431438)

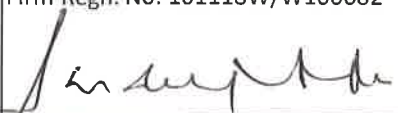
Praj Engineering and Infra Limited**Statement of Profit and Loss for the year ended 31 March 2022**

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

Particulars	Note No.	31 March 2022	31 March 2021
Income			
Revenue from operations	16	740.336	467.272
Other income	17	10.204	9.808
Total income		750.540	477.080
Expenses			
Cost of materials consumed		5.185	42.781
Operating, selling and other costs	18	715.486	375.055
Employee benefits expense	19	17.262	10.278
Finance costs	20	0.005	-
Depreciation and amortization expense	3	0.637	0.637
Total expenses		738.575	428.751
Profit/(loss) before exceptional items and tax (III-IV)		11.965	48.329
Profit / (loss) before tax		11.965	48.329
Tax expense	21		
(1) Current tax		15.345	6.641
(2) Deferred tax		(12.257)	6.472
(3) Adjustment of tax relating to earlier periods		1.366	1.531
Total tax expense		4.454	14.644
Profit (Loss) for the period from continuing operations (VII - VIII)		7.511	33.685
Profit/(loss) for the period		7.511	33.685
Other comprehensive income			
Items that will not be reclassified to profit and loss:			
Re-measurement of defined benefit plans		0.000	0.070
Income tax relating to items that will not be reclassified to profit or loss		-	-
Total other comprehensive income		0.000	0.070
Total comprehensive income for the period (Comprising of profit (loss) and other comprehensive Income for the period)		7.511	33.755
Earnings / (loss) per equity share	22		
(1) Basic		24.24	108.72
(2) Diluted		24.24	108.72
Corporate information	1		
Summary of significant accounting policies	2		
The accompanying notes are an integral part of the financial statements.			

As per our report of even date.

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


Sandeep Rao
Partner
Membership No.: 47235
Place: Pune
Date: 17 May 2022

For and on behalf of the Board of Directors of
Praj Engineering and Infra Limited


Dattatraya Nimbolkar
Director
(DIN : 01104587)


Sachin Raole
Director
(DIN : 00431438)

Praj Engineering and Infra Limited
Statement of Cash flows for the year ended 31 March 2022

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

	31 March 2022	31 March 2021
A. Cash flow from operating activities		
Profit / (loss) before tax	11.965	48.329
Adjustments for:		
Bad debts / Provision for doubtful debts and advances	13.913	2.167
Excess provision / creditors written back (including advances)	(2.048)	-
Depreciation and amortisation	0.637	0.637
Interest earned	(7.843)	(9.808)
Operating profit before working capital changes	16.624	41.325
Changes in working capital		
(Increase) /decrease in trade receivables	(125.363)	(40.563)
(Increase)/decrease in inventories (including contracts in progress)	9.834	(32.387)
(Increase)/decrease in other non-current financial assets	(0.101)	(0.181)
(Increase)/decrease in other current financial assets	(2.091)	0.599
(Increase)/decrease in other current assets	(23.654)	(38.233)
Increase/(decrease) in trade payables	(3.479)	50.379
Increase/(decrease) in other current financial liabilities	42.086	(0.665)
Increase/(decrease) in other current liabilities	159.095	50.157
Increase/(decrease) in long term provisions	0.058	0.197
Increase/(decrease) in Short term provisions	0.698	0.557
Cash generated from operations	73.707	31.185
Direct taxes paid (including taxes deducted at source), net of refunds	(4.367)	6.215
NET CASH USED IN OPERATING ACTIVITIES	69.340	37.400
B. Cash flow from investing activities		
Proceeds from liquidation of subsidiary		
Interest received on investments	8.736	10.237
Withdrawal of fixed deposits (net)	16.995	19.995
Investment in fixed deposits (net)	(50.000)	9.500
NET CASH FROM / (USED) IN INVESTING ACTIVITIES	(24.269)	39.732
C. Cash flow from financing activities		
NET CASH FROM / (USED) IN FINANCING ACTIVITIES	-	-
Net increase/(decrease) in cash and cash equivalents (A+B+C)	45.071	77.132
Cash and cash equivalents at the beginning of the year (Refer Note 7)	132.885	55.753
Cash and cash equivalents at the end of the year (Refer Note 7)	177.956	132.885

Notes:

The cash flow statement has been prepared under the 'Indirect method' as set out in Ind AS 7

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

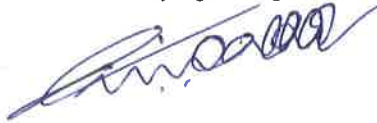
As per our report of even date.

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



Sandeep Rao
Partner
Membership No.: 47235
Place: Pune
Date: 17 May 2022

For and on behalf of the Board of Directors of
Praj Engineering and Infra Limited



Dattatraya Nimbolkar
Director
(DIN : 01104587)



Sachin Raole
Director
(DIN : 00431438)

Praj Engineering and Infra Limited**Statement of changes in equity for the year ended 31 March 2022**

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

A. Equity share capital

Balance as at 1 April 2021	Changes in equity share capital during the year	Balance as at 31 March 2022
3.098	-	3.098

B. Other equity

Particulars	Reserves and surplus		Total
	General reserve	Retained earnings	
Balance as at 31 March 2020	0.230	83.306	83.536
Profit / (loss) for the year	-	33.685	33.685
Other comprehensive income for the year	-	0.070	0.070
Balance as at 31 March 2021	0.230	117.061	117.291
Profit / (loss) for the year	-	7.511	7.511
Other comprehensive income for the year	-	-	-
Balance as at 31 March 2022	0.230	124.572	124.802

m

Praj Engineering and Infra Limited

Notes to the financial statements for the year ended 31 March 2022

1 The corporate overview

Praj Engineering and Infra Limited ('PEIL' or 'the company') is a public company domiciled in India and incorporated under the provisions of Indian Companies Act. The company's registered office is "Praj Tower", S. No. 274 and 275/2, Bhumkar Chowk-Hinjewadi road, Hinjewadi, Pune – 411057, Maharashtra, India.

