

PRAJ HIPURITY SYSTEMS LIMITED

Balance sheet as at 31st March,2022

(Amounts in Indian Rupees million unless otherwise stated)

Particulars	Note No.	31st Mar 2022	31st Mar 2021
ASSETS			
Non-current assets			
Property, plant and equipment	3	172.592	169.357
Right-of-Use assets		35.449	27.404
Capital work-in-progress			
Intangible assets	3	2.165	2.550
Intangible assets under development		-	-
Financial assets			
Loans	4	6.156	4.697
Deferred tax assets (net)	26	16.361	12.005
Other non-current assets	5	6.583	25.580
Total non-current assets		239.306	241.893
Current assets			
Inventories	6	402.292	394.660
Financial assets			
Investments	7	-	-
Trade receivables	8	651.541	614.987
Cash and cash equivalents	9	93.217	133.243
Other Bank Balance	10	216.833	217.500
Loans	4	2.308	0.533
Other Financial Assets	11	1.850	5.570
Current tax asset (net)		3.640	15.733
Other current assets	5	74.264	55.029
Total current assets		1,448.945	1,437.255
Total assets		1,688.251	1,679.148
EQUITY AND LIABILITIES			
Equity			
Equity share capital	12	50.000	50.000
Other equity	13	835.036	992.730
Total equity		885.036	1,042.730
Liabilities			
Non-current liabilities			
Financial Liabilities			
Lease Liabilities		26.401	23.373
Provisions	14	15.157	12.308
Other financial liabilities	16	0.100	-
Total non-current liabilities		41.658	35.681
Current liabilities			
Financial liabilities			
Lease Liabilities			
Trade payables	15	12.040	6.150
(i) Total outstanding dues to micro enterprises and small enterprises (MSMED)		144.813	110.936
(ii) Total outstanding dues to other than micro enterprises and small enterprises		245.410	233.662
Other financial liabilities	16	43.928	36.990
Other current liabilities	17	291.505	194.092
Provisions	14	20.861	18.607
Current tax liabilities (net)		-	-
Total current liabilities		758.557	608.437
Total liabilities		800.215	636.118
Total equity and liabilities		1,685.251	1,678.848

Summary of significant accounting policies

The accompanying notes are an integral part of these financial statements

As per our report of even date attached

For P.G. Bhagwat LLP

Chartered Accountants

FRN: 101118W/ W100682

Shrinivas Gadgil

(Partner)

M. No. 120570

Place : Pune

Date : 16th May 2022

Dr. Prasad Chaudhari

(Chairman)

DIN: 00196415

Shishir Joshipura

(Director)

DIN: 00574970

Sivaramakrishnan Iyer

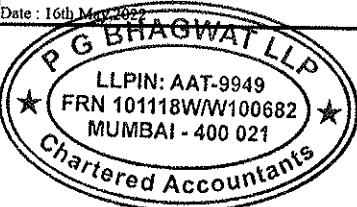
(Director)

DIN: 00503487

Anant Bavare

(Company Secretary)

M. No.21405



PRAJ HIPURITY SYSTEMS LIMITED
Statement of profit and loss for the period ended 31st March 2022

(Amounts in Indian Rupees million unless otherwise stated)

Particulars	Note No.	31st Mar 2022	31st Mar 2021
Income			
Revenue from operations			1,645.948
Other income	18	2,061.673	
Total income	19	25.584	35.805
		2,087.257	1,681.753
Expenses			
Cost of materials consumed			1,015.022
Changes in inventories of finished goods and work-in-progress	20	1,223.262	
Employee benefits expense	21	27.508	16.106
Finance costs	22	205.177	181.042
Depreciation and amortisation expense	23	7.198	5.613
Other expenses	3	26.737	29.733
Total expense	24	405.684	297.371
		1,895.566	1,544.887
Profit before exceptional items and tax			
Exceptional items		191.691	136.866
Profit before tax		-	-
Tax expenses		191.691	136.866
Current tax	26		
Deferred tax		54.270	21.500
Excess Provision of Earlier Year		-4.356	30.281
Total tax expense		-	2.576
		49.914	54.357
Profit for the period			
		141.777	82.509
Other comprehensive income			
Items that will not be reclassified to profit or loss	25	0.528	0.009
Income tax relating to items that will not be reclassified to profit or loss		-	0.003
Total comprehensive income for the period (comprising profit (loss) and other comprehensive income for the period)		142.305	82.515
Earnings per equity share (for discontinued and continuing operations)			
(1) Basic		28.355	16.502
(2) Diluted		28.355	16.502

The accompanying notes are an integral part of these financial statements

As per our report of even date attached

For P.G. Bhagwat LLP

Chartered Accountants

FRN: 101118W/ W100682

[Signature]

Shriniwas Gadgil
(Partner)

M. No. 120570

Place : Pune

Date : 16th May, 2022

[Signature]

Dr. Pramod Chaudhari
(Chairman)

DIN: 00196415

[Signature]

Shishir Joshipura
(Director)

DIN: 00574970

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

[Signature]

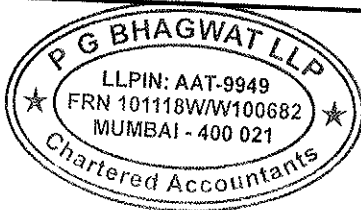
Sivaramakrishnan Iyer
(Director)

DIN: 00503487

[Signature]

Anant Bavare
(Company Secretary)

M. No. 21405



PRAJ HIPURITY SYSTEMS LIMITED
Statement of cash flows for the year ended 31st March, 2022

(Amounts in Indian Rupees million unless otherwise stated)

