

P G BHAGWAT LLP

Chartered Accountants
LLPIN: AAT-9949

HEAD OFFICE

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INDEPENDENT AUDITORS' REPORT

To the Members of
Praj Engineering & Infra Limited

Report on the Audit of the Financial Statements**Opinion**

We have audited the Financial Statements of Praj Engineering & Infra Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity, the Statement of Cash Flows for the year then ended, and notes to the Financial Statements, including a summary of Significant Accounting Policies and other explanatory information (hereinafter referred to as "the Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, its profit (including other comprehensive income), its changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

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

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the Board of Directors' Report along with its Annexures (together referred to as "the other information") included in the Annual Report but does not include the Financial Statements and our Auditor's Report thereon. Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Offices at: Mumbai | Kolhapur | Belagavi | Hubballi | Dharwad | Bengaluru



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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

We also:

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

date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A; a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended.
 - e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f) With respect to the adequacy of the internal financial controls with reference to the Financials Statements of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure B.
 - g) As required by section 197 (16) of the Act, in our opinion and according to the information and explanations provided to us, no remuneration has been paid by the Company to its directors in the current financial year. Accordingly, reporting under the provisions of section 197 of the Act is not applicable.
 - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The Company did not have any pending litigations that would have an impact on its financial position for year ended March 31, 2023.



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- (ii) The Company has made provision, as required under any law or accounting standards, for material foreseeable losses, if any, on long term contracts. The Company did not have any derivative contracts;
- (iii) There are no amounts required to be transferred, to the Investor Education and Protection Fund by the Company.
- (iv) (a) The Management has represented to us that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) the Management has represented to us, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on the information and explanation given to us and audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations made by the Management and as mentioned under sub-clause (iv)(a) and (iv)(b) above contains any material misstatement.
- (v) The Company has not declared and paid dividend during the year. Accordingly reporting on compliance with Section 123 of the Act is not applicable.
- (vi) The requirement to use accounting software that includes an audit trail (edit log) feature for maintaining a Company's books of account, as mandated by rule 3(1) of the Companies (Accounts) Rules, 2014, has been postponed until the financial years beginning on or after April 1, 2023. As a result, we are not able to report under Rule 11(g) of the Companies (Audit & Auditors) Rules, 2014 for the financial year that ended on March 31, 2023.

For **P G BHAGWAT LLP**

Chartered Accountants

Firm Registration Number: 101118W/W100682

Abhijeet Bhagwat

Partner

Membership Number: 136835

UDIN: 23136835BGXPOZ8287



Pune

May 17, 2023

Annexure A to the Independent Auditors' Report

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

- (i) (a) (A) The Company is maintaining proper records showing full particulars, including quantitative details and situation of property, plant and equipment though property, plant and equipment all have been sold as of March 31, 2023.
- (B) The Company does not have any intangible assets.
- (b) The Company has a policy of verifying part of the property, plant and equipment every year internally. In our opinion the interval of verification is reasonable. As per the policy, the property, plant and equipment were verified by the Company internally in the current year though all property, plant and equipment have been sold as of March 31, 2023. According to the information provided to us, no material discrepancies have been noticed on such verification.
- (c) The Company does not have any immovable properties. Accordingly, reporting on clause 3(i) (c) of the Order is not applicable.
- (d) The Company has chosen cost model for its property, plant and equipment and intangible assets. Consequently, the question of our commenting on whether the revaluation is based on the valuation by a Registered Valuer, or specifying the amount of change, if the change is 10% or more in the aggregate of the net carrying value of each class of property, plant and equipment or intangible assets does not arise.
- (e) According to the information and explanations provided to us, there are no proceedings that have been initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended in 2016) and rules made thereunder.
- (ii) (a) The Company is in the business of erection, commissioning and sub-contracting work and does not hold any inventory. Accordingly, reporting on clause (ii) (a) of the Order is not applicable.
- (b) According to the information and explanations provided to us, the Company has not been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets. Accordingly, reporting on clause (ii) (b) of the Order is not applicable.
- (iii) According to the information and explanations provided to us, the Company has not provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year and does not have any opening loan balances. Accordingly, reporting on clause 3 (iii) (a), (c), (d), (e) and (f) of the Order is not applicable. The Company has made investments in corporate deposits of body corporates.
- (b) According to information and explanation provided to us and in our opinion, the investments made by the Company during the year in the corporate deposits of body corporates are, prima facie; not prejudicial to the interest of the Company.
- (iv) According to information and explanation provided to us, the Company has not granted any loans, made investments, provided guarantees and securities that are covered under the provisions of Sections 185 and 186 of the Act. Accordingly, reporting on clause 3 (iv) of the Order is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 of the Act and the Rules made thereunder or amounts which are deemed to be deposits. Accordingly, reporting on clause 3 (v) of the Order is not applicable.
- (vi) According to information and explanation provided to us, maintenance of cost records under sub-section (1) of section 148 of the Act is not applicable. Accordingly, reporting on clause 3 (vi) of the Order is not applicable.

- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Goods and Services Tax, Provident Fund, Employees' State Insurance, Income-Tax, Sales-Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and any other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of statutory dues referred in sub clause (a) above were in arrears as at March 31, 2023, for a period of more than six months from the date they became payable.

- (b) According to the information and explanation provided to us, there are no statutory dues referred to in clause (vii) (a) which have not been deposited because of any dispute.

- (viii) According to the information and explanations given to us and records examined by us, there are no transactions which were not recorded in the books of account and have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).

- (ix) (a) The Company does not have any loans or borrowings. Accordingly, reporting on clause 3 (ix) (a) of the Order is not applicable.

(b) According to the information and explanations given to us, our audit procedures and as represented to us by the Management, we report that the Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c) The Company does not have any loans or borrowings. Accordingly, reporting on clause 3 (ix) (c) of the Order is not applicable.

(d) On an overall examination of the Financial Statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.

(e) According to the information and explanations given to us and based on our audit procedures, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures. Accordingly, reporting on clause 3 (ix) (e) of the Order is not applicable.

