

INDEPENDENT AUDITORS' REPORT

To
The Board of Directors of Praj Industries Limited

Report on the Audit of Consolidated Financial Results

Opinion

We have audited the accompanying consolidated financial results of Praj Industries Limited (hereinafter referred to as the "Holding Company") and its Subsidiaries (Holding Company and its Subsidiaries together referred to as "the Group") for the quarter and year ended March 31, 2023, attached herewith, being submitted by the Holding Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial results, these consolidated financial results:

- a. include the results of the following entities
 - A. Subsidiaries
 - i. Praj HiPurity Systems Limited
 - ii. Praj Far East (Philippines) Inc.
 - iii. Praj Engineering & Infra Limited
 - iv. Praj Far East Co. Limited
 - v. Praj Americas Inc.
 - vi. Praj Industries (Africa) Pty Limited (upto January 20, 2022)
- b. are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
- c. give a true and fair view in conformity with the applicable Indian Accounting Standards, and other accounting principles generally accepted in India, of net profit and other comprehensive income and other financial information of the Group for the quarter and year ended March 31, 2023.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing ("SAs") specified under section 143(10) of the Companies Act, 2013 ("Act"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the consolidated financial results section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered

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Chartered Accountants

LLPIN: AAT-9949

Accountants of India together with the ethical requirements that are relevant to our audit of the consolidated financial results under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

We believe that the audit evidence obtained by us and by the other auditors referred to in the “Other Matter” paragraph, is sufficient and appropriate to provide a basis for our opinion.

Board of Directors’ Responsibilities for the Consolidated Financial Results

The Holding Company’s Board of Directors are responsible for the preparation and presentation of these consolidated financial results that give a true and fair view of the net profit and other comprehensive income and other financial information of the Group in accordance with the accounting principles generally accepted in India including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and in compliance with Regulation 33 of the Listing Regulations.

The respective Board of Directors of the companies in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial results by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial results, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the companies in the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies in the Group are responsible for overseeing the financial reporting process of the Group.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Results

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

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

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- Identify and assess the risks of material misstatement of the consolidated financial results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purposes of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial results, including the disclosures, and whether the consolidated financial results represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial results/financial information of the Group to express an opinion on the consolidated financial results. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial results of which we are the independent auditors.

We communicate with those charged with governance of the Holding Company and other companies included in the consolidated financial results of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33(8) of the Listing Regulations, as amended, if and to the extent applicable.

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Other Matters Paragraphs

1. We did not audit the financial results of two subsidiaries included in the consolidated financial results, whose financial results reflect total assets of Rs. 87.531 million as at March 31, 2023, revenues from operation of Rs. 99.543 million, total comprehensive income (comprising of profit and other comprehensive income) of Rs. 21.744 million and net cash inflows of Rs. 8.907 million, for the year ended as on that date. These financial results have been audited by other auditors whose reports have been furnished to us by the Holding Company's management and our opinion on the annual consolidated financial results, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of the other auditors and the procedures performed by us are as stated in paragraph above.

These subsidiaries are located outside India whose financial results and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial results and other financial information of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments, if any, made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

2. The quarterly consolidated financial results for the period ended March 31, 2023 are the derived figures between the audited figures in respect of the year ended March 31, 2023 and the published year-to-date figures up to December 31, 2022, being the date of the end of the third quarter of the current financial year, which were subjected to limited review as required under the Listing Regulations.

Our opinion on the Consolidated Financial Results is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

For **P G BHAGWAT LLP**

Chartered Accountants

Firm Registration Number: 101118W/W100682

Abhijeet Bhagwat

Partner

Membership Number: 136835

UDIN: 23136835BGXPOH1089

Pune

May 25, 2023

AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31 MARCH 2023, PREPARED IN COMPLIANCE WITH THE INDIAN ACCOUNTING STANDARDS (IND AS)

(Rupees in million except per share data)