Particulars	31 MAR 2022	31 MAR 2021
A. Cash flow from operating activities		
Net profit before tax	191.691	136.866
Adjustments		
(Profit) / loss on sale of property, plant and equipment	-	0.770
Unrealised foreign exchange (gain) / loss (net)	-0.138	-1.615
Net Gain on termination of lease	-	-7.890
Depreciation and amortisation	26.737	29.733
Sundry balances written back	-1.773	-0.990
Sundry balances written off	0.891	1.126
Provision for doubtful debts	20.432	1.496
Interest earned	-13.356	-12.629
Interest charged	2.483	4.286
Operating profit before working capital changes	226.967	151.152
Changes in working capital		
(Increase) /decrease in trade receivables	-58.014	-154.667
(Increase)/decrease in inventories	-7.632	-11.892
(Increase)/decrease in loans	-3.233	4.134
(Increase)/decrease in other assets	18.997	45.429
(Increase)/decrease in other current financial assets	-19.235	22.154
(Increase)/decrease in other financial assets	3.720	-4.937
Increase/(decrease) in trade payables	47.850	91.058
Increase/(decrease) in other current financial liabilities	6.938	18.674
Increase/(decrease) in other lease liabilities	-	-
Increase/(decrease) in other current liabilities	97.413	21.780
Increase/(decrease) in provisions	5.103	5.724
Cash generated from operations	318.875	188.609
Direct taxes paid (including taxes deducted at source), net of refunds	-41.649	-5.889
NET CASH FROM OPERATING ACTIVITIES	277.226	182.720
B. Cash flow from investing activities		
Purchase of property, plant and equipment and intangible assets (including capital work-in-progress and intangibles under development)	-21.866	-22.976
Proceeds from sale of property, plant and equipment	-	-
Interest received on investments	13.356	12.629
Investment in Fixed Deposit	-	55.000
NET CASH FROM / (USED) IN INVESTING ACTIVITIES	-8.510	44.653
C. Cash flow from financing activities		
Repayment of short term borrowings (net)	-	-
Dividend paid (including dividend distribution tax)	-300.00	-
Interest expense	-	-
Payment towards Lease Liability	-9.407	-10.181
NET CASH FROM / (USED) IN FINANCING ACTIVITIES	-309.407	-10.181
Net increase/(decrease) in cash and cash equivalents (A+B+C)	-40.691	217.191
Cash and cash equivalents at the beginning of the year (Refer Note 9)	350.744	133.553
Effect of exchange rate changes on cash and cash equivalent	-	-
Cash and cash equivalents at the end of the year (Refer Note 9)	310.052	350.744

Notes:

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

The accompanying notes are an integral part of Cash Flow Statement

As per our report of even date attached

For P.G. Bhagwat LLP
Chartered Accountants
FRN: 101118W/ W100682

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

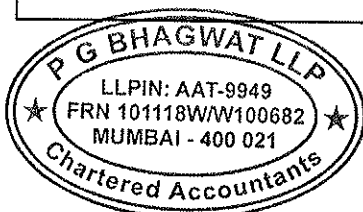
Shrinivasa Gadgil
(Partner)
M. No. 120570
Place : Pune
Date : 16th May, 2022

Dr. Pramod Chaudhari
(Chairman)
DIN: 00196415

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(Director)
DIN: 00574970

Sivaramakrishnan Iyer
(Director)
DIN: 00503487

Anant Bavare
(Company Secretary)
M. No.21405



Praj HiPurity Systems Limited

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

1 The Company overview

Praj HiPurity Systems Limited (the Company) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 2013. The Company's registered office is Unit 1604, DLH Park, S V Road, Near MTNL Signal, Goregaon West, Mumbai-400104, Maharashtra, India.

The Company is engaged in the business of manufacturing, installing and commissioning of water purification systems used for Food, Pharma and Beverage Industries, undertake contracts / sub contracts of Turnkey Projects.

2 Significant accounting policies

Basis of preparation of financial statements

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified pursuant to section 133 of the Companies Act 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, Companies (Indian Accounting Standards) Rules, 2016 and other relevant provisions of the Companies Act

The financial statements were authorised for issue by the Board of Directors on 16th May, 2022

2.1 Basis of measurement

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

Items	Measurement basis
Derivative financial instruments at fair value through profit or loss	Fair value
Non-derivative financial instruments at fair value through profit or loss	Fair value
Defined benefit plan assets	Fair value

2.2 Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is the Company's functional currency. All financial information is presented in INR rounded to the nearest million with three decimal, except share and per share data, unless otherwise stated.

Significant accounting judgements, estimates and assumptions

The preparation of 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. Although these estimates are based on management's

Praj HiPurity Systems Limited

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

In Indian Rupees million, except share and per share data, unless otherwise stated

best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying value of assets or liabilities in future periods.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed.

Critical estimates and judgements

The areas involving critical estimates or judgements are:

1. Estimation of defined benefit obligation – Refer note 34
2. Impairment of financial assets – Refer note 36

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

The Company classifies all other liabilities as non-current.

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

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Praj HiPurity Systems Limited

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

In Indian Rupees million, except share and per share data, unless otherwise stated

Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate; future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables which tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

Further details about gratuity obligations are given in **Note No. 34**

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Note 33 for further disclosures.

Summary of significant accounting policies

Revenue recognition

Revenue is recognised when performance obligation is satisfied by transferring promised goods or services and to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

Goods & services tax (GST) is not received by the Company on its own account. Accordingly, it is excluded from revenue.

- **Product & Project sales**

Praj HiPurity Systems Limited

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

In Indian Rupees million, except share and per share data, unless otherwise stated

Revenue from sale of project & goods in the course of ordinary activities is recognised when property in the project or 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 project or goods and regarding its collection. The amount recognised as revenue is exclusive of goods and services tax (GST), and is net of returns, trade discounts and quantity discounts.

- **Service revenue**

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

- **Other income**

Export benefits in the form of Duty Draw Back / Focus Market Scheme (FMS) / Focus Product Scheme (FPS) / Merchandise Exports Incentive Scheme (MEIS) claims are recognised in the statement of profit and loss on receipt basis.

Other income comprises of interest income, net gain on financial assets at fair value through profit or loss, foreign currency gain on financial assets and liabilities.

Interest income is recognised as it accrues in the Statement of Profit and Loss, using the effective interest method (EIR).

Finance costs

Finance costs comprise of interest expense on borrowings and net interest cost on net defined benefit obligations. Interest expenditure is recognised as it accrues in the Statement of Profit and Loss, using the effective interest method.

Property, plant and equipment and depreciation

- **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

Praj HiPurity Systems Limited

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

In Indian Rupees million, except share and per share data, unless otherwise stated

replaced part is derecognized. 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 derecognized 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)
Buildings	30
Plant and machinery	5-15
Computers and office equipment	3-5
Vehicles	8
Furniture and fixtures	10

Residual value is estimated as zero.

Intangible assets and amortisation

- **Recognition and measurement**

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

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

- **Subsequent measurement**

Praj HiPurity Systems Limited

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

In Indian Rupees million, except share and per share data, unless otherwise stated

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

- **Amortisation**

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

The estimated useful lives for current and comparative periods are as follows:

Asset	Useful life (in years)
Technical know-how	5-10 year
Software	3 Year

Investment property

Investment property is initially measured at cost, including transaction costs. Subsequent to initial recognition, investment property is stated at cost less accumulated depreciation and accumulated impairment loss, if any.

The cost of investment property includes its purchase price and any directly attributable expenditure.

Investment properties are derecognised either when they have been disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statement profit and loss in the period of derecognition.