(f) According to the information and explanations given to us and based on our audit procedures, the Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies. Accordingly, reporting on clause 3 (ix) (f) of the Order is not applicable.

- (x) (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, reporting on clause 3 (x) (a) of the Order is not applicable.

(b) The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. Accordingly, reporting on clause 3 (x) (b) of the Order are not applicable.

- (xi) (a) Based upon the audit procedures performed by us and according to the information and explanation provided to us by the Management, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.



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(b) According to information and explanation provided to us and based on our examination of records, no report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government during the year and up to the date of this report.

(c) According to information and explanation provided to us, establishment of vigil mechanism is not mandated under the Act. Accordingly, reporting on clause 3 (xi) (c) of the Order is not applicable.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, reporting on clause 3 (xii) (a), (b) & (c) of the Order is not applicable.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with related parties are in compliance with and 188 of the Act, where applicable, and the details of transactions have been disclosed in the Financial Statements as required by Ind AS 24 'Related Party Disclosures'. Refer note 25 to the Financial Statements. Section 177 of the Act is not applicable to the Company for the year ended March 31, 2023.

(xiv) According to the information and explanations given to us, section 138 of the Act which mandates internal audit system is not applicable to the Company. Accordingly, reporting on clause of the Order 3 (xiv) is not applicable.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with the directors or persons connected with them during the year. Accordingly, reporting on clause 3 (xv) of the Order is not applicable.

(xvi) (a) In our opinion and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India, 1934. Accordingly, reporting on clause 3(xvi) (b) & (c) of the Order is not applicable.

(d) According to the information and explanations given to us, there is no Core Investment Company within the Group. Accordingly, reporting on clause 3(xvi) (d) of the Order is not applicable.

(xvii) The Company has not incurred cash losses in the financial year and in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year. Accordingly, reporting on clause 3 (xviii) of the Order is not applicable.

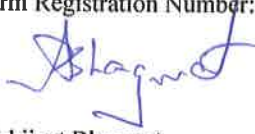
(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the Financial Statements, our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.



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Chartered Accountants
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(xx) According to the information and explanations given to us, the provisions of section 135 of the Act are not applicable to the Company. Accordingly, reporting on clause 3(xx) of the Order is not applicable.

For **P G BHAGWAT LLP**
Chartered Accountants
Firm Registration Number: 101118W/W100682



Abhijeet Bhagwat

Partner

Membership Number: 136835

UDIN: 23136835BGXPOZ8287



Pune

May 17, 2023

Annexure B to the Independent Auditors' Report

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

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

We have audited the internal financial controls with reference to the Financials Statements of Praj Engineering & Infra Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

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Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

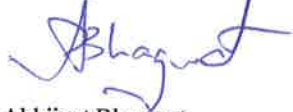
Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to the Financials Statements and such internal financial controls with reference to the Financials Statements were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **P G BHAGWAT LLP**

Chartered Accountants

Firm Registration Number: 101118W/W100682



Abhijeet Bhagwat

Partner

Membership Number: 136835

UDIN: 23136835BGXPOZ8287



Pune

May 17, 2023

Praj Engineering and Infra Limited

Balance Sheet as at 31st March 2023

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

	Particulars	Note No.	31 March 2023	31 March 2022
ASSETS				
(1)	Non-current assets			
	Property, plant and equipment	3	-	2.069
	Financial assets			
	Investments	4	-	0.013
	Other	5	3.485	12.890
	Deferred tax assets (net)	21	24.982	20.782
	Total non-current assets		28.467	35.754
(2)	Current assets			
	Inventories		-	-
	Financial assets			
	Investments	4	100.000	72.500
	Trade receivables	6	472.689	264.561
	Cash and cash equivalents	7	123.865	177.956
	Other bank balances	8	176.172	20.957
	Others	5	8.279	1.589
	Current tax asset (Net)		8.862	2.749
	Other current assets	9	131.790	132.620
	Total current assets		1021.657	672.932
	TOTAL ASSETS		1050.124	708.687
EQUITY AND LIABILITIES				
Equity				
	Equity share capital	10	3.098	3.098
	Other equity	11	193.566	124.802
	Total equity		196.664	127.900
(1)	LIABILITIES			
	Non-current liabilities			
	Provisions	12	0.914	0.760
	Total non-current liabilities		0.914	0.760
(2)	Current liabilities			
	Financial liabilities			
	Trade payables	13		
	(i) Total outstanding dues of micro enterprises and small enterprises		11.130	1.278
	(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		227.538	140.770
	Other financial liabilities	14	1.787	11.127
	Other current liabilities	15	566.104	378.397
	Provisions	12	21.194	36.216
	Current tax liabilities (net)		24.793	12.239
	Total current liabilities		852.546	580.027
	Total liabilities		853.460	580.787
	TOTAL EQUITY AND LIABILITIES		1050.124	708.687

Corporate information 1

Summary of significant accounting policies 2

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

As per our report of even date.

For P G BHAGWAT LLP
Chartered Accountants
Firm Regn. No: 101118W/V 100682

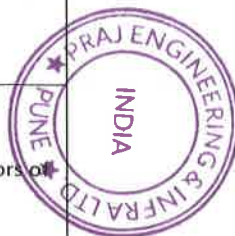
Abhijeet Bhagwat
Partner



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

Dattatraya Nimbolkar
Director

Sachin Raole
Director



Praj Engineering and Infra Limited**Statement of Profit and Loss for the year ended 31st March 2023**

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

Particulars	Note No.	31 March 2023	31 March 2022
Income			
Revenue from operations	16	1305.398	740.336
Other income	17	42.423	10.204
Total income		1347.821	750.540
Expenses			
Cost of materials consumed		-	-
Employee benefits expense	18	19.602	17.262
Finance costs	19	0.015	0.005
Depreciation	3	0.267	0.637
Other expenses	20	1236.154	720.671
Total expenses		1256.038	738.575
Profit/(loss) before exceptional items and tax		91.783	11.965
Exceptional items			
Profit / (loss) before tax		91.783	11.965
Tax expense	21		
(1) Current tax		27.219	15.345
(2) Deferred tax		(4.200)	(12.257)
(3) Adjustment of tax relating to earlier periods		0.000	1.366
Total tax expense		23.019	4.454
Profit/(loss) for the period		68.764	7.511
Other comprehensive income			
Items that will not be reclassified to profit and loss:			
Re-measurement of defined benefit plans		0.001	0.000
Income tax relating to items that will not be reclassified to profit or loss		0.000	0.000
Total other comprehensive income		0.001	0.000
Total comprehensive income for the period (Comprising of profit (loss) and other comprehensive Income for the period)		68.765	7.511
Earnings / (loss) per equity share	22		
(1) Basic		221.95	24.24
(2) Diluted		221.95	24.24
Corporate information	1		
Summary of significant accounting policies	2		
The accompanying notes are an integral part of the financial statements.			