The company is engaged in the business of erection, commissioning and subcontracting works.

2 Significant accounting policies

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

2.1 Basis of preparation

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

The financial statements were authorised for issue by the Board of Directors on 17 May 2022.

2.2 Basis of measurement

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

Items	Measurement basis
Certain non-derivative financial instruments at fair value through profit or loss	Fair value

2.3 Functional and presentation currency

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

2.4 Significant accounting judgments, estimates and assumptions

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

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

The areas involving critical estimates and judgements are:

- Estimation of current tax expense and payable – Note 21
- Estimation of defined benefit obligation – Note 27
- Recognition of revenue – Note 23
- Recognition of deferred tax assets for carried forward tax losses – Note 21
- Impairment of trade receivables – Note 29

Praj Engineering and Infra Limited

Notes to the financial statements for the year ended 31 March 2022

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

2.5 Current versus non-current classification

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

An asset as current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

All other liabilities are classified as non-current.

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

2.6 Property, plant and equipment

• Recognition and measurement

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

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

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

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

• Subsequent costs

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

• **Disposal**

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

• **Depreciation**

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

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

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

Asset	Useful life (in years)
Vehicles	8

2.7 Impairment of non-financial assets

The company assesses at each balance sheet date whether there is any indication that an asset or cash generating unit (CGU) may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset. The recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal or its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are considered.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in the statement of profit and loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Praj Engineering and Infra Limited

Notes to the financial statements for the year ended 31 March 2022

2.8 Inventories

Raw materials, components, stores and spares, work-in-progress and finished goods are valued at lower of cost and net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, components, stores and spares comprises cost of purchases. Cost of work-in-progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated based on normal operating capacity. Cost of inventories also includes all other costs incurred in bringing the inventories to their present location and condition. Costs are assigned to individual items of inventory based on weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.9 Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

2.10 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured, regardless of when the payment is being made.

Revenue is measured at the fair value of the consideration received or receivable. Amounts included in the revenue are net of trade allowances, rebates, value added taxes and amounts collected on behalf of third parties.

- **Contract revenue**

Revenue from fixed price contracts is recognised when the outcome of the contract can be estimated reliably by reference to the percentage of completion of the contract on the Balance sheet date. Percentage of completion is determined as a proportion of costs incurred-to-date to the total estimated contract costs.

Contract costs include costs that relate directly to the specific contract and costs that are attributable to contract activity and allocable to the contract. Costs that cannot be attributed to contract activity are expensed when incurred.

When the final outcome of a contract cannot be reliably estimated, contract revenue is recognised only to the extent of costs incurred that are expected to be recoverable. Provision for expected loss is recognised immediately when it is probable that the total estimated contract costs will exceed total contract revenue.

Variations, claims and incentives are recognised as a part of contract revenue to the extent it is probable that they will result in revenue and are capable of being reliably measured.

- **Sale of goods and rendering of services**

Revenue from sale of goods in the course of ordinary activities is recognised when property in the goods or all significant risks and rewards of their ownership are transferred to the customer and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of the goods and regarding its collection.

Praj Engineering and Infra Limited

Notes to the financial statements for the year ended 31 March 2022

Revenue from services is recognised as the related services are performed.

2.11 Other income

- **Interest income**

Interest income from debt instruments is recognised using effective interest rate method (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability.

- **Dividends**

Dividends are recognised in the statement of profit and loss only when the right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the company, and the amount can be measured reliably.

2.12 Foreign currency transactions and balances

Transactions in foreign currency are recorded at exchange rates prevailing at the date of transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the statement of profit and loss of the year.

Monetary assets and liabilities denominated in foreign currencies which are outstanding, as at the reporting period are translated at the closing exchange rates and the resultant exchange differences are recognised in the statement of profit and loss.

Non-monetary assets and liabilities denominated in foreign currencies that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

2.13 Employee benefits

- **Short-term employee benefits**

Employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits and are recognised in the period in which the employee renders the related service.

- **Post-employment benefits**

Defined contribution plans

Contributions to the provident fund which is defined contribution schemes, is recognised as an employee benefit expense in the statement of profit and loss in the period in which the contribution is due.

Defined benefit plans

The employees' gratuity scheme is a defined benefit plan. The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the projected unit credit method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans, is based on the market yields on government securities as at the reporting date, having maturity periods approximating to the terms of related obligations.

Praj Engineering and Infra Limited

Notes to the financial statements for the year ended 31 March 2022

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income (OCI) in the period in which they occur. Remeasurements are not reclassified to the statement of profit and loss in subsequent periods.

In case of funded plans, the fair value of the plan's assets is reduced from the gross obligation under the defined benefit plans, to recognise the obligation on net basis.

When the benefits of the plan are changed or when a plan is curtailed, the resulting change in benefits that relates to past service or the gain or loss on curtailment is recognised immediately in the statement of profit and loss. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The company recognises gains/ losses on settlement of a defined plan when the settlement occurs.

Other long-term employee benefits

The liabilities for earned leave are not expected to be settled wholly within twelve months after the end of the reporting period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method as determined by actuarial valuation. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating the terms of the related obligation. Remeasurements as a result of experience adjustments and change in actuarial assumptions are recognised in the statement of profit and loss. The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

Termination benefits

Termination benefits are expensed at the earlier of when the company can no longer withdraw the offer of those benefits and when the company recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

2.14 Leases

Lease is a contract that provides to the customer (lessee) the right to use an asset for a period of time in exchange for consideration.

a. Company as a Lessee

A lessee is required to recognise assets and liabilities for all leases and to recognise depreciation of leased assets separately from interest on lease liabilities in the statement of Profit and Loss. The Company uses the practical expedient to apply the requirements of this standard to a portfolio of leases with similar characteristics if the effects on the financial statements of applying to the portfolio does not differ materially from applying the requirement to the individual leases within that portfolio.

