

INDEPENDENT AUDITOR'S REPORT

To the Members of Praj HiPurity Systems Limited

Report on the Audit of the Indian Accounting Standards (Ind AS) Financial Statements

Opinion

We have audited the Ind AS financial statements of Praj HiPurity Systems Limited ("the Company"), which comprise the balance sheet as at 31 March 2021, and the statement of Profit and Loss (including Other Comprehensive Income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Ind AS Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by 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 31 March 2021, and its profit (including Other Comprehensive Income), changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Ind AS 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 Ind AS financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report, but does not include the Ind AS financial statements and our auditor's report thereon.

Our opinion on the Ind AS 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 Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS 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 specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, 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 Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS 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 Ind AS 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 Ind AS 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 Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS 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 Ind AS financial statements, including the disclosures, and whether the Ind AS 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

- 1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, 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

P G BHAGWAT LLP

Chartered Accountants

LLPIN: AAT-9949

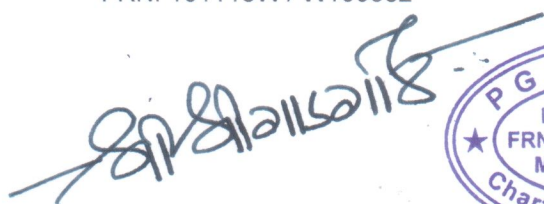
far as it appears from our examination of those books.

- (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 Ind AS financial statements comply with the 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 31 March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (g) As required by section 197 (16) of the Act, in our opinion and according to information and explanation provided to us, the remuneration paid by the company to its directors is in accordance with the provisions of section 197 of the Act and remuneration paid to directors is not in excess of the limit laid down under this section.
- (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, in our opinion and to the best of our information and according to the explanations given to us:
 - i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 29 to the financial statements;
 - ii) The Company did not have any long-term contracts including derivative contracts as at 31st March 2021;
 - iii) There were no amounts which were required to be transferred, to the Investor Education and Protection Fund by the Company;
 - iv) The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended 31st March 2021.

For P G BHAGWAT LLP

Chartered Accountants

FRN: 101118W / W100682



Shriniwas Shreeram Gadgil

Partner

Membership Number: 120570

Place: Mumbai

Date: 29th April 2021

UDIN: 21120570AAAAEC8906

Annexure - A to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the Ind AS financial statements for the year ended 31 March 2021, we report that:

- i)
- a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
 - b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
 - c) The title deeds of immovable properties are held in the name of the Company.
- ii) Except for inventory lying with third parties, the other inventory has been physically verified by the Management during the year at reasonable intervals during the year. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- iv) The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.
- v) The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified not accepted any deposits from the public.
- vi) Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- vii)
- a) According to the records of the company, the company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, Goods and Service Tax, cess and any other statutory dues to the appropriate authorities.
 - b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income tax, sales tax, service tax, duty of customs and duty of excise duty, value added tax, Goods and Service Tax, as at 31st March 2021 which have not been deposited on account of a dispute, are as follows:

P G BHAGWAT LLP

Chartered Accountants

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Name of Statute	Nature of Dues	Rs. In Millions	Period to Which the Amount Relates	Forum Where Dispute Is Pending
Maharashtra Value Added Tax Act 2002	Demand on Account of Disallowance of Input Set Off / Export Turnover /Pending Declaration	3.093	F. Y. 2010-2011	Joint Commissioner of Sales Tax (Appeal) Bhayander (west). Thane

viii) As the Company does not have any loans or borrowings from any financial institution or bank or Government, nor has it issued any debentures as at the balance sheet date, the provisions of Clause 3(viii) of the Order are not applicable to the Company.

ix) The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.

x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

xi) The Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

xii) As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

xiii) The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Ind AS 24, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

xv) The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

M/s P. G. BHAGWAT, the partnership firm was converted and incorporated as Limited Liability Partnership from 28th September 2020



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P G BHAGWAT LLP

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xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For P G BHAGWAT LLP

Chartered Accountants

FRN: 101118W / W100682



Shrinivas Shreeram Gadgil

Partner

Membership Number: 120570

Place: Mumbai

Date: 29th April 2021

UDIN: 21120570AAAAEC8906

Annexure - B to the Auditors' Report

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

Opinion

We have audited the internal financial controls with reference to financial statements of Praj HiPurity Systems Limited ("the Company") as of 31 March 2021 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to financial statements 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 (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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 financial statements were established and maintained and whether 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 financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, 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 standalone 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

P G BHAGWAT LLP

Chartered Accountants

LLPIN: AAT-9949

for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial controls with Reference to Financial Statements

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


Inherent Limitations of Internal Financial controls with Reference to Financial Statements

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

For P G BHAGWAT LLP

Chartered Accountants

FRN: 101118W / W100682



Shrinivas Shreeram Gadgil

Partner

Membership Number: 120570

Place: Mumbai

Date: 29th April 2021

UDIN: 21120570AAAAEC8906

PRAJ HIPURITY SYSTEMS LIMITED
Balance sheet as at 31st March, 2021

(Amounts in Indian Rupees million unless otherwise stated)