Impairment of non-financial assets

The Company periodically assesses, using external and internal sources, whether there is an indication that an asset may be impaired. Impairment loss is recognized when the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price and value in use. For the purpose of impairment testing, assets are grouped together into the smallest group of assets (cash generating unit or CGU) that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Intangible assets which are not yet available for use are tested for impairment annually. Other non-financial assets (tangible and intangible) are reviewed at each reporting date to determine if there is any indication of impairment. For assets in respect of which any such indication exists and for intangible assets mandatorily tested annually for impairment, the asset's recoverable amount is estimated.

Praj HiPurity Systems Limited

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

In Indian Rupees million, except share and per share data, unless otherwise stated

If at the reporting date there is an indication that a previously assessed impairment loss no longer exists or has decreased, the assets or CGU's recoverable amount is estimated. For assets other than goodwill, the impairment loss is reversed 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. Such a reversal is recognised in the statement of comprehensive income.

Inventories

Raw materials, components, stores and spares are valued at lower of cost and net realizable 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 and stores and spares is determined on a weighted average basis.

Work-in-progress and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty and is determined on a weighted average basis.

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

Foreign currency transactions and balances

Transactions in foreign currencies 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 year-end are translated at the year-end 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.

• 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.

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

Praj HiPurity Systems Limited

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

In Indian Rupees million, except share and per share data, unless otherwise stated

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.

Right to use asset

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

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.

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.

Praj HiPurity Systems Limited

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

In Indian Rupees million, except share and per share data, unless otherwise stated

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.

Employee benefits

a) 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.

b) Post-employment benefits (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 recognizes 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 balance sheet date, having maturity periods approximating to the terms of related obligations.

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

Gains or losses on the curtailment or settlement of any defined benefit plan are recognized when the curtailment or settlement occurs. Past service cost is recognized as expenses on a straight-line basis over the average period until the benefits become vested. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

c) Post-employment benefits (defined contribution plans)

Contributions to the provident fund and superannuation fund, which are defined contribution schemes, are recognised as an expense in the Profit and loss account in the period in which the contribution is due.

d) Long term employee benefits

Praj HiPurity Systems Limited

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

In Indian Rupees million, except share and per share data, unless otherwise stated

Long term employee benefits comprise of compensated absences and other employee incentives. These are measured based on an actuarial valuation carried out by an independent actuary at each Balance sheet date unless they are insignificant. Actuarial gains and losses and past service costs are recognised immediately in the Profit and loss account.

Termination benefits

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

Provisions and Contingencies

A Provision is recognized when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources is expected to settle the obligation, in respect of which a reliable estimate can be made.

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.

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.
- (b) present obligation arising from past events, when no reliable estimate is possible
- (c) a possible obligation arising from past events where the probability of outflow of resources is not remote.

Contingent assets are neither recognized, nor disclosed.

Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

Taxes

a) Current income tax

Current income 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 or substantively enacted.

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

Minimum Alternate Tax (MAT) paid in a year is charged to the Statement of Profit and Loss as current tax. The company recognizes 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. In the year in which the company recognizes MAT credit as an asset in accordance with the Guidance Note

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In Indian Rupees million, except share and per share data, unless otherwise stated

on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the Statement of Profit and Loss and shown as "MAT Credit Entitlement." 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.

b) Deferred taxes

Deferred tax is provided using the balance sheet method on temporary differences between the tax bases 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
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

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 reassessed 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 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.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to

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set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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 recognized in respect of timing 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 timing differences which originate first are considered to reverse first.

Cash and short-term deposits

Cash and short-term deposits 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.

Fair value measurement

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Quoted market prices, when available, are used as the measure of fair value. In cases where quoted market prices are not available, fair values are determined using present value estimates or other valuation techniques, for example, the present value of estimated expected future cash flows using discount rates commensurate with the risks involved. Fair value estimation techniques normally incorporate assumptions that market participants would use in their estimates of values, future revenues, and future expenses, including assumptions about interest rates, default, prepayment and volatility. Because assumptions are inherently subjective in nature, the estimated fair values cannot be substantiated by comparison to independent market quotes and, in many cases, the estimated fair values would not necessarily be realised in an immediate sale or settlement of the instrument.

For cash and other liquid assets, the fair value is assumed to approximate to book value, given the short term nature of these instruments. For those items with a stated maturity exceeding twelve months, fair value is calculated using a discounted cash flow methodology.

The financial instruments carried at fair value were categorized under the three levels of the Ind AS fair value hierarchy as follows:

Level 1: Quoted market prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access. This level of the fair value hierarchy provides the most reliable evidence of fair value and is used to measure fair value whenever available.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs). These inputs reflect the Company's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). These inputs are developed based on the best information available in the circumstances, which include the Company's own data. The Company's own data used to develop unobservable inputs is adjusted if information indicates that market participants would use different assumptions.

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.

Classification

An entity classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both:

- (a) the entity's business model for managing the financial assets; and
- (b) the contractual cash flow characteristics of the financial asset.

Non-derivative financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- 1) Debt instruments at amortised cost
- 2) Debt instruments at fair value through other comprehensive income (FVTOCI)
- 3) Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- 4) Equity instruments measured at fair value through other comprehensive income (FVTOCI)

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 asset

Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

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In Indian Rupees million, except share and per share data, unless otherwise stated

- a. Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- b. Financial assets that are debt instruments and are measured as at FVTOCI
- c. Lease receivables
- d. Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18
- e. Loan commitments which are not measured as at FVTPL
- f. Financial guarantee contracts which are not measured as at FVTPL

Company follows 'simplified approach' for recognition of impairment loss allowance on:

- a. Trade receivables or contract revenue receivables; and
- b. All lease receivables resulting from transactions within the scope of Ind AS 17

The application of simplified approach does not require the group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. For recognition of impairment loss on other financial assets and risk exposure, the group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used.

Non-derivative financial liabilities

Initial recognition and measurement

The company initially recognises loans and advances, deposits, debt securities issued and subordinated 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.

A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

Financial guarantee contracts

Financial guarantee contracts issued by the company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined and the amount recognised less cumulative amortisation.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or

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cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Derivative financial instruments

Initial recognition and subsequent measurement

The Company uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

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.

Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that changes the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

Standards issued but not effective:

Exposure draft on amendments to following standards have been issued by the Institute of Chartered Accountants of India:

1. Ind AS 40, "Investment Property"
 2. Ind AS 1 "Presentation of Financial Statements" and Ind AS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"
 3. Ind AS 103, "Business Combinations"
 4. Ind AS 109, "Financial Instruments" and Ind AS 107, "Financial Instruments: Disclosure"
- However, such exposure drafts have not been notified by the Ministry of Corporate Affairs ('MCA') to be applicable from 1 April, 2022 as at the date of approval of these financial statements.