Sr. No.	Particulars	Quarter ended			Year to date	
		31 March 2023	31 December 2022	31 March 2022	31 March 2023	31 March 2022
		(Audited)	(Unaudited)	(Audited)	(Audited)	(Audited)
1	INCOME					
	Revenue from operations	10,039,845	9,114,647	8,309,643	35,280,378	23,432,744
	Other income	161,953	77,605	74,804	356,008	241,242
	Total income	10,201,798	9,192,252	8,384,447	35,636,386	23,673,986
2	EXPENSES					
	Cost of materials consumed	5,937,019	5,832,414	5,052,130	22,291,935	14,910,867
	Changes in inventories of finished goods and work-in-progress	(11,697)	(249,154)	202,621	(277,581)	(273,842)
	Employee benefits expense	704,745	674,738	584,216	2,575,915	2,176,227
	Finance costs	22,385	8,334	7,983	46,289	25,072
	Depreciation and amortisation expense	94,765	71,943	66,463	302,471	225,912
	Exchange (gain) / loss	(38,170)	(1,481)	(38,135)	(102,020)	(120,655)
	Other Expenses	2,364,618	1,996,461	1,728,533	7,612,128	4,681,633
	Total expenses	9,073,665	8,333,255	7,603,811	32,449,137	21,625,214
3	Profit before exceptional items and tax (1-2)	1,128,133	858,997	780,636	3,187,249	2,048,772
4	Exceptional items	-	-	-	-	-
5	Profit before tax (3-4)	1,128,133	858,997	780,636	3,187,249	2,048,772
6	Tax expense					
	Current tax	379,533	220,060	153,590	874,854	430,748
	Deferred tax	(132,551)	13,152	23,047	(85,497)	87,734
	Adjustments of tax relating to earlier periods	-	2,672	27,492	(0,290)	27,870
	Total tax expense	246,982	235,884	204,129	789,067	546,352
7	Profit for the year (5-6)	881,151	623,113	576,507	2,398,182	1,502,420
8	Attributable to :					
	Non-controlling interest	0.084	0.095	-	0.241	0.026
	Equity holder's of parents	881,067	623,018	576,507	2,397,941	1,502,394
9	Other comprehensive income					
	Items that will not be reclassified to profit and loss:					
	Re-measurement of defined benefit plans	2,972	4,541	9,775	(21,372)	(10,644)
	Income tax effect	(0,748)	(0,932)	(2,161)	5,366	2,812
	Items that will be reclassified to profit or loss :					
	Debt instruments through other comprehensive income	(5,261)	-	-	(5,261)	-
	Income tax effect	1,324	-	-	1,324	-
	Exchange differences on translation of foreign operations	1,260	5,984	(12,020)	3,612	(14,605)
	Other comprehensive income	(0,453)	9,593	(4,406)	(16,331)	(22,437)
10	Total comprehensive income for the year (7+9)	880,698	632,706	572,101	2,381,851	1,479,983
11	Attributable to :					
	Non-controlling interest	0.084	0.095	0.076	0.241	0.026
	Equity holders of parents	880,614	632,611	572,025	2,381,610	1,479,957
	Earnings per equity share (Nominal value per share Rs. 2 each)					
	Basic	4.80	3.39	3.14	13.05	8.18
	Diluted	4.79	3.39	3.14	13.05	8.18

Notes:

- The above results were reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on 25 May 2023.
- The figures for the quarter ended 31 March 2023, as reported in the financial results, are the balancing figures between the audited figures in respect of the full financial year and published figures of nine months ended 31 December 2022 which were subjected to limited review by the statutory auditors.
- The group operates only in one segment, i.e. "Process and Project
- The Board of Directors proposed a final dividend of Rs 4.50/- per equity share @ 225 % of the face value of Rs 2 per equity share, for the financial year ended 31 March 2023, which is subject to the approval of shareholders at the forthcoming Annual General Meeting.
- During the quarter, the Company has formed wholly owned domestic subsidiary by name "Praj GenX Limited" to cater to the area of Energy Transition and Climate Action. The operations of the company are yet to start & hence do not form part of these consolidated financial statements.
- In order to have a uniform unit of measurement across financial results, financial statements and other reports, the results from this quarter are presented in millions of Rupees.
- Prior year comparatives are regrouped / reclassified wherever necessary to conform to current period's presentation.

AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31 MARCH 2023, PREPARED IN COMPLIANCE WITH THE INDIAN ACCOUNTING STANDARDS (IND AS)..... CONTD.

STATEMENT OF ASSETS AND LIABILITIES

(Rupees in million)

Particulars	As at	
	31 March 2023	31 March 2022
	(Audited)	(Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	2,365.992	2,085.329
Capital work-in-progress	68.724	14.261
Investment property	136.928	136.928
Goodwill	626.150	626.150
Intangible assets	39.170	12.173
Intangible assets under development	0.763	6.656
Financial assets		
Investments	844.534	652.192
Others	123.367	138.703
Deferred tax assets (net)	111.470	19.283
Other assets	49.761	30.562
Total non-current assets	4,366.859	3,722.237
Current assets		
Inventories	3,336.241	3,450.301
Financial assets		
Investments	4,584.407	3,978.773
Trade receivables	7,948.334	5,117.941
Cash and cash equivalents	985.814	1,074.563
Other bank balances	462.381	476.267
Others	187.108	294.010
Current tax asset (net)	54.059	50.215
Other assets	4,261.465	4,013.310
Total current assets	21,819.809	18,455.380
TOTAL ASSETS	26,186.668	22,177.617
EQUITY AND LIABILITIES		
EQUITY		
Equity share capital	367.426	367.347
Other equity	10,412.558	8,789.838
Sub-total - total equity attributable to parent	10,779.984	9,157.185
Non-controlling interests	0.688	0.448
TOTAL EQUITY	10,780.672	9,157.633
LIABILITIES		
Non-current liabilities		
Financial liabilities		
Lease Liability	262.692	147.550
Other financial liabilities	6.393	6.393
Provisions	131.590	170.533
Total non-current liabilities	400.675	324.476
Current liabilities		
Financial liabilities		
Trade payables		
(i) Total outstanding dues of micro enterprises and small enterprises	1,166.635	396.433
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	3,883.522	3,851.469
Lease Liability	158.757	63.326
Other financial liabilities	388.529	323.115
Other current liabilities	8,640.728	7,761.353
Provisions	439.803	225.678
Current tax liabilities (net)	327.347	74.134
Total current liabilities	15,005.321	12,695.508
TOTAL LIABILITIES	15,405.996	13,019.984
TOTAL EQUITY AND LIABILITIES	26,186.668	22,177.617

AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31 MARCH 2023, PREPARED IN COMPLIANCE WITH THE INDIAN ACCOUNTING STANDARDS (IND AS)..... CONTD.

AUDITED CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2023

(Rupees in million)

	Particulars	31 March 2023	31 March 2022
A	Cash flow from operating activities		
	Net profit before tax	3,187.249	2,048.773
	Adjustments for:		
	Loss / (profit) on sale of property, plant and equipment	3.379	(0.397)
	Gain on redemption of mutual fund investments	(53.819)	(57.514)
	Bad Debts / Provision for doubtful debts and advances	255.355	73.655
	Excess provision / creditors written back (including advances)	(70.348)	(6.784)
	Unrealised foreign exchange (gain) / loss (net)	18.717	(86.723)
	Sundry Balances Written Off	0.623	0.892
	Depreciation and amortisation	302.471	225.912
	Interest earned	(83.047)	(87.536)
	Unrealised gain on mutual fund investments	(141.867)	(54.694)
	Interest on Lease Liability	30.846	19.284
	Interest charged	10.785	0.021
	Equity-settled share-based payment transactions	7.848	29.355
	Operating profit before working capital changes	3,468.192	2,104.244
	Changes in working capital		
	(Increase) /decrease in trade receivables	(3,060.416)	(668.546)
	(Increase)/decrease in inventories (including contracts in progress)	(186.889)	(3,568.474)
	(Increase)/decrease in other non-current financial assets	(7.137)	(21.452)
	(Increase)/decrease in other non-current assets	7.312	66.262
	(Increase)/decrease in current financial assets-others	61.609	(165.013)
	(Increase)/decrease in other current assets	52.794	(452.442)
	Increase/(decrease) in trade payables	811.638	866.874
	Increase/(decrease) in other current financial liabilities	66.228	34.573
	Increase/(decrease) in other current liabilities	879.375	3,998.748
	Increase/(decrease) in long term provisions	(38.943)	13.519
	Increase/(decrease) in short term provisions	192.753	118.642
	Cash generated from operations	2,246.516	2,326.935
	Direct taxes paid (including taxes deducted at source), net of refunds	(625.195)	(450.339)
	NET CASH FROM OPERATING ACTIVITIES	1,621.321	1,876.596
B	Cash flow from investing activities		
	Purchase of property, plant and equipment and intangible assets	(352.005)	(185.136)
	Investments:		
	- in mutual funds	(4,231.505)	(4,499.775)
	- in debentures & bonds	(883.252)	(254.120)
	Sale of investments		
	- in mutual funds	4,134.858	3,483.278
	- in debentures & bonds	399.835	-
	Proceeds from sale of property, plant and equipment	(1.131)	0.724
	Interest received on investments	79.923	87.340
	Investment /(redemption) in fixed deposits	8.859	(29.257)
	NET CASH FROM / (USED) IN INVESTING ACTIVITIES	(844.418)	(1,396.946)
C	Cash flow from financing activities		
	Proceeds from exercise of employee stock options	3.600	26.210
	Dividend paid including dividend distribution tax	(771.074)	(396.808)
	Interest on Lease Liability	(30.846)	(19.284)
	Principal Payment on Leases	(124.870)	(53.636)
	Interest paid	(10.785)	(0.021)
	NET CASH FROM / (USED) IN FINANCING ACTIVITIES	(933.975)	(443.539)
	Net increase/(decrease) in cash and cash equivalents (A+B+C)	(157.072)	36.111
	Cash and cash equivalents at the beginning of the year	1,074.563	1,011.087
	Add: effect of exchange rate changes on cash and cash equivalents	68.323	27.365
	Cash and cash equivalents at the end of the year	985.814	1,074.563

S. J. Joshi

SHISHIR JOSHIPURA

CEO AND MANAGING DIRECTOR

DIN: 00574970

Place : Pune

Date : 25th May 2023



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