Particulars	Note No.	31st Mar 2021	31st Mar 2020
ASSETS			
Non-current assets			
Property, plant and equipment	3	169.357	165.998
Right-of-Use assets	3	27.404	34.953
Capital work-in-progress		-	-
Intangible assets	3	2.550	0.587
Intangible assets under development		-	-
Financial assets			
Loans	4	4.697	9.064
Deferred tax assets (net)	26	12.005	42.289
Other non-current assets	5	25.580	71.009
Total non-current assets		241.593	323.900
Current assets			
Inventories	6	394.660	382.767
Financial assets			
Investments	7	-	55.000
Trade receivables	8	614.987	465.328
Cash and cash equivalents	9	133.243	133.552
Other Bank Balance	10	217.500	-
Loans	4	0.533	0.300
Other Financial Assets	11	5.570	0.633
Current tax asset (net)		15.733	33.920
Other current assets	5	55.029	77.183
Total current assets		1,437.255	1,148.683
Total assets		1,678.848	1,472.583
EQUITY AND LIABILITIES			
Equity			
Equity share capital	12	50.000	50.000
Other equity	13	992.730	910.215
Total equity		1,042.730	960.215
Liabilities			
Non-current liabilities			
Financial Liabilities			
Lease Liabilities			
Provisions	14	23.373	29.534
		12.308	9.608
Total non-current liabilities		35.681	39.142
Current liabilities			
Financial liabilities			
Lease Liabilities			
Trade payables	15	6.150	12.761
(i) Total outstanding dues to micro enterprises and small enterprises (MSMED)		110.936	81.244
(ii) Total outstanding dues to other than micro enterprises and small enterprises		233.662	173.286
Other financial liabilities	16	36.990	18.316
Other current liabilities	17	194.092	172.036
Provisions	14	18.607	15.583
Current tax liabilities (net)			
Total current liabilities		600.437	473.226
Total liabilities		636.118	512.368
Total equity and liabilities		1,678.848	1,472.583

Summary of significant accounting policies

The accompanying notes are an integral part of these financial statements

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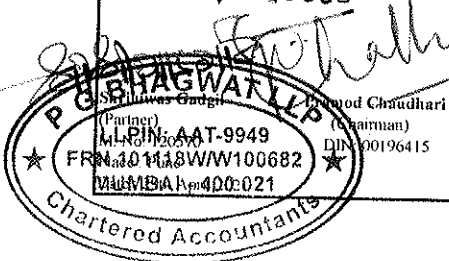
As per our report of even date attached

For **M.P.G. Bhagwat LLP**

Chartered Accountants

FRN: 101118W / W100682

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



Vikram Pandit
(Director and Manager)
DIN: 07710490

Shishir Joshipura
(Director)
DIN: 00574970

Sivaramakrishnan Iyer
(Director)
DIN: 00503487

Anant Bavare
(Company Secretary)
M. No. 21405



PRAJ HIPURITY SYSTEMS LIMITED
Statement of profit and loss for the period ended 31st March 2021

(Amounts in Indian Rupees million unless otherwise stated)

Particulars	Note No.	31st Mar 2021	31st Mar 2020
Income			
Revenue from operations	18	1,645.948	1,189.398
Other income	19	35.805	9.026
Total income		1,681.753	1,198.424
Expenses			
Cost of materials consumed	20	1,015.022	853.303
Changes in inventories of finished goods and work-in-progress	21	16.106	-162.830
Employee benefits expense	22	181.042	192.882
Finance costs	23	5.613	6.514
Depreciation and amortisation expense	3	29.733	29.695
Other expenses	24	297.371	332.097
Total expense		1,544.887	1,251.661
Profit before exceptional items and tax		136.866	-53.237
Exceptional items		-	-
Profit before tax		136.866	-53.237
Tax expenses			
Current tax	26	21.500	-
Deferred tax		30.281	-26.860
Excess Provision of Earlier Year		2.576	1.649
Total tax expense		54.357	-25.211
Profit for the period		82.509	-28.026
Other comprehensive income			
Items that will not be reclassified to profit or loss	25	0.009	-1.472
Income tax relating to items that will not be reclassified to profit or loss		0.003	0.410
Total comprehensive income for the period (comprising profit (loss) and other comprehensive income for the period)		82.515	-29.908
Earnings per equity share (for discontinued and continuing operations)			
(1) Basic		16.50	-5.61
(2) Diluted		16.50	-5.61

The accompanying notes are an integral part of these financial statements

As per our report of even date attached
For **M.S.P.G. Bhagwat LLP**
Chartered Accountants
FRN: 101118W / W 100682

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

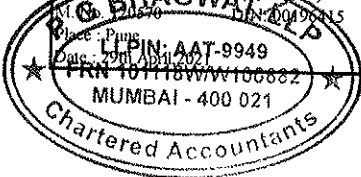
Shriniwas Chaudhari (Partner)