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

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However, such exposure drafts have not been notified by the Ministry of Corporate Affairs ('MCA') to be applicable from 1 April, 2022 as at the date of approval of these financial statement.

PRAJ HIPURITY SYSTEMS LIMITED**Statement of changes in equity for the period ended 31st March, 2022***(Amounts in Indian Rupees million unless otherwise stated)***A. Equity share capital**

Balance as at 1 April 2020	Changes in equity share capital during the year	Balance as at 31 March 2021
50.000	-	50.000
Balance as at 1 April 2021	Changes in equity share capital during the year	Balance as at 31st March ,2022
50.000	-	50.000

B. Other equity

Particulars	Reserves and surplus		Total
	General reserve	Retained earnings	
Balance as at 31st March 2021	157.770	834.960	992.730
Transition impact of IND AS 116		141.777	141.777
Transfer to retained earnings	-	0.528	0.528
Dividend Paid		-300.000	-300.000
Balance as at 31st March 2022	157.770	677.266	835.036

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Notes to the financial statements for the year ended 31st March, 2022
(Amounts in Indian Rupees million unless otherwise stated)

Note 3: Property, plant and equipment and intangible assets

Particulars	Tangible assets										Intangible assets			Grand total	
	Freehold land	Factory Building	Right of Use Asset - Building-DLH	Right of Use Asset - Workshop Equipment	Right of Use Asset - Laptop	Plant and machinery	Office equipments	Vehicles	Furniture and fixtures	Electric fittings and installations	Computers	Total	Software		Total
Costs block															
As at 1 April, 2021	6.667	227.973	25.270	5.450	-	200.940	9.750	4.544	26.371	9.609	11.864	528.439	11.241	11.241	539.679
Additions during the year	-	13,269	-	-	15,842	6,979	0.362	-	-	-	0,240	36,693	1,016	1,016	37,708
Deletions during the year	-	-	-	-	-	0,265	0,131	-	-	-	-	0,396	-	-	0,396
As at 31st March, 2022	6.667	241,242	25,270	5,450	15,842	207,654	9,982	4,544	26,371	9,609	12,104	564,736	12,256	12,256	576,992
Accumulated depreciation and amortisation															
As at 1 April 2021	-	143,626	1,498	1.82	-	139,718	3,766	2,475	13,325	9,438	11,013	331,677	8,691	8,691	340,368
Charge for the year	-	4.59	5.34	1.82	0.84	9.74	0.32	0.61	1.79	0.04	0.45	25,337	1.40	1,400	26,737
Depreciation on deletions	-	-	-	-	-	0,189	0,131	-	-	-	-	0,319	-	-	0,319
As at 31st March, 2022	-	148,214	6,633	3,633	0,841	149,269	3,959	3,089	15,117	9,475	11,460	356,695	10,091	10,091	366,786
Adjusted through reserves															
Net carrying value	6.667	93,028	18,637	1,817	15,001	58,385	1,023	1,456	11,254	0,134	0,644	208,041	2,165	2,165	210,206
As at 31st March, 2022	6.667	294,347	23,771	3,633	-	61,221	6,984	2,069	13,046	8,171	0,850	196,761	2,550	2,550	199,311

PRAJ HIPURITY SYSTEMS LIMITED

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

(Amounts in Indian Rupees million unless otherwise stated)

Note 4: Loans

Particulars	31st Mar 2022	31st Mar 2021
Security deposits	8,464	5,230
Unsecured, considered good		
Non-current	6,156	4,697
Current	2,308	0,533
Total	8,464	5,230
Non-current	6,156	4,697
Current	2,308	0,533

Note 5: Other assets

Particulars	31st Mar 2022	31st Mar 2021
(i) Prepaid expenses		
Unsecured, considered good	10,129	7,617
Non-current	0,573	0,553
Current	9,557	7,064
(ii) Balances with central excise, customs and VAT authorities		
Unsecured, considered good	43,124	67,815
Non-current	6,010	25,027
Current	37,114	42,788
(iii) Advance to vendors		
Unsecured, considered good	24,658	3,704
Non-current		
Current	24,658	3,704
(iv) Advance to Staff		
Unsecured, considered good	2,935	1,473
Non-current		
Current	2,935	1,473
Total	80,847	80,609
Non-current	6,583	25,580
Current	74,264	55,029

Note 6: Inventories

Particulars	31st Mar 2022	31st Mar 2021
Raw materials	195,408	162,966
Work-in-progress	180,531	225,325
Packing material	0,511	0,772
Consumables, stores and spares	8,556	5,597
Finished goods	17,286	-
Total	402,292	394,660

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

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

(iii) Write down of Inventories for the year Rs 10,049 - (Previous year Rs.13,333). Inventory value shown above are net of the write down.

Note 7: Investments at amortised cost

Particulars	31st Mar 2022	31st Mar 2021
Deposit with Bajaj Finance Limited	-	-
Total	-	-

Note 8: Trade receivables

Particulars	31st Mar 2022	31st Mar 2021
Trade receivables	651,541	614,987
Unsecured, considered good		
From related parties	-	-
From others	651,541	614,987
Unsecured, considered doubtful from others	35,795	15,363
	687,336	630,350
Less: Impairment allowance (allowance for doubtful debts)	35,795	15,363
Total	651,541	614,987

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

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

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

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

(Amounts in Indian Rupees million unless otherwise stated)

Note 9: Cash and cash equivalents

Particulars	31st Mar 2022	31st Mar 2021
(i) Balances with banks		
On current accounts	23.052	2.447
Deposits with original maturity of less than 3 months	70.118	130.752
(ii) Cash on hand	0.047	0.044
Total	93.217	133.243

Note 10: Other Bank Balance

Particulars	31st Mar 2022	31st Mar 2021
Bank Deposit with remaining maturity of less than 12 months	190.119	42.500
Bank Deposit with remaining maturity of more than 12 months	26.714	25.000
Deposit with Bajaj Finance Limited	-	150.000
Total	216.833	217.500

Note 11: Other Financial Assets

Particulars	31st Mar 2022	31st Mar 2021
Other Financial Assets		
Interest accrued on deposit	-	-
Non-current	-	-
Current	1.850	5.570
Total	1.850	5.570
Non-current	-	-
Current	1.850	5.570

PRAJ HIPURITY SYSTEMS LIMITED
Notes to the financial statements for the year ended 31st March, 2022
(Amounts in Indian Rupees million unless otherwise stated)