As per our report of even date.

For P G BHAGWAT LLP

Chartered Accountants

Firm Regn. No: 101118W/W1/0682

Abhijeet Bhagwat

Partner

Membership No.: 136835

Place: Pune

Date: 17 May 2023

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

Dattatraya Nimbolkar

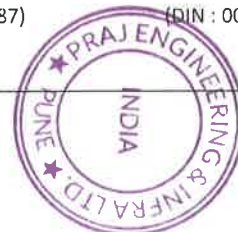
Director

(DIN : 01104587)

Sachin Raole

Director

(DIN : 00431438)



Praj Engineering and Infra Limited
Statement of Cash flows for the year ended 31st March 2023

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

	31 March 2023	31 March 2022
A. Cash flow from operating activities		
Profit / (loss) before tax	91.783	11.965
Adjustments for:		
Loss / (Profit) on sale of fixed assets	1.802	0.000
Bad debts / Provision for doubtful debts	50.629	13.913
Provision for doubtful advances	2.804	-
Excess provision / creditors written back (including advances)	(28.629)	(2.048)
Investment Written Off	0.013	-
Depreciation and amortisation	0.267	0.637
Interest earned	(13.794)	(7.843)
Operating profit before working capital changes	104.875	16.624
Changes in working capital		
(Increase) /decrease in trade receivables	(258.757)	(125.363)
(Increase)/decrease in inventories (including contracts in progress)	20.087	9.834
(Increase)/decrease in other non-current financial assets	(0.650)	(0.101)
(Increase)/decrease in other current financial assets	(0.022)	0.000
(Increase)/decrease in other current assets	(22.061)	(25.743)
Increase/(decrease) in trade payables	125.249	(3.479)
Increase/(decrease) in other current financial liabilities	(9.340)	6.718
Increase/(decrease) in other current liabilities	187.707	159.097
Increase/(decrease) in long term provisions	0.155	0.058
Increase/(decrease) in Short term provisions	(15.022)	36.062
Cash generated from operations	132.221	73.707
Direct taxes paid (including taxes deducted at source), net of refunds	(20.778)	(4.367)
NET CASH USED IN OPERATING ACTIVITIES	111.443	69.340
B. Cash flow from investing activities		
Interest received on investments	7.126	8.736
Withdrawal /(Investment) of fixed deposits (net)	(145.160)	16.995
Withdrawal/(Investment) in Corporate deposits (net)	(27.500)	(50.000)
NET CASH FROM / (USED) IN INVESTING ACTIVITIES	(165.534)	(24.269)
C. Cash flow from financing activities		
NET CASH FROM / (USED) IN FINANCING ACTIVITIES		
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(54.091)	45.071
Cash and cash equivalents at the beginning of the year (Refer Note 7)	177.956	132.885
Add: effect of exchange rate changes on cash and cash equivalents		
Cash and cash equivalents at the end of the year (Refer Note 7)	123.865	177.956
	123.865	177.956

Notes:

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

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

As per our report of even date.

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

Abhijeet Bhagwat

Abhijeet Bhagwat
Partner
Membership No.: 136835
Place: Pune
Date: 17 May 2023



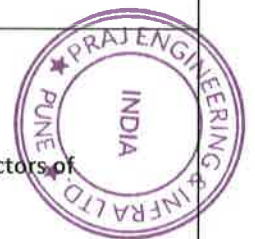
For and on behalf of the Board of Directors of
Praj Engineering and Infra Limited

Dattatraya Nimbolkar

Dattatraya Nimbolkar
Director
(DIN : 01104587)

Sachin Raol

Sachin Raol
Director
(DIN : 00431438)



Praj Engineering and Infra Limited

Statement of changes in equity for the year ended 31st March 2023

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

A. Equity share capital

Balance as at 1 April 2022	Changes in equity share capital during the year	Balance as at 31 March 2023
3.098	-	3.098

B. Other equity

Particulars	Reserves and surplus		Total
	General reserve	Retained earnings	
Balance as at 31 March 2021	0.230	117.061	117.291
Profit / (loss) for the year	-	7.511	7.511
Other comprehensive income for the year	-	-	-
Balance as at 31 March 2022	0.230	124.572	124.802
Profit / (loss) for the year	-	68.764	68.764
Other comprehensive income for the year	-	0.001	0.001
Balance as at 31 March 2023	0.230	193.337	193.567

As per our report of even date.

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

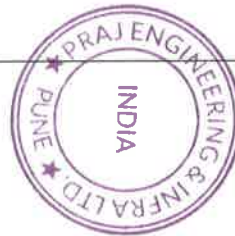
Abhijeet Bhagwat
Partner
Membership No.: 136835
Place: Pune
Date: 17 May 2023



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

Dattatraya Nimbolkar
Director
(DIN : 01104587)

Sachin Raole
Director
(DIN : 00431438)



Praj Engineering and Infra Limited

Notes to the financial statements for the year ended 31 March 2023

1 The corporate overview

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

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

2 Significant accounting policies

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

2.1 Basis of preparation

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

The financial statements were authorised for issue by the Board of Directors on 17 May 2023.