Vikram Pandit
(Director and Manager)
DIN: 07710490

Shishir Joshipura
(Director)
DIN: 00574970

Sivaramakrishnan Iyer
(Director)
DIN: 00503487

Anant Bavare
(Company Secretary)
M. No.21405



PRAJ HIPURITY SYSTEMS LIMITED
Statement of cash flows for the year ended 31st March, 2021

(Amounts in Indian Rupees million unless otherwise stated)

Particulars	31 MAR 2021	31 MAR 2020
A. Cash flow from operating activities		
Net profit before tax	136.866	-54.886
Adjustments		
(Profit) / loss on sale of property, plant and equipment	0.770	-
Unrealised foreign exchange (gain) / loss (net)	-1.615	-0.030
Net Gain on termination of lease	-7.890	0.000
Depreciation and amortisation	29.733	29.695
Sundry balances written back	-0.990	-0.072
Sundry balances written off	1.126	0.742
Provision for doubtful debts	1.496	-9.783
Interest earned	-12.629	-6.630
Interest charged	4.286	6.514
Operating profit before working capital changes	151.152	-34.450
Changes in working capital		
(Increase) / decrease in trade receivables	-154.667	222.585
(Increase) / decrease in inventories	-11.892	-160.887
(Increase) / decrease in loans	4.134	-0.887
(Increase) / decrease in other assets	45.429	-20.759
(Increase) / decrease in other current financial assets	22.154	-
(Increase) / decrease in other financial assets	-4.937	-0.633
Increase / (decrease) in trade payables	91.058	-31.411
Increase / (decrease) in other current financial liabilities	18.674	-34.107
Increase / (decrease) in other current liabilities	21.780	94.417
Increase / (decrease) in provisions	5.724	4.299
Cash generated from operations	188.609	38.166
Direct taxes paid (including taxes deducted at source), net of refunds	-5.889	-3.804
NET CASH FROM OPERATING ACTIVITIES	182.720	34.363
B. Cash flow from investing activities		
Purchase of property, plant and equipment and intangible assets (including capital work-in-progress and intangibles under development)	-22.976	-8.447
Proceeds from sale of property, plant and equipment	-	-
Interest received on investments	12.629	6.630
Investment in Fixed Deposit	55.000	-55.000
NET CASH FROM / (USED) IN INVESTING ACTIVITIES	44.653	-56.817
C. Cash flow from financing activities		
Repayment of short term borrowings (net)	-	-
Interest expense	-	-1.202
Payment towards Lease Liability	-10.181	-10.682
NET CASH FROM / (USED) IN FINANCING ACTIVITIES	-10.181	-11.884
Net increase / (decrease) in cash and cash equivalents (A+B+C)	217.191	-34.338
Cash and cash equivalents at the beginning of the year (Refer Note 9)	133.553	167.802
Effect of exchange rate changes on cash and cash equivalent	-	0.088
Cash and cash equivalents at the end of the year (Refer Note 9)	350.744	133.553
Notes:		
The statement of cash flows has been prepared under the 'indirect method' as set out in Ind AS 7		
The accompanying notes are an integral part of Cash Flow Statement		
<p>As per our report of even date attached</p> <p>For M.P.G. Bhagwat LLP</p> <p>Chartered Accountants</p> <p>FRN: 101118W / W 100662</p> <p><i>(Signature)</i></p> <p>Shrinivas Gadgil (Partner) Pramod Chaudhari (Partner)</p> <p><i>(Signature)</i> <i>(Signature)</i></p> <p>Vikram Pandit (Director and Manager) Shishir Joshipura (Director)</p> <p>DIN: 07710490 DIN: 00574970</p> <p><i>(Signature)</i> <i>(Signature)</i></p> <p>Sivaramakrishnan Iyer (Director) Anant Bavare (Company Secretary)</p> <p>DIN: 00503487 M. No.21405</p> <p>Stamp: M.P.G. BHAGWAT LLP</p> <p>Stamp: ERN 101118W / W 100662</p> <p>Stamp: MUMBAI - 400 021</p> <p>Stamp: Chartered Accountants</p> <p>Stamp: Mumbai</p>		

PRAJ HIPURITY SYSTEMS LIMITED**Statement of changes in equity for the period ended 31st March, 2021***(Amounts in Indian Rupees million unless otherwise stated)***A. Equity share capital**

Balance as at 1 April 2019	Changes in equity share capital during the year	Balance as at 31 March 2020
50.000	-	50.000
Balance as at 1 April 2020	Changes in equity share capital during the year	Balance as at 31st March, 2021
50.000	-	50.000