Note 12: Equity share capital

Particulars	31st Mar 2022		31st Mar 2021	
	Number	Amount	Number	Amount
Authorised shares				
5 (31 March 2022: 5 ; 1 April 2021: 5) equity shares of INR 10 each		50.000		50.000
Issued, subscribed and fully paid-up shares				
5 (31 March 2022: 5 ; 1 April 2021: 5) equity shares of INR 10 each		50.000		50.000
Total		50.000		50.000

a) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of INR 10 per share. Each holder of the equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. During the year ended 31 March 2022, no dividend was declared and paid to equity shareholders. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company after distributing all preferential amounts.

b) Reconciliation of share capital

Particulars	31st Mar 2022		31st Mar 2021	
	Number	Amount	Number	Amount
At the beginning of the period	5.000	50.000	5.000	50.000
Add: Additions during the period				
Outstanding at the end of the period	5.000	50.000	5.000	50.000

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

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

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

Particulars	31st Mar 2022		31st Mar 2021	
	Number	% holding	Number	% holding
Equity shares of INR 10 each fully paid Holding Company (Praj Industries Limited)	5.000	100%	5.000	100%

e) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

Particulars	31st Mar 2022	31st Mar 2021
Number of bonus shares issued, shares issued for consideration other than cash and shares bought back	-	-

PRAJ HIPURITY SYSTEMS LIMITED**Notes to the financial statements for the year ended 31st March, 2022***(Amounts in Indian Rupees million unless otherwise stated)***Note 13: Other equity**

Particulars	31st Mar 2022	31st Mar 2021
(i) General reserve	157.770	157.770
(ii) Surplus in the Statement of Profit and Loss		
At the beginning of the period	834.960	752.445
Transition impact of IND AS 116	-	-
Total comprehensive income as per Statement of Profit and Loss	142.305	82.515
Dividend Paid	-300.000	-
At the end of the period	677.266	834.960
Total	835.036	992.730

Nature & Purpose of Reserve

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

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

Note 14: Provisions

Particulars	31st Mar 2022	31st Mar 2021
Provision for employee benefits		
(i) Provision for leave encashment	16.983	13.717
Non-current	15.157	12.308
Current	1.826	1.409
(ii) Provision for gratuity	19.035	17.198
Non-current	-	-
Current	19.035	17.198
Total	36.018	30.915
Non-current	15.157	12.308
Current	20.861	18.607

PRAJ HIPURITY SYSTEMS LIMITED

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

(Amounts in Indian Rupees million unless otherwise stated)

Note 15: Trade payables

Particulars	31st Mar 2022	31st Mar 2021
To related parties	1.067	0.496
To others		
Total outstanding dues to micro enterprises and small enterprises (MSMED)	144.813	110.936
Total outstanding dues to other than micro enterprises and small enterprises	244.344	233.166
Total	390.224	344.598

Micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) have been identified by the Company on the basis of the information available with the Company and the auditors have relied on the same. Accordingly, there is no undisputed amount overdue as on March 31, 2022, to Micro, Small and Medium Enterprises on account of principal or interest.

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

Note 16: Other financial liabilities

Particulars	31st Mar 2022	31st Mar 2021
(i) Payables for purchases of property, plant and equipment		
Non-current	-	-
Current	-	-
(ii) Other financial liabilities	44.028	36.990
Current		
Employee Benefits Payable	1.059	0.832
Other Payable		
Non-current	42.969	36.158
Current	0.100	-
	42.869	-
(iii) Corporate guarantee payable	-	-
Non-current	-	-
Current	-	-
(iv) Accrued expenses	44.028	36.990
Non-current	-	-
Current	44.028	36.990
Total	44.028	36.990
Non-current	0.100	-
Current	43.928	36.990

Note 17: Other current liabilities

Particulars	31st Mar 2022	31st Mar 2021
(i) Advances received from customers	288.636	191.394
Non-current	-	-
Current	288.636	191.394
(ii) Statutory Dues Payable	2.869	2.698
Non-current	-	-
Current	2.869	2.698
Total	291.505	194.092
Non-current	-	-
Current	291.505	194.092

PRAJ HIPURITY SYSTEMS LIMITED

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

(Amounts in Indian Rupees million unless otherwise stated)

Note 18: Revenue from operations

Particulars	31st Mar 2022	31st Mar 2021
Sale of products and projects	1,651.826	1,331.738
Sale of services	133.461	88.819
Export service	3.978	5.254
Export sales	272.407	220.137
Total	2,061.673	1,645.948

Note 19: Other income

Particulars	31st Mar 2022	31st Mar 2021
Interest income	13.356	12.629
Income calculated using effective interest rate method	-	1.366
Net gain on sale of property, plant and equipment	-	0.001
Sundry balances written back	1.773	0.990
Foreign exchange gain (net)	0.138	1.61
Miscellaneous income	10.317	19.204
Total	25.584	35.805

Note 20: Cost of materials consumed

Particulars	31st Mar 2022	31st Mar 2021
Raw material consumed	1,223.262	1,015.022
Total	1,223.262	1,015.022

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

Particulars	31st Mar 2022	31st Mar 2021
Inventories at the end of the year		
Finished goods	17.286	-
Work-in-progress	180.531	225.325
	197.817	225.325
Inventories at the beginning of the year		
Finished goods	-	18.353
Work-in-progress	225.325	223.078
	225.325	241.431
(Increase) / decrease in inventories	27.508	16.106

Note 22: Employee benefits expense

Particulars	31st Mar 2022	31st Mar 2021
Salaries, wages and bonus	186.004	169.523
Contributions to provident and other funds (Refer note 33)	5.010	4.778
Gratuity expense (Refer note 34)	2.064	2.219
Staff welfare	12.099	4.522
Total	205.177	181.042

Note 23: Finance costs

Particulars	31st Mar 2022	31st Mar 2021
Interest on borrowings	2.550	-
Net interest cost on net defined benefit obligations	1.140	0.984
Other (Interest on Delayed Payment)	1.025	0.343
Interest on Lease Liability	2.483	4.286
Total	7.198	5.613