However according to Ind AS 116, for leases with a lease term of 12 months or less (short-term leases) and for leases for which the underlying asset is of low value, not to recognize a right-of-use asset and a lease liability. The Company applies both recognition exemptions. The lease payments associated with those leases are generally recognized as an expense on a straight-line basis over the lease term or another systematic basis if appropriate.

a.1 Right to use asset



Praj Engineering and Infra Limited

Notes to the financial statements for the year ended 31 March 2022

Right-of-use assets, which are included under property, plant and equipment, are measured at cost less any accumulated depreciation and, if necessary, any accumulated impairment. The cost of a right-of-use asset comprises the present value of the outstanding lease payments plus any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs and an estimate of costs to be incurred in dismantling or removing the underlying asset. In this context, the Company also applies the practical expedient that the payments for non-lease components are generally recognized as lease payments. If the lease transfers ownership of the underlying asset to the lessee at the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the right-of-use asset is depreciated to the end of the useful life of the underlying asset. Otherwise, the right-of-use asset is depreciated to the end of the lease term.

a.2 Lease liability

Lease liabilities, which are assigned to financing liabilities, are measured initially at the present value of the lease payments. Subsequent measurement of a lease liability includes the increase of the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payments made.

b. Company as a Lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Where the Company is a lessor under an operating lease, the asset is capitalised within property, plant and equipment and depreciated over its useful economic life. Payments received under operating leases are recognised in the Statement of profit and Loss on a straight-line basis over the term of the lease.

Critical accounting estimates and judgements

Critical judgements required in the application of Ind AS 116 may include, among others, the following:

- Identifying whether a contract (or part of a contract) includes a lease;
- Determining whether it is reasonably certain that an extension or termination option will be exercised;
- Classification of lease agreements (when the entity is a lessor);
- Determination of whether variable payments are in-substance fixed;
- Establishing whether there are multiple leases in an arrangement;
- Determining the stand-alone selling prices of lease and non-lease components.

Key sources of estimation uncertainty in the application of Ind AS 116 may include, among others, the following:

- Estimation of the lease term;
- Determination of the appropriate rate to discount the lease payments;
- Assessment of whether a right-of-use asset is impaired.

2.15 Borrowing costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. All other borrowing costs are expensed in the period in which they are incurred.

2.16 Income tax

Income tax expense comprises current and deferred tax. It is recognised in the statement of profit and loss except to the extent that it relates to a business combination, or items recognised directly in equity or in

n

Praj Engineering and Infra Limited

Notes to the financial statements for the year ended 31 March 2022

OCI.

• **Current tax**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted at the reporting date in the country where the company operates and generates taxable income. Current tax assets and liabilities are offset only if there is a legally enforceable right to set it off the recognised amounts and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Minimum Alternate Tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The company recognises MAT credit available as an asset only to the extent that there is convincing evidence that the company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. The company reviews the 'MAT credit entitlement' asset at each reporting date and writes down the asset to the extent the company does not have convincing evidence that it will pay normal tax during the specified period.

• **Deferred tax**

Deferred tax is provided using the balance sheet method on temporary differences between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.



In the situations where the company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognised in respect of temporary differences which reverse during the tax holiday period, to the extent the company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognized in the year in which the timing differences originate. However, the company restricts recognition of deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the temporary differences which originate first are considered to reverse first.

2.17 Provisions and contingencies

A provision is recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost in the statement of profit and loss.

Contingent liability is disclosed in case of

- a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation.
- present obligation arising from past events, when no reliable estimate is possible
- a possible obligation arising from past events where the probability of outflow of resources is not remote.

Contingent asset is not recognised in the financial statements. A contingent asset is disclosed, where an inflow of economic benefits is probable.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

2.18 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit for the year attributable to equity holders of the company by the weighted average number of equity shares outstanding during the financial year.

Diluted EPS adjust the figures used in the determination of basic EPS to consider

- The after-income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- The weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

2.19 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another.

The company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the company has determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.20 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Classification

The company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI, or through profit or loss);
- those measured at amortised cost.

Praj Engineering and Infra Limited

Notes to the financial statements for the year ended 31 March 2022

The classification depends on the company's business model for managing the financial assets and the contractual terms of cash flows.

For assets measured at fair value, gains and losses will either be recorded in the statement of profit and loss or OCI. For investments in debt instruments, this will depend on the business model in which investment is held. For investments in equity instruments, this will depend on whether the company has made an irrevocable election at the time of initial recognition to account for equity investment at fair value through OCI.

The company classifies debt investments when and only when its business model for managing those assets changes.

Measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of profit and loss.

Debt instruments

Subsequent measurement of debt instruments depends on the company's business model for managing the asset and cash flow characteristics of the asset. There are three measurement categories into which the company classifies its debt instruments:

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are satisfied:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- The contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of hedging relationship is recognised in the statement of profit and loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using effective interest rate (EIR) method.

Debt instruments at fair value through other comprehensive income (FVTOCI)

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent SPPI, are measured at FVTOCI. The movements in the carrying amount are recognised through OCI, except for the recognition of impairment gains and losses, interest revenue and foreign exchange gain or losses which are recognised in the statement of profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the statement of profit and loss and recognised in other gains / losses. Interest income from these financial assets is included in other income using EIR method.

Debt instruments at fair value through profit or loss (FVTPL)

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on debt instrument that is subsequently measured at FVTPL and is not a part of hedging relationship is recognised in the statement of profit and loss within other gains / losses in the period in which it arises. Interest income from these financial assets is included in other income.

Praj Engineering and Infra Limited

Notes to the financial statements for the year ended 31 March 2022

Equity investments

All equity investments in the scope of 'Ind AS 109 - Financial instruments' are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the company may make an irrevocable election to recognise subsequent changes in the fair value in OCI. The company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in OCI. There is no recycling of the amounts from OCI to the statement of profit and loss, even on sale of equity instrument.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.