B. Other equity

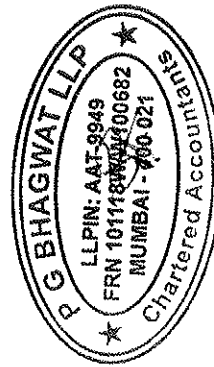
Particulars	Reserves and surplus		Total
	General reserve	Retained earnings	
Balance as at 01st April 2019	157.770	787.588	945.357
Profit for the period		-28.026	-28.026
Other comprehensive income	-	-1.882	-1.882
Transition impact of IND AS 116		5.234	5.234
Transfer to retained earnings	-	-	-
Balance as at 31st March 2020	157.770	752.446	910.215
Profit for the period		82.509	82.509
Other comprehensive income	-	0.006	0.006
Transition impact of IND AS 116		-	-
Transfer to retained earnings	-	-	-
Balance as at 31st March 2021	157.770	834.961	992.730



PRAJ HIPURITY SYSTEMS LIMITED
Notes to the financial statements for the year ended 31st March, 2021
(Amounts in Indian Rupees million unless otherwise stated)

Note 3: Property, plant and equipment and intangible assets

Particulars	Tangible assets																	Intangible assets		Grand total
	Freehold land	Factory Building	Right of Use Asset - Building-DLH SOLITAIRE	Right of Use Asset - Building-DLH	Right of Use Asset - Workshop Equipment	Plant and machinery	Office equipments	Vehicles	Furniture and fixtures	Electric fittings and installations	Computers	Temporary structure	Exhibition asset	Total	Software	Total				
Gross block	6,667	227,973	62,975	-	-	185,091	7,966	4,542	24,423	9,609	11,149	0,173	0,205	-	-	-	548,720			
As at 1 April 2020	-	-	-	25,270	5,450	15,390	0,782	-	3,183	-	0,475	-	-	-	-	-	7,946			
Additions during the year	-	-	62,975	-	-	-	0,034	-	1,250	-	-	-	-	-	-	-	7,946			
Deletions during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
As at 31st March 2021	6,667	227,973	-	25,270	5,450	200,480	8,715	4,542	26,356	9,609	11,624	0,173	0,205	-	-	-	548,720			
Accumulated depreciation and amortisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
As at 1 April 2020	-	139,176	28,022	-	-	131,147	7,461	1,862	12,096	9,342	10,338	0,173	0,205	-	-	-	347,181			
Charge for the year	-	4,450	9,534	1,499	1,817	8,111	0,304	0,611	1,693	0,096	0,435	-	-	-	-	-	7,359			
Depreciation on deletions	-	-	37,555	-	-	-	0,034	-	0,479	-	-	-	-	-	-	-	347,181			
As at 31st March 2021	-	143,626	-	1,499	1,817	139,258	7,791	2,473	13,310	9,438	10,774	0,173	0,205	-	-	-	347,181			
Adjusted through reserves	-	-	-	-	-	0,082	1,277	0,002	0,015	-	0,240	-	-	-	-	-	29,733			
Net carrying value	6,667	84,347	-	23,771	3,633	61,222	0,984	2,069	13,046	0,171	0,850	-	-	-	-	-	38,068			
As at 31st March 2020	6,667	88,797	34,953	-	-	53,944	0,506	2,680	12,327	0,267	0,811	-	-	-	-	-	38,068			
As at 31 March 2021	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	338,546			
As at 31 March 2020	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	338,546			
As at 31 March 2021	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	338,546			
As at 31 March 2020	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	338,546			
As at 31 March 2021	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	338,546			
As at 31 March 2020	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	338,546			
As at 31 March 2021	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	338,546			
As at 31 March 2020	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	338,546			
As at 31 March 2021	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	338,546			
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As at 31 March 2021	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	338,546			
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As at 31 March 2021	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	338,546			
As at 31 March 2020	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	338,546			
As at 31 March 2021	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	338,546			
As at 31 March 2020	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	338,546			
As at 31 March 2021	-																			



PRAJ HIPURITY SYSTEMS LIMITED

Notes to the financial statements for the year ended 31st March, 2021

(Amounts in Indian Rupees million unless otherwise stated)

Note 4: Loans

Particulars	31st Mar 2021	31st Mar 2020
Security deposits	5.230	9.364
Unsecured, considered good		
Non-current	4.697	9.064
Current	0.533	0.300
Total	5.230	9.364
Non-current	4.697	9.064
Current	0.533	0.300

Note 5: Other assets

Particulars	31st Mar 2021	31st Mar 2020
(i) Prepaid expenses		
Unsecured, considered good	7.617	6.368
Non-current	0.553	0.015
Current	7.064	6.353
(ii) Balances with central excise, customs and VAT authorities		
Unsecured, considered good	67.815	125.605
Non-current	25.027	70.994
Current	42.788	54.611
(iii) Advance to vendors		
Unsecured, considered good	3.704	12.876
Non-current		
Current	3.704	12.876
(iv) Advance to Staff		
Unsecured, considered good	1.473	3.343
Non-current		
Current	1.473	3.343
Total	80.609	148.192
Non-current	25.580	71.009
Current	55.029	77.183

Note 6: Inventories

Particulars	31st Mar 2021	31st Mar 2020
Raw materials	162.966	136.970
Work-in-progress	225.325	223.078
Packing material	0.772	0.306
Consumables, stores and spares	5.597	4.060
Finished goods	-	18.353
Total	394.660	382.767

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

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

(iii) Write down of Inventories for the year Rs 17.683 - (Previous year Rs.20.112). Inventory values shown above are net of the write down.