Note 24: Other expenses

Particulars	31st Mar 2022	31st Mar 2021
Consumption of Stores & spares	18.138	12.774
Site expenses and labour charges	129.069	114.776
Freight and transport	27.736	24.905
Factory expenses	7.254	5.642
Bank charges	3.286	2.641
Testing charges	1.022	0.264
Duties and taxes	9.475	1.826
Bad Debts	5.519	4.119
Provision for doubtful debts	20.432	1.496
Sundry balances written off	0.891	1.126
Commission and brokerage	16.096	4.646
Travelling and conveyance	50.690	32.335
Professional consultancy charges	21.238	14.829
Insurance	10.450	7.658
Rent	3.063	2.618
Royalty Fees	3.568	3.151
Power and fuel	3.639	3.829
Communication expenses	1.794	1.956
Business promotion expenses	2.485	2.762
Staff Expense -other	48.347	38.147
Repairs and maintenance - Plant and machinery	4.300	4.408
Repairs and maintenance - Others	10.443	5.192
Auditor's remuneration - Audit service	1.035	1.035
Auditor's remuneration - Other services	0.008	0.007
Rates and taxes	0.717	0.688
Foreign Exchange fluctuation loss	-	-
Corporate social responsibility expenses	0.666	0.595
Miscellaneous expenses	4.323	3.946
Total	405.684	297.371

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

Particulars	31st Mar 2022	31st Mar 2021
Items that will not be reclassified to profit or loss		
Remeasurements gains and losses on post-employment benefit plans	-0.528	-0.009
Income tax relating to items that will not be reclassified to profit or loss		
Tax on remeasurements gains and losses on post-employment benefit plans	-	0.003

PRAJ HIPURITY SYSTEMS LIMITED

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

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

Particulars		31 March 2022	31 March 2021
26	Income tax		
A	Statement of profit and loss:		
	Current income tax:		
	Current income tax charge	54.270	21.500
	Tax relating to earlier periods	-	2.576
	Deferred tax:		
	Relating to origination and reversal of temporary differences	-4.356	30.281
	Income tax expense reported in the statement of profit and loss	49.913	54.357
B	Statement of other comprehensive income:		
	Deferred tax:		
	Remeasurements gains and losses on post employment benefits	-	0.003
	Income tax expense reported in the statement of other comprehensive income	-	0.003
C	Reconciliation of effective tax rate		
	Accounting profit before tax	191.692	136.875
	Tax using the Company's domestic tax rate (25.17%)	48.245	39.146
	Adjustments in respect of current income tax of previous years	-	2.576
	Adjustments in respect excess tax paid during the year	-	0.393
	Less: Tax effect of:		
i	Tax rate difference on book profit as per Minimum Alternate Tax	-	-
ii	Tax effect on exempt income dividend	-	-
iii	Tax effect of reversal of Deffered Tax on adjustment to Opening Reserve in respect of IND AS 115	-	-
iv	Additional Allowances for tax purpose	-2.368	-30.016
	Add: Tax effect of		
i	Tax liability on IND AS adjustment to Retained earnings	-	-
ii	Tax liability on permanent Difference 14A Disallowance	-	-
iii	Effect on deduction claimed in MAT for Doubtful debt provision written back	-	-
iv	Effect on deduction claimed in MAT for Provision for Impairment of Investment	-	-
v	Effect on deduction claimed in MAT for Expenditure debited to Reserves-ESOP expenses	-	-
vi	Deferred Tax expenses accounted as no effect of Timing differences on MAT liability	-4.356	30.284
vii	Expenses not allowed for tax purpose (including Exceptional Item)	8.392	11.976
	Total	49.913	54.360
	Income tax expense reported in the statement of profit and loss	49.913	54.360

PRAJ HIPURITY SYSTEMS LIMITED**Notes to the financial statements for the year ended 31st March, 2022**

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

D Deferred tax

Deferred tax relates to the following: Deferred tax asset / (liability)	Balance sheet	
	31 March 2022	31 March 2021
Deferred tax asset		
Provision for doubtful debts and advances	9.009	4.394
Gratuity	4.791	5.403
Leave encashment	4.274	3.923
Long term capital losses		
Carry forward business loss	-	-
Compensated absences		
Others	9.675	8.444
Lease Liability		
IND AS 115 Deferred Tax reversal	-	0.087
Total	27.749	22.251
Deferred tax liability		
Property, plant & equipment and intangible assets	-11.388	-10.246
Amortisation of prepaid lease rentals / others		
Total	-11.388	-10.246
Net deferred tax asset / (liability)	16.361	12.005
Deferred tax expense/(Income)		
- Recognised in the statement of profit and loss	-4.356	30.281
- Recognised in the statement of other comprehensive income	-	0.003
- Recognised in opening reserve under statement of changes in equity	-	0.087

Praj HiPurity Systems Limited

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

(Amounts in Indian Rupees million unless otherwise stated)

Note 27: Payment to Statutory Auditor (for audit services exclusive of service tax/ GST)

Particulars	31st Mar 2022	31st Mar 2021
Audit Fees	1.035	1.035
In other Capacity	0.064	0.067
Reimbursement of Expense	0.008	0.007

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

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

Particulars	31st Mar 2022	31st Mar 2021
Principal amount remaining unpaid to any supplier as at the end of the year	144.813	110.936
Amount of Interest due remaining unpaid to any supplier as the end of the year	-	-
Amount of interest paid under MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during the year.	-	-
Amount of interest due and payable for the period of delay in making payment (where the principal has been paid but interest under the MSMED Act, 2006 not paid).	-	-
Amount of interest accrued and remaining unpaid at the end of year.	-	-
Amount of further interest remaining due and payable even in the succeeding year.	-	-

Note 29: Contingent liabilities

Particulars	31st Mar 2022	31st Mar 2021
Contingent liabilities		
Disputed demands in appeal towards sales tax	-	3.093

Note 30: Segment reporting

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

b) Secondary segment information

Particulars	Within India	Outside India
Revenue based on location of customers	1,785.288	276.385
Total	2,061.673	

Note 31: Related party transactions

a) Parties which are members of the same group

(i) Holding company

Praj Industries Limited

(ii) Fellow Subsidiaries

Praj Engineering & Infra Limited
Praj Far East Co. Limited
Praj Americas Inc.
Praj Industries (Africa) Pty Limited
Praj Industries (Namibia) Limited
Praj Far East (Philippines) Inc

b) Key management personnel and their close family members

Mr. Pramod Madhukar Chaudhari
Mr. Sivaramakrishnan Srinivasan Iyer
Mr. Sandeep Rajnikant Mehta
Mrs. Mrunalini Harish Joshi
Dr. Shridhar Bhalchandra Shukla
Mr. Shishir Joshipura
Mr. Vikram Shrirang Pandit
Mr. Anant Bavare

Chairman
Independent Director
Independent Director
Independent Director
Additional Director
Director
Director
Company Secretary

Praj HiPurity Systems Limited**Notes to the financial statements for the year ended 31st March 2022***(Amounts in Indian Rupees million unless otherwise stated)*