Derecognition

The company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the company neither transfers nor retain substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Impairment of financial assets

The company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the assets carried at amortised cost and FVTOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 31 details how the company determines whether there has been a significant increase in credit risk.

For trade receivables only, the company applies the simplified approach permitted by 'Ind AS 109 - Financial instruments', which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Non-derivative financial liabilities

Recognition

The company initially recognises trade payables and related financial liabilities on the date on which they are originated.

All other financial instruments (including regular-way purchases and sales of financial assets) are recognised on the trade date, which is the date on which the company becomes a party to the contractual provisions of the instrument.

Measurement

Non-derivative financial liabilities are initially recognised at fair value, net of transaction costs incurred. Subsequent to initial recognition, these liabilities are measured at amortised cost using EIR method.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an

Praj Engineering and Infra Limited

Notes to the financial statements for the year ended 31 March 2022

exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.21 Standards issued but not effective

Amendments:

On 24 March 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III (Division I, II and III) of the Companies Act, 2013. The amendment is applicable from 1 April 2021 and it specifies additional disclosures in the financial statements.

Key amendments in Division II applicable to the Company include:

- Disclosures for prior period errors in the statement of changes in equity
- Disclosure of shareholdings of promoters
- Disclosure for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development
- Disclosure of deviation from stated purpose in use of borrowings from banks and financial institutions
- Disclosures under 'additional regulatory requirements' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable properties not held in the name of the company, loans and advances to promoters, directors, key managerial personnel and related parties, details of benami property held etc.
- Disclosures relating to amount of expenditure on CSR, crypto or virtual currency, undisclosed income etc.

The amendments are extensive and the Company is in the process of evaluating the same to give effect to the same as required by law.

Exposure Drafts:

Following exposure drafts have been issue by the Institute of Chartered Accountants of India:

1. Amendment to Ind AS 116, "Leases" - Covid-19-Related Rent Concessions beyond 30 June 2021

On 24 July 2020, the MCA issued the Companies (Indian Accounting Standard) Amendment Rules, 2020 which amended Ind AS 116 to provide relief for lessees in accounting for eligible rent concessions upto 31 July 2021 that are a direct consequence of COVID-19. The exposure draft on amendments to Ind AS 116 issued by the Institute of Chartered Accountants of India proposes amendments to extend the relief for lessees in accounting for eligible rent concessions upto 31 July 2022.

2. Amendment to Ind AS 116, "Leases" - Interest Rate Benchmark Reform: Phase 2

The exposure draft on amendments to Ind AS 116 issued by the Institute of Chartered Accountants of India proposes amendments to include a practical expedient in respect of all lease modifications that change the basis for determining future lease payments as a result of interest rate benchmark reform.

Praj Engineering and Infra Limited

Notes to the financial statements for the year ended 31 March 2022

3. Amendments to Ind AS 37, "Provisions, Contingent Liabilities and Contingent Assets" – Onerous Contracts

The exposure draft on amendments to Ind AS 37 issued by the Institute of Chartered Accountants of India proposes amendments regarding costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.

4. Amendments to Ind AS 16, "Property, Plant and Equipment" – Proceeds before Intended Use

The exposure draft on amendments to Ind AS 16 issued by the Institute of Chartered Accountants of India proposes amendments regarding proceeds from selling items produced while bringing an asset into the location and condition necessary for it to be capable of operating in the manner intended by management.

5. Amendments to Ind AS 103, "Business Combinations" – Reference to the Conceptual Framework

The exposure draft on amendments to Ind AS 103 issued by the Institute of Chartered Accountants of India proposes amendments to change out updated reference to "Framework for the Preparation and Presentation of Financial Statements in accordance with Indian Accounting Standards" and update it with reference to "Conceptual Framework for Financial Reporting under Indian Accounting Standards". It also proposes certain consequential amendments.

6. Amendments to 101, "First-time Adoption of Indian Accounting Standards" – Subsidiary as a First-time Adopter

The exposure draft on amendments to Ind AS 101 issued by the Institute of Chartered Accountants of India proposes amendments to simplify the application of Ind AS 101 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.

7. Amendments to 41, "Agriculture" – Taxation in Fair Value Measurements

The exposure draft on amendments to Ind AS 41 issued by the Institute of Chartered Accountants of India proposes amendments to remove a requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in Ind AS 41 with those in other Ind AS's.

8. Amendments to Ind AS 109, "Financial Instruments" and Ind AS 107, "Financial Instruments: Disclosures" - Interest Rate Benchmark Reform: Phase 2

The exposure draft on amendments to Ind AS 109 and Ind AS 107 issued by the Institute of Chartered Accountants of India proposes amendments to assist entities in providing useful information about the effects of the transition to alternative benchmark rates and support preparers in applying the requirements of Ind AS's when changes are made to contractual cash flows or hedging relationships as a result of the transition to an alternative benchmark interest rate.

9. New Indian Accounting Standard (Ind AS) 117, Insurance Contracts

The exposure draft of Ind AS 117 is issued by the Institute of Chartered Accountants of India as replacement for Ind AS 104 Insurance Contracts.

The above exposure drafts have not been notified by the Ministry of Corporate Affairs ('MCA') to be applicable from 1 April, 2021 as at the date of approval of these financial statements. On issue of the amendment by MCA, the Company would evaluate the impact of the change in the standalone financial statements.