2.2 Basis of measurement

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

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

2.3 Functional and presentation currency

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

2.4 Significant accounting judgments, estimates and assumptions.

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

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

The areas involving critical estimates and judgements are:

- Estimation of current tax expense and payable – Note 21
- Estimation of defined benefit obligation – Note 27
- Recognition of revenue – Note 23
- Recognition of deferred tax assets for carried forward tax losses – Note 21
- Impairment of trade receivables – Note 33



Praj Engineering and Infra Limited

Notes to the financial statements for the year ended 31 March 2023

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

2.5 Current versus non-current classification

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

An asset as current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

All other liabilities are classified as non-current.

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

2.6 Property, plant and equipment

• Recognition and measurement

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

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

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

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

• Subsequent costs

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



Praj Engineering and Infra Limited

Notes to the financial statements for the year ended 31 March 2023

- **Disposal**

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

- **Depreciation**

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

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

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

Asset	Useful life (in years)
Vehicles	8

2.7 Impairment of non-financial assets

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

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

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

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

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



Praj Engineering and Infra Limited

Notes to the financial statements for the year ended 31 March 2023

2.8 Inventories

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

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

2.9 Cash and cash equivalents

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

2.10 Revenue recognition

Revenue is recognised when performance obligation is satisfied by transferring promised 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 transaction price(consideration) allocated to the performance obligation adjusted for returns, trade allowances, rebates, and excludes taxes collected from customers on behalf of government and amounts collected on behalf of third parties.

- **Contract revenue**

Revenue from fixed price contracts is recognised over time, when the outcome of the contract can be estimated reliably by reference to the percentage of completion of the contract on the reporting date under input method. Percentage of completion is determined as a proportion of costs incurred-to-date to the total estimated contract costs. In respect of erection and commission, percentage of completion is measured with reference to the milestone specified in the contract, which in the view of management reflects the work performed and to the extent it is reasonably certain of recovery.

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

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

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



Praj Engineering and Infra Limited

Notes to the financial statements for the year ended 31 March 2023

Determination of revenues under the percentage of completion method necessarily involves making estimates by the company, some of which are of a technical nature, concerning, where relevant, the percentage of completion, costs to completion, the expected revenues from the project / activity and the foreseeable losses to completion.

Execution of contracts necessarily extends beyond accounting periods. Revision in costs and revenues estimated during the course of the contract are reflected in the accounting period in which the facts requiring the revision become known.

2.11 Other income

- **Interest income**

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

- **Dividends**

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

2.12 Foreign currency transactions and balances

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

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

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

2.13 Employee benefits

- **Short-term employee benefits**

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

- **Post-employment benefits**

Defined contribution plans

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



Praj Engineering and Infra Limited

Notes to the financial statements for the year ended 31 March 2023

Defined benefit plans

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

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

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

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

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

Other long-term employee benefits

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

Termination benefits

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

2.14 Leases

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

a. Company as a Lessee

A lessee is required to recognise assets and liabilities for all leases and to recognise depreciation of leased assets separately from interest on lease liabilities in the statement of Profit and Loss. The



Praj Engineering and Infra Limited

Notes to the financial statements for the year ended 31 March 2023

Company uses the practical expedient to apply the requirements of this standard to a portfolio of leases with similar characteristics if the effects on the financial statements of applying to the portfolio does not differ materially from applying the requirement to the individual leases within that portfolio.

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

a.1 Right to use asset

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

a.2 Lease liability

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

b. Company as a Lessor

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

Critical accounting estimates and judgements

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

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

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

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



Praj Engineering and Infra Limited

Notes to the financial statements for the year ended 31 March 2023

2.15 Borrowing costs

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

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

2.16 Income tax

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

• Current tax

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

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

• Deferred tax

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

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

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



Praj Engineering and Infra Limited

Notes to the financial statements for the year ended 31 March 2023

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

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

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

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

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

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

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

2.17 Provisions and contingencies

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

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



Praj Engineering and Infra Limited

Notes to the financial statements for the year ended 31 March 2023

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

Contingent liability is disclosed in case of

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

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

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

2.18 Earnings per share (EPS)

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

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

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

2.19 Fair value measurement

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

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

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

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

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

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



Praj Engineering and Infra Limited

Notes to the financial statements for the year ended 31 March 2023

- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

2.20 Financial instruments

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

Financial assets

Classification

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

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

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

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

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

Measurement

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

Debt instruments

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



Praj Engineering and Infra Limited

Notes to the financial statements for the year ended 31 March 2023

Debt instruments at amortised cost

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

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

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

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

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

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

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

Equity investments

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

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

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

Derecognition

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



Praj Engineering and Infra Limited

Notes to the financial statements for the year ended 31 March 2023

Impairment of financial assets

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

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

Non-derivative financial liabilities

Recognition

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

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

Measurement

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

Derecognition

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

Offsetting of financial instruments

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



Praj Engineering and Infra Limited

Notes to the financial statements for the year ended 31 March 2023

2.21 Standards issued but not effective.

Amendment to Indian Accounting Standard Rules, 2015

Ministry of Corporate Affairs (MCA), vide notification dated 31st March 2023, has made the following amendments to Ind AS which are effective 1st April, 2023:

Particulars	Explanation
Ind AS 1, Presentation of Financial Statements	The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Company does not expect this amendment to have any significant impact in its financial statements.
Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors	The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.
Ind AS 12, Income Taxes	The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the initial recognition exemption so that it does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company does not expect this amendment to have any significant impact in its financial statements.