PRAJ HIPURITY SYSTEMS LIMITED**Notes to the financial statements for the year ended 31st March, 2021***(Amounts in Indian Rupees million unless otherwise stated)***Note 7: Investments at amortised cost**

Particulars	31st Mar 2021	31st Mar 2020
Deposit with Bajaj Finance Limited	-	55.000
Total	-	55.000

Note 8: Trade receivables

Particulars	31st Mar 2021	31st Mar 2020
Trade receivables	614.987	465.328
Unsecured, considered good		
From related parties	-	-
From others	614.987	465.328
Unsecured, considered doubtful from others	15.363	13.868
	630.350	479.196
Less: Impairment allowance (allowance for doubtful debts)	15.363	13.868
Total	614.987	465.328

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

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

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

Note 9: Cash and cash equivalents

Particulars	31st Mar 2021	31st Mar 2020
(i) Balances with banks		
On current accounts	2.447	17.091
Deposits with original maturity of less than 3 months	130.752	116.189
(ii) Cash on hand	0.044	0.271
Total	133.243	133.551

Note 10: Other Bank Balance

Particulars	31st Mar 2021	31st Mar 2020
Bank Deposit with remaining maturity of less than 12 months	42.500	-
Bank Deposit with remaining maturity of more than 12 months	25.000	-
Deposit with Bajaj Finance Limited	150.000	-
Total	217.500	-

Note 11: Other Financial Assets

Particulars	31st Mar 2021	31st Mar 2020
Other Financial Assets		
Interest accrued on deposit	-	-
Non-current	-	-
Current	5.570	0.633
Total	5.570	0.633
Non-current	-	-
Current	5.570	0.633



PRAJ HIPURITY SYSTEMS LIMITED

Notes to the financial statements for the year ended 31st March, 2021

(Amounts in Indian Rupees million unless otherwise stated)

Note 12: Equity share capital

Particulars	31st Mar 2021	31st Mar 2020
Authorised shares		
5 (31 March 2021: 5 ; 1 April 2020: 5) equity shares of INR 10 each	50.000	50.000
Issued, subscribed and fully paid-up shares		
5 (31 March 2021: 5 ; 1 April 2020: 5) equity shares of INR 10 each	50.000	50.000
Total	50.000	50.000

a) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of INR 10 per share. Each holder of the equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. During the year ended 31 March 2021, no dividend was declared and paid to equity shareholders. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company after distributing all preferential amounts.

b) Reconciliation of share capital

Particulars	31st Mar 2021		31st Mar 2020	
	Number	Amount	Number	Amount
At the beginning of the period	5.000	50.000	5.000	50.000
Add: Additions during the period				
Outstanding at the end of the period	5.000	50.000	5.000	50.000

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

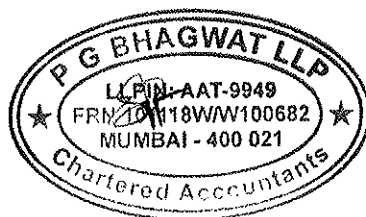
Entire share capital of the Company is held by Praj Industries Limited (Holding company)

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

Particulars	31st Mar 2021		31st Mar 2020	
	Number	% holding	Number	% holding
Equity shares of INR 10 each fully paid				
Holding Company (Praj Industries Limited)	5.000	100%	5.000	100%

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

Particulars	31st Mar 2021	31st Mar 2020
Number of bonus shares issued, shares issued for consideration other than cash and shares bought back	-	-



PRAJ HIPURITY SYSTEMS LIMITED**Notes to the financial statements for the year ended 31st March, 2021***(Amounts in Indian Rupees million unless otherwise stated)***Note 13: Other equity**

Particulars	31st Mar 2021	31st Mar 2020
(i) General reserve	157.770	157.770
(ii) Surplus in the Statement of Profit and Loss		
At the beginning of the period	752.445	787.588
Transition impact of IND AS 116	-	5.234
Total comprehensive income as per Statement of Profit and Loss	82.515	-29.909
At the end of the period	834.960	752.445
Total	992.730	910.215

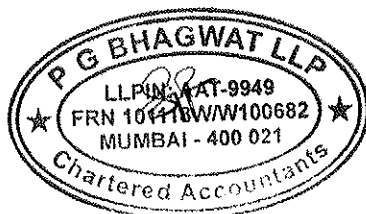
Nature & Purpose of Reserve

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

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

Note 14: Provisions

Particulars	31st Mar 2021	31st Mar 2020
Provision for employee benefits		
(i) Provision for leave encashment	13.717	10.687
Non-current	12.308	9.608
Current	1.409	1.079
(ii) Provision for gratuity	17.198	14.504
Non-current	-	-
Current	17.198	14.504
Total	30.915	25.191
Non-current	12.308	9.608
Current	18.607	15.583