Praj Engineering and Infra Ltd.,
Notes to financial statements for the year ended 31 March 2022
 (All amounts are in Indian rupees million unless otherwise stated)

3 Property, plant and equipment, Other Intangible assets & Investment property

	Tangible Assets	
	Vehicles	Grand Total
Gross Block		
As at 1st April 2021	5.099	5.099
Additions during the year	-	-
Deletions during the year	-	-
As at 31 March 2022	5.099	5.099
Accumulated depreciation and amortisation		
As at 1st April 2021	2.392	2.392
Charge for the year	0.637	0.637
Depreciation on deletions	-	-
As at 31 March 2022	3.030	3.030
Net Carrying Value		
As at 31 March 2022	2.069	2.069
As at 31st March 2021	2.707	2.707

m

Praj Engineering and Infra Limited**Notes to the financial statements for the year ended 31 March 2022**

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

	31 March 2022	31 March 2021
4 Investments		
(i) Investments at amortised cost:		
Investment in National saving certificate	0.013	0.013
Total Non Current	0.013	0.013
Investments at amortised cost		
Unquoted investments:		
Deposit with Bajaj Finance Limited	72.500	22.500
Total current	72.500	22.500
Total Investments	72.513	22.513
5 Other financial assets		
Financial assets at amortised cost		
(i) Deposits with banks: Non-current	12.132	29.698
(iii) Security deposits Unsecured, considered good	0.758	0.657
(iii) Other receivables: Current	3.883	2.685
	16.773	33.040

m

Praj Engineering and Infra Limited

Notes to the financial statements for the year ended 31 March 2022

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

	31 March 2022	31 March 2021
6 Trade receivables		
- From related parties	-	-
- From others		
Unsecured, considered good	264.561	153.111
Unsecured, considered doubtful	46.501	32.588
	311.062	185.699
Less: Provision for doubtful debts	46.501	32.588
	264.561	153.111

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. Trade receivables are non interest bearing and generally on credit terms of 60 to 90 days.

	31 March 2022	31 March 2021
7 Cash and cash equivalents		
Balances with banks		
On current accounts	8.110	33.998
Deposits with original maturity of less than 3 months	169.421	98.516
Cash on hand	0.425	0.371
	177.956	132.885
8 Other bank balances		
Deposits with maturity for more than 12 months	12.132	29.698
Deposits with maturity for more than 3 months but less than 12 months	20.957	20.386
	33.089	50.084
Less: amounts disclosed under other non-current assets (Refer note 5)	(12.132)	(29.698)
	20.957	20.386
9 Other current assets		
Advance to suppliers		
Unsecured, considered good	57.237	43.169
Unsecured, considered doubtful	-	-
	57.237	43.169
Less: Provision for doubtful debts	-	-
	57.237	43.169
Contracts in progress (Refer note 23)	47.787	57.621
Balances with central excise, customs and sales tax authorities	25.302	15.718
	130.326	116.508

m

Praj Engineering and Infra Limited**Notes to the financial statements for the year ended 31 March 2022**

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

	31 March 2022	31 March 2021
10 Share capital		
Equity share capital		
Authorised shares (No. million)		
1.000 (31 March 2021 : 1.000) equity shares of INR 10 each	10.000	10.000
Issued, subscribed and fully paid-up shares (No. million)		
0.3098 (31 March 2021 : 0.3098) equity shares of INR 10 each	3.098	3.098
	3.098	3.098
a Terms/ Rights attached to equity shares:		
b. Shares held by holding/ultimate holding company and/or their subsidiaries/associates:		
Praj Industries Limited is the ultimate holding company.		
c. Details of shareholders holding more than 5% shares in the company:		
Equity shares of INR 10 each fully paid		-
Praj Industries Limited.		
	% of holding	% of holding
	99.65%	99.65%
11 Other Equity	31 March 2022	31 March 2021
General reserve		
Balance as per last financial statements	0.230	0.230
Balance at the end of year	0.230	0.230
Surplus in the statement of profit and loss		
Balance as per last financial statements	117.061	83.306
Profit / (loss) as per statement of profit and loss	7.511	33.755
Net Surplus in Statement of Profit & Loss	124.572	117.061
	124.802	117.291

Praj Engineering and Infra Limited

Notes to the financial statements for the year ended 31 March 2022

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

	31 March 2022	31 March 2021
12 Provisions		
Provision for employee benefits		
Provision for leave encashment	0.760	0.702
Non-current	0.760	0.702
	0.760	0.702
Provision for gratuity: current	0.303	0.077
Provision for leave encashment: current	0.088	0.077
Performance Incentive : current	0.929	0.468
Current	1.320	0.622
13 Trade payables		
To others		
Total outstanding dues of micro enterprises and small enterprises (Refer Note 28)	1.278	0.658
Total outstanding dues of creditors other than micro enterprises and small enterprises	140.770	146.917
	142.048	147.575
14 Other current financial liabilities		
Bonus and ex-gratia payable	0.497	0.293
Dues to holding company	0.000	0.007
Other payables	45.526	3.641
	46.023	3.941
15 Other current liabilities		
Advances received from customers	255.845	124.243
Statutory dues payable	2.589	3.418
Dues to customers relating to contracts in progress (Refer Note 23)	119.963	91.642
	378.397	219.303

Praj Engineering and Infra Limited**Notes to the financial statements for the year ended 31 March 2022**

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

	31 March 2022	31 March 2021
16 Revenue from operations		
Sale of Products and Projects	2.288	2.778
Rendering of services	776.203	493.598
Add: Closing contracts in progress	(72.176)	(34.021)
Less: Opening contracts in progress	(34.021)	(4.917)
	740.336	467.272
17 Other income		
Interest		
- on fixed deposits	7.249	8.479
- others	0.594	1.329
Excess provision / creditors written back and written off (net)	2.048	-
Other non-operating income	0.313	-
	10.204	9.808
18 Operating, selling and other costs		
Consumption of Stores & spares	0.130	-
Site expenses and labour charges	682.284	358.886
Freight and transport	2.460	2.688
Bad debts written off / Net provision for doubtful debts and advances	13.913	2.167
Travel and conveyance	5.161	2.564
Professional consultancy charges	1.084	0.363
Insurance	2.969	0.818
Rent (Refer note 26)	0.249	0.101
Communication expenses	0.035	0.016
Testing charges	0.051	0.164
Auditors' remuneration		
for audit services	0.180	0.218
for taxation services	0.050	0.050
Miscellaneous expenses	6.920	7.020
	715.486	375.055
19 Employee Benefit Expenses		
Salaries, wages and bonus	16.380	9.742
Contributions to provident and other funds (Refer note 27)	0.661	0.384
Gratuity expense (Refer note 27)	0.221	0.152
	17.262	10.278
20 Finance costs		
Interest cost on defined benefit obligations (Refer note 27)	0.005	0.000
	0.005	0.000

m

Praj Engineering and Infra Limited

Notes to financial statements for the year ended 31 March 2022
(All amounts are in Indian rupees million unless otherwise stated)