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

Transactions with related parties and year end balances		
Particulars	31st Mar 2022	31st Mar 2021
Praj Industries Limited		
Sale of products	-	-
Sale of services	-	-
Expenses reimbursed to holding company	-	-
Purchase of products	0.484	-
Receipt of services	4.388	6.394
Expenses incurred and reimbursed by holding company	-	-
Sandeep Mehta		
Director's Fees	0.300	0.550
	-	-
Praj Industries Limited		
Receivable	-	-
Payable	1.067	0.496
Dividend Paid	300.000	-
Sandeep Mehta		
Payable	-	-

Note 32: Leases

Particulars	31st Mar 2022	31st Mar 2021
Depreciation for right-of-use asset	7.797	12.850
Interest expense on lease liabilities	2.483	4.286
Expenses relating to short-term / low value leases	2.786	2.290
Total Cash outflow for leases	12.193	17.085
Carrying amount of right-of-use asset	35.449	27.404
Maturity analysis of lease liabilities:		
- Upto 180 days	5.720	3.010
- 180 to 365 days	5.949	3.141
- 1 year to 3 years	22.298	12.227
- More than 3 years	4.474	11.15

Note 33: Earnings per share

Particulars	31st Mar 2022	31st Mar 2021
Reconciliation of basic and diluted shares used in computing earnings per share		
Weighted average number of basic equity shares	5.000	5.000
Weighted average number of diluted equity shares	5.000	5.000
Computation of basic and diluted earnings per share		
Net profit after tax attributable to equity shareholders	141.777	82.509
Basic earnings per equity share of INR 10 each	28.355	16.502
Diluted earnings per equity share of INR 10 each	28.355	16.502

Note 34: Employee benefits

a) Defined contribution plans

The Company has recognised INR 5.010 MN (31 March 2021: INR 4.778 MN) towards post-employment defined contribution plans comprising of provident and superannuation fund in the statement of profit and loss.

b) Defined benefit plan

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

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

Particulars	31st Mar 2022	31st Mar 2021
Present value of obligation as at the beginning of the period	18.313	17.318
Interest cost	1.204	1.120
Past service cost	-	-
Current service cost	1.968	2.100
Benefits paid	(1.217)	(2.168)
Remeasurements on obligation - (gain) / loss	(0.528)	(0.056)
Present value of obligation as at the end of the period	19.741	18.313

Praj HiPurity Systems Limited

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

(Amounts in Indian Rupees million unless otherwise stated)

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

Particulars	31st Mar 2022	31st Mar 2021
Fair value of plan assets at the beginning of the period	1.134	2.813
Interest income	0.064	0.137
Contributions	0.839	0.500
Benefits paid	(1.217)	(2.168)
Mortality Charges and Taxes	(0.115)	-0.120
Return on plan assets, excluding amount recognized in interest income - gain / (loss)	(0.000)	(0.028)
Fair value of plan assets as at the end of the period	0.705	1.134
Actual return on plan assets	0.064	0.108

Amounts recognised in the balance sheet are as follows:

Particulars	31st Mar 2022	31st Mar 2021
Present value of obligation as at the end of the period	19.741	18.313
Fair value of plan assets as at the end of the period	0.705	1.115
Surplus / (deficit)	(19.035)	(17.198)

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

Particulars	31st Mar 2022	31st Mar 2021
Current service cost	1.968	2.100
Past service cost	-	-
Net interest (income) / expense	1.140	0.984
Net periodic benefit cost recognised in the statement of profit and loss at the end of the period	3.108	3.083

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

Particulars	31st Mar 2022	31st Mar 2021
Opening amount recognised in OCI outside statement of profit and loss		
Remeasurement for the year - obligation (gain) / loss	(0.528)	(0.056)
Remeasurement for the year - plan assets (gain) / loss	0.000	0.028
Total remeasurements cost / (credit) for the year	(0.528)	(0.028)

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

Particulars	31st Mar 2022	31st Mar 2021
Interest (income) / expense - obligation	1.204	1.120
Interest (income) / expense - plan assets	(0.064)	(0.137)
Net interest (income) / expense for the year	1.140	0.984

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

Particulars	31st Mar 2022	31st Mar 2021
Government of India securities	0%	0%
High quality corporate bonds	0%	0%
Equity shares of listed companies	0%	0%
Property	0%	0%
Special deposit scheme	0%	0%
Funds managed by insurer	0%	0%
Others	100%	100%
	0%	0%
Total	100%	100%

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

(Amounts in Indian Rupees million unless otherwise stated)

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

Particulars	31st Mar 2022	31st Mar 2021
Discount rate	7.30%	6.80%
Rate of increase in compensation levels	5%	5%
Expected rate of return on plan assets	6.80%	6.90%
Expected average remaining working lives of employees (in years)	14.54*	14.55*
Withdrawal rate		
Age upto 30 years	2%	2%
Age 31 - 40 years	2%	2%
Age 41 - 50 years	2%	2%
Age above 50 years	2%	2%

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

A quantitative sensitivity analysis for significant assumption is shown as follows:

Sensitivity analysis indicates the influence of a reasonable change in certain significant assumptions on the outcome of the present value of

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

Discount rate	Present value of obligation	
	31st Mar 2022	31st Mar 2021
6.30%	22.095	20.618
8.30%	17.714	16.345

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

Salary increment rate	Present value of obligation	
	31st Mar 2022	31st Mar 2021
4.00%	17.932	16.472
6.00%	21.753	20.359

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

Withdrawal rate	Present value of obligation	
	31st Mar 2022	31st Mar 2021
1.00%	19.275	17.967
3.00%	20.162	18.625

d) Risk Exposure And Asset Liability Matching

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

i) Liability Risks

a) Asset-Liability Mismatch Risk-

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the company is successfully able to neutralize valuation swings caused by interest rate movements. Hence companies are encouraged to adopt asset-liability management.

b) Discount Rate Risk-

Variation in the discount rate used to compute the present value of the liabilities may seem small, but in practise can have a significant impact on the defined benefit liabilities.

c) Future Salary Escalation and Inflation Risk-

Since price inflation and salary growth rate linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

ii) Asset Risk-

All plan assets are maintained in a trust fund managed by a public sector insurer viz LIC of India. LIC has a sovereign guarantee and has been providing consistent and competitive returns over the years.

The company has adopted for a traditional fund wherein all assets are invested primarily in risk averse markets. The company has no control over the management of funds but this option provides a high level of safety for the total corpus. A single account is maintained for both the investment and claim settlement and hence 100% liquidity is ensured. Also interest rate and inflation risk are taken care of.