PRAJ HIPURITY SYSTEMS LIMITED**Notes to the financial statements for the year ended 31st March, 2021***(Amounts in Indian Rupees million unless otherwise stated)***Note 15: Trade payables**

Particulars	31st Mar 2021	31st Mar 2020
To related parties	0.496	1.105
To others		
Total outstanding dues to micro enterprises and small enterprises (MSMED)	110.936	81.244
Total outstanding dues to other than micro enterprises and small enterprises	233.166	172.181
Total	344.598	254.530

Micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) have been identified by the Company on the basis of the information available with the Company and the auditors have relied on the same. Accordingly, there is no undisputed amount overdue as on March 31, 2021, to Micro, Small and Medium Enterprises on account of principal or interest.

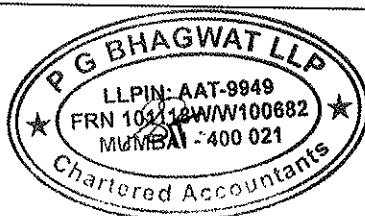
Trade Payable are generally on credit terms ranging from 60 to 90 days.

Note 16: Other financial liabilities

Particulars	31st Mar 2021	31st Mar 2020
(i) Payables for purchases of property, plant and equipment		
Non-current	-	-
Current	-	-
(ii) Other financial liabilities	36.990	18.316
Current		
Employee Benefits Payable	0.832	0.906
Other Payable	36.158	17.410
(iii) Corporate guarantee payable	-	-
Non-current	-	-
Current	-	-
(iv) Accrued expenses	36.990	18.316
Non-current	-	-
Current	36.990	18.316
Total	36.990	18.316
Non-current	-	-
Current	36.990	18.316

Note 17: Other current liabilities

Particulars	31st Mar 2021	31st Mar 2020
(i) Advances received from customers	191.394	169.302
Non-current	-	-
Current	191.394	169.302
(ii) Statutory Dues Payable	2.698	2.734
Non-current	-	-
Current	2.698	2.734
Total	194.092	172.036
Non-current	-	-
Current	194.092	172.036



PRAJ HIPURITY SYSTEMS LIMITED

Notes to the financial statements for the year ended 31st March, 2021

(Amounts in Indian Rupees million unless otherwise stated)

Note 18: Revenue from operations

Particulars	31st Mar 2021	31st Mar 2020
Sale of products and projects	1,331.738	974.914
Sale of services	88.819	104.605
Export service	5.254	17.773
Export sales	220.137	92.106
Total	1,645.948	1,189.398

Note 19: Other income

Particulars	31st Mar 2021	31st Mar 2020
Interest income	12.629	6.630
Income calculated using effective interest rate method	1.366	0.468
Net gain on sale of property, plant and equipment	0.001	-
Sundry balances written back	0.990	0.072
Foreign exchange gain (net)	1.615	1.546
Miscellaneous income	19.204	0.310
Total	35.805	9.026

Note 20: Cost of materials consumed

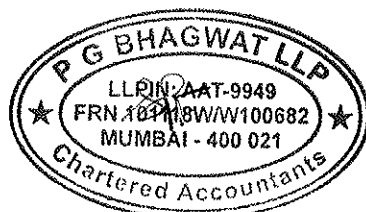
Particulars	31st Mar 2021	31st Mar 2020
Raw material consumed	1,015.022	853.303
Total	1,015.022	853.303

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

Particulars	31st Mar 2021	31st Mar 2020
Inventories at the end of the year		
Finished goods	-	18.353
Work-in-progress	225.325	223.078
	225.325	241.431
Inventories at the beginning of the year		
Finished goods	18.353	6.990
Work-in-progress	223.078	71.611
	241.431	78.601
(Increase) / decrease in inventories	16.106	-162.830

Note 22: Employee benefits expense

Particulars	31st Mar 2021	31st Mar 2020
Salaries, wages and bonus	169.523	179.002
Contributions to provident and other funds (Refer note 33)	4.778	5.727
Gratuity expense (Refer note 34)	2.219	2.136
Staff welfare	4.522	6.017
Total	181.042	192.882



PRAJ HIPURITY SYSTEMS LIMITED
Notes to the financial statements for the year ended 31st March, 2021
(Amounts in Indian Rupees million unless otherwise stated)
Note 23: Finance costs

Particulars	31st Mar 2021	31st Mar 2020
Interest on borrowings	-	-
Net interest cost on net defined benefit obligations	0.984	0.806
Other (Interest on Delayed Payment)	0.343	0.396
Interest on Lease Liability	4.286	5.312
Total	5.613	6.514