Note 21: Income Tax

Statement of profit and loss:

Particulars	31 March 2022	31 March 2021
Current income tax:		
Current income tax charge	15.345	6.641
Tax relating to earlier periods	1.366	1.531
Deferred tax:		
Relating to origination and reversal of temporary differences	(12.257)	6.472
Income tax expense reported in the statement of profit and loss	4.454	14.644

Statement of other comprehensive income:

Particulars	31 March 2022	31 March 2021
Deferred tax:		
Remeasurements gains and losses on post employment benefits	-	-
Income tax expense reported in the statement of other comprehensive Income	-	-

Reconciliation of effective tax rate

Particulars	31 March 2022	31 March 2021
Accounting profit before tax	11.965	48.329
Tax using the Company's domestic tax rate (25.1680%)	3.011	12.163
Adjustments in respect of current income tax of previous years	1.366	1.531
Less: Tax effect of:		
1. Tax rate difference on book profit as per Minimum Alternate Tax	-	-
2. Additional deduction as per PY tax audit	-	(0.055)
Add: Tax effect of		
1. Effect on deduction claimed in MAT for Doubtful debt provision written back	-	-
2. Deferred tax effects on earlier year	0.078	1.005
Total	4.455	14.644
Income tax expense reported in the statement of profit and loss	4.454	14.644

Deferred tax

Deferred tax relates to the following: Deferred tax asset / (liability)	Balance sheet		Statement of profit and loss & other comprehensive income	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Deferred tax asset				
Provision for doubtful debts & advances	11.704	8.278	(3.426)	5.453
Gratuity	0.076	0.019	(0.057)	(0.019)
Provision for Project Costs	8.266	0.000	(8.266)	(0.019)
Business losses	-	-	-	-
Leave encashment/exgratia	0.213	0.196	(0.017)	0.037
Others (40 (a))	0.474	0.042	(0.432)	0.110
Total	20.733	8.535	(12.198)	6.514
Deferred tax liability				
Property, plant & equipment and intangible assets	0.049	(0.011)	(0.060)	(0.042)
Total	0.049	(0.011)	(0.060)	(0.042)
Net deferred tax asset / (liability)	20.782	8.524		
Deferred tax expense/(income)			(12.258)	6.472
- Recognised in statement of profit and loss			(12.257)	6.472
- Recognised in statement of other comprehensive income			-	-

m

Praj Engineering and Infra Limited

Notes to financial statements for the year ended 31 March 2022

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

Note 22: Earnings per share

Particulars	31 March 2022	31 March 2021
Reconciliation of basic and diluted shares used in computing earnings per share		
Weighted average number of basic equity shares	309,820	309,820
Computation of basic and diluted earnings per share		
Net profit after tax attributable to equity shareholders	7.511	33.685
Basic earnings per equity share of Rs. 10 each	24.24	108.72
Diluted earnings per equity share of Rs. 10 each	24.24	108.72

Note 23: Disclosures pursuant to Ind AS 115 – Construction contracts

Particulars	31 March 2022	31 March 2021
Contract revenue recognised during the year	740.336	467.272
Aggregate amount of contract costs incurred and recognised profits (less recognised losses)	1265.134	692.888
Customer advances outstanding for contracts in progress	192.341	79.605
Retention money due from customers for contracts in progress	21.231	11.177
Gross amount due from customers for contract work (presented as contracts in progress)	47.787	57.621
Gross amount due to customers for contract work (presented as dues to customers relating to contracts in progress)	(119.963)	(91.642)

Note 24: Segment reporting

The business activities of the Company from which it earns revenues and incurs expenses; whose operating results are regularly reviewed by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available involve predominantly one operating segment i.e. Process and Project Engineering.

Note 25: Related party transactions**a) Parties where control exists****Holding Company**

Praj Industries Limited

b) Key management personnel

Directors

Atul Mulay
Dattatraya Nimbolkar
Shishir Joshipura
Sachin Raole
Dr. Pramod Chaudhari
Shishir Joshipura
Sachin Raole
Berjis Desai
Parimal Chaudhari
Sivaramakrishnan S. Iyer
Mrunalini Joshi
Dr. Shridhar Shukla
Suhas Baxi

Director of Holding company

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

Particulars	31 March 2022	31 March 2021
Praj Industries Limited		
Purchases	4.046	4.914
Expenses incurred/payments made and reimbursed by us	20.175	5.958
Expenses incurred and reimbursed by Holding company	-	0.108
Rent paid	0.060	0.060
Payable	-	0.195

Note 26: Leases

The Company has entered into operating lease arrangements for office space for its employees. Certain lease arrangements provide for cancellation by either party and also contain a clause for renewal of the lease agreement. Lease payments on cancellable operating lease arrangements debited to the statement of profit and loss are summarised below:

Particulars	31 March 2022	31 March 2021
Lease payments debited to statement of profit and loss		
- cancellable leases	0.249	0.101

Note 27: Employee benefits**a) Defined contribution plans**

The Company has recognised Rs. 0.661 (31 March 2021: Rs. 0.384) towards post-employment defined contribution plans comprising of provident and superannuation fund in the statement of profit and loss.