Praj Engineering and Infra Ltd.,**Notes to the financial statements for the year ended 31st March 2023**

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

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

	Tangible Assets	
	Vehicles	Grand Total
Gross Block		
As at 1st April 2021	5.099	5.099
Additions during the year	-	-
Deletions during the year	-	-
As at 31 March 2022	5.099	5.099
As at 1st April 2022	5.099	5.099
Additions during the year	-	-
Deletions during the year	(5.099)	(5.099)
As at 31 March 2023	0.000	0.000
Accumulated depreciation and amortisation		
As at 1st April 2021	2.392	2.392
Charge for the year	0.637	0.637
Depreciation on deletions	-	-
As at 31 March 2022	3.030	3.030
As at 1st April 2022	3.030	3.030
Charge for the year	0.267	0.267
Depreciation on deletions	(3.298)	(3.298)
As at 31 March 2023	0.000	0.000
Net Carrying Value		
As at 31 March 2023	0.000	0.000
As at 31st March 2022	2.069	2.069



Praj Engineering and Infra Limited**Notes to the financial statements for the year ended 31st March 2023**

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

	31 March 2023	31 March 2022
4 Investments		
(i) Investments at amortised cost:		
Unquoted investments:		
Investment in National saving certificate (Written off during the year)	-	0.013
Total Non Current	-	0.013
Investments at amortised cost		
Unquoted investments:		
Deposit with Bajaj Finance Limited	100.000	72.500
Total current	100.000	72.500
Total Investments	100.000	72.513
5 Other financial assets		
Non-current		
Unsecured, considered good		
Security deposits	1.408	0.758
Deposits with banks with an original maturity of more than 12 months	2.077	12.132
	3.485	12.890
Current		
Unsecured, considered good		
Interest accrued on fixed deposits and bonds	8.257	1.589
Dues to holding company	0.022	0.000
	8.279	1.589
Total other financial assets	11.764	14.479



Praj Engineering and Infra Limited**Notes to the financial statements for the year ended 31st March 2023**

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

	31 March 2023	31 March 2022
6 Trade receivables(Refer note 30 for Ageing)		
- From related parties	-	-
- From others		
Unsecured, considered good	472.689	264.561
Unsecured, considered doubtful	68.130	46.501
	540.819	311.062
Less: Provision for doubtful debts	68.130	46.501
	472.689	264.561
No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member. Trade receivables are non interest bearing and generally on credit terms of 60 to 90 days.		
	31 March 2023	31 March 2022
7 Cash and cash equivalents		
Balances with banks		
On current accounts	38.298	8.110
Deposits with original maturity of less than 3 months	85.039	169.421
Cash on hand	0.528	0.425
	123.865	177.956
8 Other bank balances		
Deposits with maturity for more than 12 months	2.077	12.132
Deposits with maturity for more than 3 months but less than 12 months	176.172	20.957
	178.249	33.089
Less: amounts disclosed under other non-current assets (Refer note 5)	(2.077)	(12.132)
	176.172	20.957
9 Other current assets		
Advance to suppliers		
Unsecured, considered good	78.667	57.237
Unsecured, considered doubtful	2.804	-
	81.471	57.237
Less: Provision for doubtful Advances	2.804	-
	78.667	57.237
Unsecured, considered good		
Contracts in progress (Refer note 23)	27.700	47.787
Balances with Indirect tax authorities	24.118	25.302
Amounts receivable in cash or kind	1.305	2.294
	131.790	132.620



Praj Engineering and Infra Limited

Notes to the financial statements for the year ended 31st March 2023

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

	31 March 2023	31 March 2022
10 Share capital		
Equity share capital		
Authorised shares (No. million)		
1.000 (31 March 2022 : 1.000) equity shares of INR 10 each	10.000	10.000
Issued, subscribed and fully paid-up shares (No. million)		
0.3098 (31 March 2022 : 0.3098) equity shares of INR 10 each	3.098	3.098
	3.098	3.098
	31 March 2023	31 March 2022
Reconciliation of the shares outstanding at the beginning and at the end of the reporting period:	Number	Number
a		
At the beginning of the period	3,09,800	3,09,800
Add: Additional shares issued during the period	-	-
Less: Shares bought back during the period pursuant to buy back scheme	-	-
Outstanding at the end of the period	3,09,800	3,09,800
	Amount	Amount
At the beginning of the period	3.098	3.098
Add: Additional shares issued during the period	-	-
Less: Shares bought back during the period pursuant to buy back scheme	-	-
Outstanding at the end of the period	3.098	3.098
b Terms/ Rights attached to equity shares:		
The Company has only 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.		
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.		
c Shares held by holding/ultimate holding company and/or their subsidiaries/associates:		
Praj Industries Limited is the ultimate holding company.		
d Details of shareholders holding more than 5% shares in the company:		
Equity shares of INR 10 each fully paid	% of holding	% of holding
Praj Industries Limited.	99.65%	99.65%
	31 March 2023	31 March 2022
11 Other Equity		
General reserve		
Balance as per last financial statements	0.230	0.230
Add : amounts transferred from surplus balance in statement of profit and loss		
Balance at the end of year	0.230	0.230
Retained Earnings		
Balance as per last financial statements	124.572	117.061
Profit / (loss) as per statement of profit and loss	68.765	7.511
Net Surplus in Statement of Profit & Loss	193.336	124.572
	193.566	124.802



Praj Engineering and Infra Limited

Notes to the financial statements for the year ended 31st March 2023

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

	31 March 2023	31 March 2022
12 Provisions		
Provision for employee benefits		
Provision for leave encashment	0.914	0.760
Non-current	0.914	0.760
Provision for gratuity(Refer note 27)	0.416	0.303
Provision for leave encashment	0.109	0.088
Provision for anticipated losses	20.669	35.825
Current	21.194	36.216
13 Trade payables(Refer note 30 for Ageing)		
To related parties	-	-
To others		
Total outstanding dues of micro enterprises and small enterprises(ReferNote28)	11.130	1.278
Total outstanding dues of creditors other than micro enterprises and small enterprises	227.538	140.770
	238.668	142.048
14 Other current financial liabilities		
Other payables	0.063	9.701
Employee benefit payable	1.724	1.427
	1.787	11.127
15 Other current liabilities		
Advances received from customers	312.502	255.845
Statutory dues payable	3.027	2.589
Dues to customers relating to contracts in progress (Refer Note 23)	250.575	119.963
	566.104	378.397



Praj Engineering and Infra Limited**Notes to the financial statements for the year ended 31st March 2023**