Note 24: Other expenses

Particulars	31st Mar 2021	31st Mar 2020
Consumption of Stores & spares	12.774	14.193
Site expenses and labour charges	114.776	114.274
Freight and transport	24.905	18.305
Factory expenses	5.642	4.319
Bank charges	2.641	1.674
Testing charges	0.264	0.062
Duties and taxes	1.826	8.172
Bad Debts	4.119	33.927
Provision for doubtful debts	1.496	-9.783
Sundry balances written off	1.126	0.742
Commission and brokerage	4.646	0.613
Travelling and conveyance	32.335	56.957
Professional consultancy charges	14.829	7.360
Insurance	7.658	8.271
Rent	2.618	5.350
Royalty Fees	3.151	2.256
Power and fuel	3.829	4.435
Communication expenses	1.956	3.006
Business promotion expenses	2.762	5.277
Staff Expense -other	38.147	35.842
Repairs and maintenance - Plant and machinery	4.408	4.086
Repairs and maintenance - Others	5.192	4.409
Auditor's remuneration - Audit service	1.035	1.035
Auditor's remuneration - Other services	0.007	0.042
Rates and taxes	0.688	0.694
Foreign Exchange fluctuation loss	-	-
Corporate social responsibility expenses	0.595	1.840
Miscellaneous expenses	3.946	4.739
Total	297.371	332.097

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

Particulars	31st Mar 2021	31st Mar 2020
Items that will not be reclassified to profit or loss		
Remeasurements gains and losses on post-employment benefit plans	-0.009	1.472
Income tax relating to items that will not be reclassified to profit or loss		
Tax on remeasurements gains and losses on post-employment benefit plans	0.003	0.410



PRAJHIPURITY SYSTEMS LIMITED
Notes to the financial statements for the year ended 31st March, 2021
(All amounts are in Indian rupees million unless otherwise stated)

	Particulars	31 March 2021	31 March 2020
26	Income tax		
A	Statement of profit and loss:		
	Current income tax:		
	Current income tax charge	21.500	-
	Tax relating to earlier periods	2.576	-
	Deferred tax:		
	Relating to origination and reversal of temporary differences	30.281	-26.860
	Income tax expense reported in the statement of profit and loss	54.357	-26.860
B	Statement of other comprehensive income:		
	Deferred tax:		
	Remeasurements gains and losses on post employment benefits	0.003	0.410
	Income tax expense reported in the statement of other comprehensive income	0.003	0.410
C	Reconciliation of effective tax rate		
	Accounting profit before tax	136.875	-54.709
	Tax using the Company's domestic tax rate (28.60%)	39.146	-
	Adjustments in respect of current income tax of previous years	2.576	-
	Adjustments in respect excess tax paid during the year	0.393	-
	Less: Tax effect of:		
i	Tax rate difference on book profit as per Minimum Alternate Tax	-	-
ii	Tax effect on exempt income dividend	-	-
iii	Tax effect of reversal of Deferred Tax on adjustment to Opening Reserve in respect of IND AS 115	-	-
iv	Additional Allowances for tax purpose	-30.016	-
	Add: Tax effect of		
i	Tax liability on IND AS adjustment to Retained earnings	-	-
ii	Tax liability on permanent Difference 14A Disallowance	-	-
iii	Effect on deduction claimed in MAT for Doubtful debt provision written back	-	-
iv	Effect on deduction claimed in MAT for Provision for Impairment of Investment	-	-
v	Effect on deduction claimed in MAT for Expenditure debited to Reserves-ESOP expenses	-	-
vi	Deferred Tax expenses accounted as no effect of Timing differences on MAT liability	30.284	-26.860
vii	Expenses not allowed for tax purpose (including Exceptional Item)	11.976	-
	Total	54.360	-26.860
	Income tax expense reported in the statement of profit and loss	54.360	-26.860

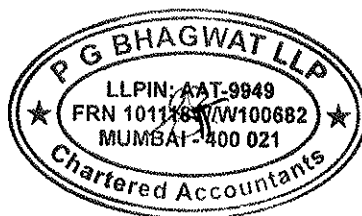


PRAJ HIPURITY SYSTEMS LIMITED

Notes to the financial statements for the year ended 31st March, 2021

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

D	Deferred tax		
	Deferred tax relates to the following:	Balance sheet	
	Deferred tax asset / (liability)	31 March 2021	31 March 2020
	Deferred tax asset		
	Provision for doubtful debts and advances	4.394	3.858
	Gratuity	5.403	4.509
	Leave encashment	3.923	2.973
	Long term capital losses		
	Carry forward business loss	-	26.927
	Compensated absences		
	Others	8.444	11.766
	Lease Liability		
	IND AS 115 Deferred Tax reversal	0.087	2.017
	Total	22.251	52.051
	Deferred tax liability		
	Property, plant & equipment and intangible assets	-10.246	-9.763
	Amortisation of prepaid lease rentals / others		
	Total	-10.246	-9.763
	Net deferred tax asset / (liability)	12.005	42.289
	Deferred tax expense/(income)		
	- Recognised in the statement of profit and loss	30.281	26.860
	- Recognised in the statement of other comprehensive income	0.003	-0.410
	- Recognised in opening reserve under statement of changes in equity	0.087	2.017