b) Defined benefit plan

In accordance with the Payment of Gratuity Act, 1972, the Company is required to provide post-employment benefit to its employees in the form of gratuity. The Company has maintained a fund with the Life Insurance Corporation of India to meet its gratuity obligations. In accordance with the Standard, the disclosures relating to the Company's gratuity plan are provided below:

The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:

Particulars	31 March 2022	31 March 2021
Present value of obligation as at the beginning of the period	0.748	0.633
Interest cost	0.050	0.044
Current service cost	0.221	0.152
Benefits paid	-	-
Remeasurements on obligation - (gain) / loss	0.002	(0.081)
Present value of obligation as at the end of the period	1.022	0.748

The changes in the fair value of planned assets representing reconciliation of opening and closing balances thereof are as follows:

Particulars	31 March 2022	31 March 2021
Fair value of plan assets at the beginning of the period	0.672	0.638
Interest income	0.045	0.045
Adjustment entry	-	-
Return on plan assets, excluding amount recognized in interest income - gain / (loss)	0.002	(0.011)
Fair value of plan assets as at the end of the period	0.719	0.672

Amounts recognised in the balance sheet are as follows:

Particulars	31 March 2022	31 March 2021
Present value of obligation as at the end of the period	1.022	0.748
Fair value of plan assets as at the end of the period	0.719	0.672
Surplus / (deficit)	(0.303)	(0.076)

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

Particulars	31 March 2022	31 March 2021
Current service cost	0.221	0.152
Net interest (income) / expense	0.005	-
Net periodic benefit cost recognised in the statement of profit and loss at the end of the period	0.226	0.152

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

Particulars	31 March 2022	31 March 2021
Opening amount recognised in OCI outside statement of profit and loss	(0.267)	(0.197)
Remeasurement for the year - obligation (gain) / loss	0.002	(0.081)
Remeasurement for the year - plan assets (gain) / loss	(0.002)	0.011
Total remeasurements cost / (credit) for the year	-	(0.070)
Less: Amount transferred to retained earnings	-	(0.070)
Closing amount recognised in OCI outside statement of profit and loss	(0.267)	(0.267)

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

Particulars	31 March 2022	31 March 2021
Interest (income) / expense - obligation	0.050	0.044
Interest (income) / expense - plan assets	(0.045)	(0.045)
Net interest (income) / expense for the year	0.005	(0.001)

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

Net interest (income) / expense recognised in statement of profit and loss are as follows:	31 March 2022	31 March 2021
Funds managed by insurer	100%	100%
Total	100%	100%

Principal actuarial assumptions used in determining gratuity benefit obligations for the Company's plans are as follows:

Particulars	31 March 2022	31 March 2021
Discount rate	7.10%	6.70%
Rate of increase in compensation levels	8.00%	8.00%
Expected rate of return on plan assets	6.70%	7.00%
Expected average remaining working lives of employees (in years)	10.54	10.54
Withdrawal rate		
Age upto 30 years	7.00%	7.00%
Age 31 - 40 years	7.00%	7.00%
Age 41 - 50 years	7.00%	7.00%
Age above 50 years	7.00%	7.00%

A quantitative sensitivity analysis for significant 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 obligation. Sensitivity analysis is done by varying (increasing/ decreasing) one parameter by 100 basis points (1%)

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

Discount rate	Present value of obligation	
	31 March 2022	31 March 2021
6.10% (5.70%)	1.122	0.825
8.10% (7.70%)	0.936	0.683

b) Impact of change in salary increase rate when base assumption is decreased / increased by 100 basis point

Salary increment rate	Present value of obligation	
	31 March 2022	31 March 2021
7.00% (7.00%)	0.944	0.690
9.00% (9.00%)	1.110	0.817

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

Withdrawal rate	Present value of obligation	
	31 March 2022	31 March 2021
6.00% (6.00%)	1.028	0.756
8.00% (8.00%)	1.017	0.747

Note 28: Note on MSMED

As per the information available with the company till date none of the suppliers have informed the company about their being registered under the MSMED Act, 2006. As such the information regarding the same has not been compiled and disclosed

m

Praj Engineering and Infra Limited

Notes to financial statements for the year ended 31 March 2022

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

Note 29: Fair value measurements

As per assessments made by the management, fair values of all financial instruments carried at amortised cost (except as specified below) are not materially different from their carrying amounts since they are either short term in nature or the interest rates applicable are equal to the current market rate of interest.

Sr.No	Particulars	Carrying value	
		31 March 2022	31 March 2021
	Levelled at level 2 Financial asset		
a)	Carried at amortised cost		
	Investment in National saving certificate	0.013	0.013
	Investment	72.500	22.500
	Security deposits	12.890	30.355
	Trade receivable	264.561	153.111
	Other receivables	3.883	2.685
	Cash and cash equivalents	198.913	182.969
	Levelled at level 2 Financial liabilities		
a)	Carried at amortised cost		
	Trade payables	142.048	147.575
	Other payables	46.023	3.941

2

Note 30 : Ageing schedule for Trade Receivables, Trade Payables and Capital Work-in-progress

(A) The table below provides details regarding Trade receivables ageing schedule

Particulars	Unbilled dues/Not due	31 March 2022					
		Outstanding for following periods from due date of payment					
		Less than 6 months	6 months -1 Year	1-2 Years	2-3 Years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	26.196	147.642	55.926	33.408	1.389	-	264.561
(ii) Undisputed Trade Receivables – credit impaired	6.204	-	3.499	6.407	0.987	29.404	46.501
Total	32.400	147.642	59.425	39.815	2.376	29.404	311.062

Particulars	Unbilled dues/Not due	31 March 2021					
		Outstanding for following periods from due date of payment					
		Less than 6 months	6 months -1 Year	1-2 Years	2-3 Years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	23.738	118.785	4.911	2.914	2.763	-	153.111
(ii) Undisputed Trade Receivables – credit impaired	4.252	-	0.546	1.249	2.763	23.778	32.588
Total	27.990	118.785	5.457	4.163	5.526	23.778	185.699