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

	31 March 2023	31 March 2022
16 Revenue from operations		
Sale of services	1456.097	778.491
Add: Closing contracts in progress	(222.875)	(72.176)
Less: Opening contracts in progress	(72.176)	(34.021)
	1305.398	740.336
17 Other income		
Interest		
- on fixed deposits	13.794	7.249
- others	-	0.594
Excess provision / creditors written back and written off (net)	28.629	2.048
Other non-operating income	-	0.313
	42.423	10.204
18 Employee Benefit Expenses		
Salaries, wages and bonus	18.670	16.380
Contributions to provident and other funds (Refer note 27)	0.668	0.661
Gratuity expense (Refer note 27)	0.264	0.221
	19.602	17.262
19 Finance costs		
Interest cost on defined benefit obligations (Refer note 27)	0.015	0.005
	0.015	0.005
20 Other expenses		
Consumption of Stores & spares	0.832	5.314
Site expenses and labour charges	1145.558	682.285
Freight and transport	12.139	2.460
Bad debts written off / Provision for doubtful debts and advances	53.433	13.913
Travel and conveyance	6.771	5.161
Professional consultancy charges	4.912	1.084
Insurance	4.048	2.969
Rent (Refer note 26)	0.189	0.249
Communication expenses	0.030	0.035
Testing charges	0.110	0.051
for audit services	0.180	0.180
for taxation services	0.050	0.050
(Profit) / Loss on sale of fixed assets (net)	1.802	0.000
Miscellaneous expenses	6.100	6.920
	1236.154	720.671



Praj Engineering and Infra Limited

Notes to the financial statements for the year ended 31st March 2023

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

Note 21: Income Tax

Statement of profit and loss:

Particulars	31 March 2023	31 March 2022
Current income tax:		
Current income tax charge	27.219	15.345
Tax relating to earlier periods	0.000	1.366
Deferred tax:		
Relating to origination and reversal of temporary differences	(4.200)	(12.257)
Income tax expense reported in the statement of profit and loss	23.019	4.454

Statement of other comprehensive income:

Particulars	31 March 2023	31 March 2022
Deferred tax:		
Remeasurements gains and losses on post employment benefits	-	-
Income tax expense reported in the statement of other comprehensive income	-	-

Reconciliation of effective tax rate

Particulars	31 March 2023	31 March 2022
Accounting profit before tax	91.783	11.965
Tax using the Company's domestic tax rate (31 March 2023 25.1680% : 31 March 2022 25.1680%)	23.100	3.011
Adjustments in respect of current income tax of previous years	0.000	1.366
Less: Tax effect of:		
1. Tax rate difference on book profit as per Minimum Alternate Tax	-	-
2. Additional deduction as per PY tax audit	-	-
Add: Tax effect of		
1. Effect on deduction claimed in MAT for Doubtful debt provision written back	-	-
2. Deferred tax effects on earlier year	(0.081)	0.078
Total	23.019	4.455
Income tax expense reported in the statement of profit and loss	23.019	4.454



Deferred tax

Deferred tax relates to the following: Deferred tax asset / (liability)	Balance sheet		Statement of profit and loss & other comprehensive income	
	31-Mar-23	31 March 2022	31-Mar-23	31 March 2022
Deferred tax asset				
Provision for doubtful debts & advances	17.853	11.703	(6.150)	(3.425)
Gratuity	0.105	0.076	(0.029)	(0.057)
Business losses	-	-	-	-
Leave encashment/exgratia	0.450	0.213	(0.237)	(0.017)
Others (40 (a))	1.372	0.474	(0.898)	(0.432)
Provision for Expenses	5.202	8.266	3.065	(8.266)
Total	24.981	20.732	(4.249)	(12.197)
Deferred tax liability				
Property, plant & equipment and intangible assets	0.000	0.049	0.049	(0.060)
Total	0.000	0.049	0.049	(0.060)
Net deferred tax asset / (liability)	24.981	20.781		
Deferred tax expense/(income)			(4.200)	(12.257)
- Recognised in statement of profit and loss			(4.200)	(12.257)
- Recognised in statement of other comprehensive income				-

Praj Engineering and Infra Limited

Notes to the financial statements for the year ended 31st March 2023

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

Note 22: Earnings per share

Particulars	31 March 2023	31 March 2022
Reconciliation of basic and diluted shares used in computing earnings per share		
Weighted average number of basic equity shares	3,09,820	3,09,820
Computation of basic and diluted earnings per share		
Net profit after tax attributable to equity shareholders	68.764	7.511
Basic earnings per equity share of Rs. 10 each	221.95	24.24
Diluted earnings per equity share of Rs. 10 each	221.95	24.24

Note 23: Disclosures pursuant to Ind AS 115 – Revenue from contracts with customers

Particulars	31 March 2023	31 March 2022
Contract revenue recognised during the year	1305.398	740.336
Aggregate amount of contract costs incurred and recognised profits (less recognised losses)	1898.423	1265.134
Customer advances outstanding for contracts in progress	34.030	192.341
Retention money due from customers for contracts in progress	29.875	21.231
Gross amount due from customers for contract work (presented as contracts in progress)	27.700	47.787
Gross amount due to customers for contract work (presented as dues to customers relating to contracts in progress)	(250.575)	(119.963)

Note 24: Segment reporting

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

Note 25: Related party transactions

a) Parties where control exists

Holding Company

Praj Industries Limited

b) Key management personnel

Directors

Atul Mulay
Dattatraya Nimbolkar
Shishir Joshipura
Sachin Raole

Director of Holding company

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

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

Particulars	31 March 2023	31 March 2022
Praj Industries Limited		
Purchases	-	4.046
Advances received & paid during the year	-	18.306
Advances provided & recovered during the year	-	0.000
Expenses incurred and reimbursed by the company	0.714	1.869
Expenses incurred and reimbursed by Holding company	2.429	-
Rent paid	0.060	0.060
Receivable	0.000	0.000
Payable	-	-



Note 26: Leases

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

Particulars	31 March 2023	31 March 2022
Lease payments debited to statement of profit and loss		
- cancellable leases	0.060	0.060