PRAJ HIPURITY SYSTEMS LIMITED**Notes to the financial statements for the year ended 31st March 2022***(Amounts in Indian Rupees million unless otherwise stated)***Note 35: Fair value of financial assets and liabilities**

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

Particulars	Carrying value		Fair value	
	31st March 2022	31st March 2021	31st March 2022	31st March 2021
A. Financial asset				
i. Measured at amortised cost				
Security deposits	6.156	4.697	6.156	4.697
Trade receivables *	651.541	614.987	651.541	614.987
Cash and cash equivalent *	93.217	133.243	93.217	133.243
Investment in Deposit*	-	-	-	-
ii. Measured at fair value through profit and loss				
Forward exchange contracts {Asset/(Liability)}	-	-	-	-
B. Financial liability				
i. Measured at amortised cost				
Borrowings	-	-	-	-
Trade payables *	390.224	344.598	390.224	344.598
Other financial liabilities	44.028	36.990	44.028	36.990

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

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

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

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

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

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Notes to the financial statements for the year ended 31st March 2022
(Amounts in Indian Rupees million unless otherwise stated)

Fair value hierarchy

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

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at 31 March 2022:

Particulars	Fair value measurement using			Valuation technique used	Inputs used
	Level 1	Level 2	Level 3		
a) Financial assets measured at fair value					
Forward exchange contracts {Asset/(Liability)}		-		The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies.	Quoted forward exchange rates, high credit quality yield curves.
b) Assets for which fair values are disclosed					
Financial assets measured at amortised cost					
Security deposits		6.156		Discounted cash flows	Forecast cash flows, discount rate, maturity date etc.
c) Financial liability measured at amortised cost					
Borrowings					
Other financial liabilities		44.028		Discounted cash flows	Forecast cash flows, discount rate, maturity date etc.

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

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

During the year ended 31 March 2022 & 31 March 2021 there were no transfers between level 1 and level 2 fair value measurements and no transfers into and out of level 3 fair value measurement.

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

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Note 36: Financial risk management policy and objectives

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

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

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

i) Market risk

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

The sensitivity analysis in the following sections relate to the position as at 31 March 2022 and 31 March 2021. The sensitivity of the relevant income statement item is the effect of the assumed changes in respective market risks. The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt, proportion of financial instruments in foreign currencies are all constant at 31 March 2022

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

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

a) Foreign currency risk

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

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

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Foreign currency sensitivity

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

Particulars	Currency	Amount in foreign currency		Amount in INR	
		31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21
Financial assets					
Trade receivables	EUR	0.267	0.272	18.738	19.230
	USD	1.301	0.545	97.503	38.228
Bank	EUR	-	-	-	-
	USD	-	-	-	-
Cash	EUR	-	-	-	-
	USD	-	-	-	-
Financial liabilities					
Trade payables	EUR	0.483	0.215	40.560	18.876
	GBP	-	-	-	-
	USD	0.543	0.603	40.300	44.117
PCFC	USD	-	-	-	-
Buyer's credit	USD	-	-	-	-

Currency wise net exposure (liabilities - assets)

Particulars	Amount in foreign currency		Amount in INR	
	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21
USD	0.758	-0.057	57.203	-5.890
EUR	-0.217	0.058	-21.822	0.354
GBP	-	-	-	-

Sensitivity analysis

Currency	Amount in INR		Sensitivity %	Impact on Profit Before Tax	
	31-Mar-22	31-Mar-21		31-Mar-22	31-Mar-21
USD	57.203	-5.890	+5%	57.253	-0.294
			-5%	-2.860	0.294
EUR	-21.822	0.354	+5%	-1.091	0.018
			-5%	1.091	-0.018
GBP	-	-	-	-	-

b) Interest rate risk

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

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

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

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ii) Credit risk

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

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

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

Particulars	31-Mar-22	31-Mar-21
- Less than 90 days	314.027	251.137
- above 90 days	337.514	363.851
Total	651.541	614.987

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on exchange losses historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 32. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

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b) Financial instruments and cash deposits

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

iii) Liquidity risk

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

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

As at 31 March 2022				
ii) Credit risk	Carrying amount	On demand	Less than 6 months	Total
Interest bearing borrowings	-	-	-	-
Trade payables	390.224	-	390.224	390.224
Other financial liabilities	44.028	-	44.028	44.028

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

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Note 37: Capital management

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

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

Particulars	31-Mar-22	31-Mar-21
Borrowings	-	-
Trade payables	390.223	344.598
Other financial liabilities	43.928	36.990
Less: Cash and cash equivalents	93.217	133.243
Net debt	340.934	248.345
Equity	885.036	1,042.730
Capital and net debt	1,225.970	1,291.075
Gearing ratio	28%	19%

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Note 38: Trade Receivable

FY 21-22 Particulars	Outstanding for following periods from due date of payment						Total
	Less than 6		6 months -1 Year	1-2 Years	2-3 Years	More than 3 years	
	Due	Not Due					
(i) Undisputed Trade receivables – considered good	432.147	22.244	172.629	11.422	1.074	12.025	651.541
(iii) Undisputed Trade Receivables – credit impaired	-	-	0.669	2.580	3.235	29.311	35.795
Total	432.147	22.244	173.298	14.001	4.310	41.336	687.336

FY 20-21 Particulars	Outstanding for following periods from due date of payment						Total
	Less than 6		6 months -1 Year	1-2 Years	2-3 Years	More than 3 years	
	Due	Not Due					
(i) Undisputed Trade receivables – considered good	211.450	79.101	315.608	0.830	2.391	5.607	614.987
(iii) Undisputed Trade Receivables – credit impaired	5.708	-	0.606	3.298	4.205	1.546	15.363
Total	217.158	79.101	316.214	4.128	6.597	7.153	630.351

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Note 39: Trade Payable

Particulars	31st March 2022					Total
	Less than 1 year		1-2 Years	2-3 Years	More than 3 years	
	Due	Not Due				
(i)MSME	-	144.813	-	-	-	144.813
(ii)Other	49.239	196.172	-	-	-	245.410
(iii)Disputed Dues – MSME	-	-	-	-	-	-
(iv)Disputed Dues – Other	-	-	-	-	-	-
(v)Unbilled Dues	-	-	-	-	-	-
Total	49.239	340.985	-	-	-	390.223

Particulars	31st March 2021					Total
	Less than 1 year		1-2 Years	2-3 Years	More than 3 years	
	Due	Not Due				
(i)MSME	-	110.936	-	-	-	110.936
(ii)Other	76.151	156.519	-	0.992	-	233.662
(iii)Disputed Dues – MSME	-	-	-	-	-	-
(iv)Disputed Dues – Other	-	-	-	-	-	-
(v)Unbilled Dues	-	-	-	-	-	-
Total	76.151	267.455	-	0.992	-	344.598