(B) The table below provides details regarding Trade payables ageing schedule

Particulars	Unbilled dues/Not due	31 March 2022				
		Outstanding for following periods from due date of payment				
		Less than 1 year	1-2 Years	2-3 Years	More than 3 years	Total
(i)MSME	1.112	0.166	-	-	-	1.278
(ii)Other	107.934	11.996	17.586	-	3.254	140.770
Total	109.046	12.162	17.586	0.000	3.254	142.048

Particulars	Unbilled dues/Not due	31 March 2021				
		Outstanding for following periods from due date of payment				
		Less than 1 year	1-2 Years	2-3 Years	More than 3 years	Total
(i)MSME	0.236	0.422	-	-	-	0.658
(ii)Other	85.325	58.390	-	1.283	1.919	146.917
Total	85.561	58.812	0.000	1.283	1.919	147.575

(C) The table below provides details regarding Capital Work-in-progress (CWIP) ageing schedule

Particulars	31 March 2022				
	Less than 1 year	1-2 Years	2-3 Years	More than 3 years	Total
Capital Work-in-progress	-	-	-	-	-

Particulars	31 March 2021				
	Less than 1 year	1-2 Years	2-3 Years	More than 3 years	Total
Capital Work-in-progress	-	-	-	-	-

m

Praj Engineering and Infra Limited

Notes to financial statements for the year ended 31 March 2022
(All amounts are in Indian rupees million unless otherwise stated)

Note 31 : Analytical Ratio

Sr. No.	Ratio	Numerator	Denominator	31 March 2022	31 March 2021	% Variance	Reason for Variance
1	Current ratio	Current assets	Current liabilities	1.16	1.21	-4.13% N.A.	
2	Debt-equity ratio	Debt	Net worth	NA	NA	- N.A.	
3	Debt service coverage ratio	Profit after tax + finance cost and depreciation	Interest & Lease Payments	NA	NA	- N.A.	
4	Return on equity ratio	Profit after tax	Average Shareholder's Equity	6.05%	32.54%	-81.41% Refer note (a) below	
5	Inventory turnover ratio	Cost of materials consumed + Changes in inventories + Consumption of stores and spares	Average Inventory	NA	NA	- N.A.	
6	Trade receivables turnover ratio	sales (billed to customer)	Average Accounts Receivable	3.73	3.71	0.54% N.A.	
7	Trade payables turnover ratio	Net Credit Purchases	Average Trade Payables	4.77	4.94	-3.44% N.A.	
8	Net capital turnover ratio	sales	Average Workin capital	8.59	9.61	-10.61% N.A.	
9	Net profit ratio	Profit After Tax	sales	1.01%	7.21%	-85.99% Refer note (a) below	
10	Return on capital employed	Earning Before Interest & Tax	Capital Employed	9.36%	40.15%	-76.69% Refer note (a) below	
11	Return on investment	Income from Investments	Investment	4.58%	5.01%	-8.58% N.A.	

Note

(a) Change in ratio is on account of reduction in project margin.

2

Praj Engineering and Infra Limited

Notes to financial statements for the year ended 31 March 2022

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

32 Other Notes

i Details of Benami Property

The Company does not own any benami property neither any proceedings are initiated or pending against the Company under the Prohibition of Benami Property Transactions Act, 1988.

ii Borrowings secured against current assets

Though the Company does not have any fund based borrowings from banks or financial institutions on the basis of security of current assets, it has filed quarterly returns or statements of current assets with banks or financial institutions and the same are in agreement with the books of account read with notes given in the quarterly returns or statements.

iii Wilful Defaulter

The Company has not been declared as wilful defaulter by any bank or financial institution or other lender.

iv Relationship with Struck off Companies

As per the information available with the Company, the Company has not entered into any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956

v Registration of charges with ROC

There are no charges created in favour of bank which are pending for satisfaction.

vi Utilisation of Borrowed funds and share premium

The Company does not have any borrowings. The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) nor has it received any fund from any person(s) or entity(ies), including foreign entities (Funding Party).

vii Details of Crypto Currency or Virtual Currency

The Company has not traded or invested in crypto currency or virtual currency during the financial year.

Reconciliation of loss provision

	31 March 2022	31 March 2021
Loss allowance as at 1 April 2021	32.588	54.257
Changes in loss allowance	13.913	(21.669)
Loss allowance as at 31 March 2022	46.501	32.588

B) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, company maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the company's liquidity position and cash and cash equivalents on the basis of expected cash flows. This is carried out in accordance with practice and limits set by the group. In addition, the company's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

Exposure to risk	31 March 2022	31 March 2021
Other liabilities		
On demand		
Less than 180 days	46.023	3.941
181 - 365 days	-	-
More than 365 days	-	-
Total	46.023	3.941
Trade payables		
Not Due	109.046	85.561
Less than 365 days	12.162	58.812
More than 365 days	20.840	3.202
Total	142.048	147.575

(C) Foreign currency risk

The company is not exposed to any foreign exchange risk and doesn't have any sales to overseas customers and purchases from overseas suppliers in various foreign currencies.

Note 34: Capital management**Risk management**


The company's objectives when managing capital are to

- safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry, the company monitors capital on the basis of the following gearing ratio: Net debt (total borrowings net of cash and cash equivalents) divided by total 'equity' (as shown in the balance sheet, including non-controlling interests).

	31 March 2022	31 March 2021
Loans and borrowings	-	-
Less: cash and cash equivalents	177.956	132.885
Net debt	-	-
Equity	127.900	120.389
Capital and net debt	127.900	120.389
Gearing ratio	0%	0%

For and on behalf of the Board of Directors of Praj Engineering and Infra Limited



Dattatraya Nimbolkar
Director
(DIN : 01104587)



Sachin Raole
Director
(DIN : 00431438)

Place: Pune
Date: 17 May 2022