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

The Company has recognised Rs. 0.668 (31 March 2022: Rs. 0.661) towards post-employment defined contribution plans comprising of provident and superannuation fund in the statement of profit and loss.

b) Defined benefit plan

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

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

Particulars	31 March 2023	31 March 2022
Present value of obligation as at the beginning of the period	1.022	0.748
Interest cost	0.069	0.050
Current service cost	0.264	0.221
Benefits paid	(0.097)	-
Remeasurements on obligation - (gain) / loss	0.016	0.002
Present value of obligation as at the end of the period	1.274	1.022

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

Particulars	31 March 2023	31 March 2022
Fair value of plan assets at the beginning of the period	0.719	0.672
Interest income	0.054	0.045
Contributions	0.075	-
Adjustment entry	(0.007)	-
Return on plan assets, excluding amount recognized in interest income - gain / (loss)	0.018	0.002
Fair value of plan assets as at the end of the period	0.858	0.719

Amounts recognised in the balance sheet are as follows:

Particulars	31 March 2023	31 March 2022
Present value of obligation as at the end of the period	1.274	1.022
Fair value of plan assets as at the end of the period	0.858	0.719
Surplus / (deficit)	(0.416)	(0.303)

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

Particulars	31 March 2023	31 March 2022
Current service cost	0.264	0.221
Net interest (income) / expense	0.015	0.005
Net periodic benefit cost recognised in the statement of profit and loss at the end of the period	0.279	0.226

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

Particulars	31 March 2023	31 March 2022
Opening amount recognised in OCI outside statement of profit and loss	(0.267)	(0.267)
Remeasurement for the year - obligation (gain) / loss	0.016	0.002
Remeasurement for the year - plan assets (gain) / loss	(0.018)	(0.002)
Total remeasurements cost / (credit) for the year	(0.002)	0.000
Less: Amount transferred to retained earnings	-	-
Closing amount recognised in OCI outside statement of profit and loss	(0.269)	(0.267)



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

Particulars	31 March 2023	31 March 2022
Interest (income) / expense - obligation	69,114	0.050
Interest (income) / expense - plan assets	-53,710	(0.045)
Net interest (income) / expense for the year	0.015	0.005

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

Net interest (income) / expense recognised in statement of profit and loss are as follows:	31 March 2023	31 March 2022
Funds managed by insurer	100%	100%
Total	100%	100%

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

Particulars	31 March 2023	31 March 2022
Discount rate	7.40%	7.10%
Rate of increase in compensation levels	8.00%	8.00%
Expected rate of return on plan assets	7.10%	6.70%
Expected average remaining working lives of employees (in years)	10.32	10.54
Withdrawal rate		
Age upto 30 years	7.00%	7.00%
Age 31 - 40 years	7.00%	7.00%
Age 41 - 50 years	7.00%	7.00%
Age above 50 years	7.00%	7.00%

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

Sensitivity analysis indicates the influence of a reasonable change in certain significant assumptions on the outcome of the present value of obligation. Sensitivity analysis is done by varying (increasing/ decreasing) one parameter by 100 basis points (1%)

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

Discount rate	Present value of obligation	
	31 March 2023	31 March 2022
6.40% (6.10%)	1.391	1.122
8.40% (8.10%)	1.172	0.936

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

Salary increment rate	Present value of obligation	
	31 March 2023	31 March 2022
7.00% (7.00%)	1.183	0.944
9.00% (9.00%)	1.376	1.110

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

Withdrawal rate	Present value of obligation	
	31 March 2023	31 March 2022
6.00% (6.00%)	1.279	1.028
8.00% (8.00%)	1.270	1.017

Note 28: Note on MSMED

The Company has amounts due to suppliers under The Micro, Small and Medium Enterprises Development Act, 2006, [MSMED Act] as at March 31, 2023. The disclosure pursuant to the said Act is as under:

Particulars	31 March 2023	31 March 2022
Total outstanding amount in respect of micro, small and medium enterprises	11.130	1.278
Principal amount due and remaining unpaid	-	-
Interest due on above and unpaid interest	-	-
Interest paid	-	-
Payment made beyond appointment day	-	-
Interest due and payable for the period of delay	-	-
Interest accrued and remaining unpaid(excluding interest accrued for earlier years)	-	-
Amount of further interest remaining due and payable in succeeding years	-	-

The identification of suppliers as micro, small and medium enterprise as defined under the Micro, Small and Medium Enterprises Development Act 2006, was done on the basis of information to the extent provided by the suppliers of company.



Praj Engineering and Infra Limited

Notes to the financial statements for the year ended 31st March 2023

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

Note 29: Fair value measurements

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

Sr.No	Particulars	Carrying value	Carrying value
		31 March 2023	31 March 2022
	Financial asset		
a)	Carried at amortised cost		
	Investment in National saving certificate	-	0.013
	Security deposits	1.408	0.758
	Trade receivable	472.689	264.561
	Deposits with banks	3.485	12.890
	Other receivables	8.279	1.589
	Cash and cash equivalents	302.114	211.045
	Financial liabilities		
a)	Carried at amortised cost		
	Trade payables	238.668	142.048
	Other payables	1.787	11.127



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Notes to the financial statements for the year ended 31st March 2023

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

Note 30 : Ageing schedule for Trade Receivables and Trade Payables

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

Particulars	Unbilled dues/Not due	31 March 2023					
		Outstanding for following periods from due date of payment					
		Less than 6 months	6 months -1 Year	1-2 Years	2-3 Years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	62.318	265.202	91.506	34.152	19.511	-	472.689
(ii) Undisputed Trade Receivables – credit impaired	4.518	-	16.081	16.513	11.390	19.628	68.130
Less: Impairment Allowance	(4.518)	-	(16.081)	(16.513)	(11.391)	(19.628)	(68.130)
Total	66.836	265.202	91.506	34.152	19.510	0.000	472.689

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

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

Particulars	Unbilled dues/Not due	31 March 2023				
		Outstanding for following periods from due date of payment				
		Less than 1 year	1-2 Years	2-3 Years	More than 3 years	Total
(i)MSME	3.523	7.100	0.511	-	-	11.134
(ii)Other	102.190	113.556	7.935	2.472	1.381	227.534
Total	105.713	120.656	8.446	2.472	1.381	238.668

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



Praj Engineering and Infra Limited

Notes to the financial statements for the year ended 31st March 2023

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

Note 31 : Analytical Ratio

Sr. No.	Ratio	Numerator	Denominator	31 March 2023	31 March 2022	% Variance	Reason for Variance
1	Current ratio	Current assets	Current liabilities	1.20	1.16	3.45%	N.A.
2	Debt-equity ratio	Debt	Net worth	NA	NA	-	N.A.
3	Debt service coverage ratio	Profit after tax + finance cost and depreciation	Interest & Lease Payments	NA	NA	-	N.A.
4	Return on equity ratio	Profit after tax	Average Shareholder's Equity	0.42	0.06	600.00%	Change in ratio is on account of increase in project margin.
5	Inventory turnover ratio	Cost of materials consumed + Changes in inventories + Consumption of stores and spares	Average Inventory	NA	NA	-	N.A.
6	Trade receivables turnover ratio	sales (billed to customer)	Average Accounts Receivable	0.32	0.34	-5.88%	N.A.
7	Trade payables turnover ratio	Net Credit Purchases	Average Trade Payables	0.20	0.20	0.00%	N.A.
8	Net capital turnover ratio	sales	Average Workin capital	9.96	8.59	15.95%	N.A.
9	Net profit ratio	Profit After Tax	sales	0.05	0.01	400.00%	Change in ratio is on account of increase in project margin.
10	Return on capital employed	Earning Before Interest & Tax	Capital Employed	0.47	0.09	422.22%	Change in ratio is on account of increase in project margin.
11	Return on investment	Income from Investments	Investment	0.05	0.05	0.00%	NA



Praj Engineering and Infra Limited

Notes to financial statements for the year ended 31 March 2022

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

32 Other Notes

i Details of Benami Property

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

ii Borrowings secured against current assets

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

iii Wilful Defaulter

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

iv Relationship with Struck off Companies

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

v Registration of charges with ROC

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

vi Utilisation of Borrowed funds and share premium

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

vii Details of Crypto Currency or Virtual Currency

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



Praj Engineering and Infra Limited

Notes to the financial statements for the year ended 31st March 2023

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

Note 33: Financial risk management policy and objectives

Company's principal financial liabilities, comprise trade and other payables. The main purpose of these financial liabilities is to finance company's operations. Company's principal financial assets include trade and other receivables, security deposits and cash and cash equivalents, that derive directly from its operations.

In order to minimise any adverse effects on the financial performance of the company, it has taken various measures. This note explains the source of risk which the entity is exposed to and how the entity manages the risk and impact of the same in the financial statements.

Risk	Exposure arising from	Measurement
Credit	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost.	Aging analysis, external credit rating (wherever available)
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts
Market risk- Foreign Currency Risk	Recognised financial assets and liabilities not denominated in Indian rupee (INR)	Sensitivity Analysis

The company's risk management is carried out by management, under policies approved by the board of directors. Company's treasury identifies, evaluates and hedges financial risks in close co-operation with the company's operating units. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, credit risk, and investment of excess liquidity.

(A) Credit risk

Credit risk in case of the Company arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers including outstanding receivables.

Credit risk management

Credit risk arises from the possibility that counter party may not be able to settle their obligations as agreed. To manage this, the Company periodically assesses the reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of accounts receivable. Individual risk limits are set accordingly.

The company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers reasonable and supportive forward looking information such as:

- (i) Actual or expected significant adverse changes in business,
- (ii) Actual or expected significant changes in the operating results of the counterparty,
- (iii) Financial or economic conditions that are expected to cause a significant change to counterparty's ability to meet its obligations,
- (iv) Significant increases in credit risk on other financial instruments of the same counterparty,
- (v) Significant changes in the value of collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements.

The company provides for expected credit loss in case of trade receivables, claims receivable and security deposits when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the company. The company categorises a receivable for provision for doubtful debts/write off when a debtor fails to make contractual payments greater than 180 days past due. The amount of provision depends on certain parameters set by the Company in its provisioning policy Where loans or receivables have been written off, the company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.



Provision for expected credit loss

Financial assets for which loss allowance is measured using 180 days Expected Credit Losses (ECL)

Exposure to risk	31 March 2023	31 March 2022
Trade receivables	540.819	311.062
Less : expected loss	68.130	46.501
	472.689	264.561

	31 March 2023	31 March 2022
Trade receivables		
Neither past due nor impaired	62.318	26.196
Less than 180 days	265.202	147.642
181 - 365 days	91.506	55.926
More than 365 days	536.63	34.797
Total	472.689	264.561

Reconciliation of loss provision

	31 March 2023	31 March 2022
Loss allowance as at 1 April 2022	46.501	32.588
Changes in loss allowance	21.629	13.913
Loss allowance as at 31 March 2023	68.130	46.501

B) Liquidity risk

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

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

Exposure to risk	31 March 2023	31 March 2022
Other liabilities		
On demand		
Less than 180 days	1.787	11.127
181 - 365 days	-	-
More than 365 days	-	-
Total	1.787	11.127
Trade payables		
On demand		
Less than 180 days	238.668	142.048
181 - 365 days	-	-
More than 365 days	-	-
Total	238.668	142.048

(C) Foreign currency risk

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



Note 34: Capital management

Risk management

The company's objectives when managing capital are to

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

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Note 35

Prior year comparatives are regrouped / reclassified wherever necessary to conform to current period's presentation.

Note 36

As on reporting date the company does not have any capital commitments and contingent liabilities

As per our report of even date.

For P G BHAGWAT LLP

Chartered Accountants

Firm Regn. No: 101118W/W100682



Abhijeet Bhagwat

Partner

Membership No.: 136835



Place: Pune

Date : 17 May 2023

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



Dattatraya Nimbolkar

Director

(DIN : 01104587)

Sachin Raole

Director

(DIN : 00431438)