PRAJ HIPURITY SYSTEMS LIMITED**Notes to the financial statements for the year ended 31st March, 2021***(Amounts in Indian Rupees million unless otherwise stated)***Note 27: Payment to Statutory Auditor (for audit services exclusive of service tax/ GST)**

Particulars	31st Mar 2021	31st Mar 2020
Audit Fees	1.035	1.035
In other Capacity	0.067	0.041
Reimbursement of Expense	0.007	0.037

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

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

Particulars	31st Mar 2021	31st Mar 2020
Principal amount remaining unpaid to any supplier as at the end of the year	110.936	81.244
Amount of Interest due remaining unpaid to any supplier as the end of the year	-	-
Amount of interest paid under MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during the year.	-	-
Amount of interest due and payable for the period of delay in making payment (where the principal has been paid but interest under the MSMED Act, 2006 not paid).	-	-
Amount of interest accrued and remaining unpaid at the end of year.	-	-
Amount of further interest remaining due and payable even in the succeeding year.	-	-

Note 29: Contingent liabilities

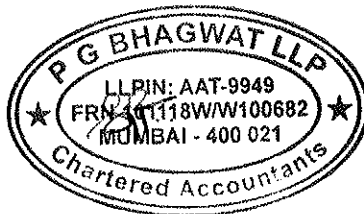
Particulars	31st Mar 2021	31st Mar 2020
Contingent liabilities		
Disputed demands in appeal towards sales tax	3.093	3.414

Note 30: Segment reporting

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

b) Secondary segment information

Particulars	Within India	Outside India
Revenue based on location of customers	1,420.557	225.392
Total	1,645.95	



PRAJ HIPURITY SYSTEMS LIMITED**Notes to the financial statements for the year ended 31st March, 2021***(Amounts in Indian Rupees million unless otherwise stated)***Note 31: Related party transactions****a) Parties which are members of the same group****(i) Holding company**

Praj Industries Limited

(ii) Fellow Subsidiaries

Praj Engineering & Infra Limited

Praj Far East Co. Limited

Praj Americas Inc.

Praj Industries (Africa) Pty Limited

Praj Industries (Namibia) Limited

Praj Far East (Philippines) Inc

b) Key management personnel and their close family members

Mr. Pramod Madhukar Chaudhari

Mr. Sivaramakrishnan Srinivasan Iyer

Mr. Sandeep Rajnikant Mehta

Mrs. Mrunalini Harish Joshi

Dr. Shridhar Bhalchandra Shukla

Mr. Shishir Joshipura

Mr. Vikram Shrirang Pandit

Mr. Anant Bavare

Chairman

Independent Director

Independent Director

Independent Director

Additional Director

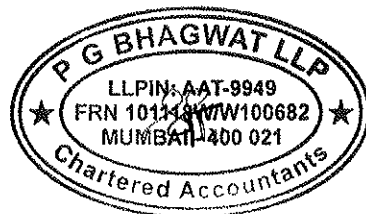
Director

Director & Manager

Company Secretary

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

Particulars	31st Mar 2021	31st Mar 2020
Praj Industries Limited		
Sale of products	-	2.072
Sale of services	-	0.773
Expenses reimbursed to holding company	-	-
Purchase of products	-	-
Receipt of services	6.394	4.469
Expenses incurred and reimbursed by holding company		
Sandeep Mehta		
Director's Fees	0.550	-
Praj Industries Limited		
Receivable	-	-
Payable	0.496	1.105
Sandeep Mehta		
Payable	-	-



PRAJ HIPURITY SYSTEMS LIMITED**Notes to the financial statements for the year ended 31st March, 2021***(Amounts in Indian Rupees million unless otherwise stated)***Note 32: Leases**

Particulars	31st Mar 2021	31st Mar 2020
Depreciation for right-of-use asset	12.850	12.711
Interest expense on lease liabilities	4.286	5.312
Expenses relating to short-term / low value leases	2.618	5.350
Total Cash outflow for leases	17.085	10.682
Carrying amount of right-of-use asset	27.404	34.953
Maturity analysis of lease liabilities:		
- less than 1 year	6.151	18.131
- between 1 to 3 years	12.227	32.603
- more than 3 years	11.145	-

Note 33: Earnings per share

Particulars	31st Mar 2021	31st Mar 2020
Reconciliation of basic and diluted shares used in computing earnings per share		
Weighted average number of basic equity shares	5.000	5.000
Weighted average number of diluted equity shares	5.000	5.000
Computation of basic and diluted earnings per share		
Net profit after tax attributable to equity shareholders	82.509	-28.026
Basic earnings per equity share of INR 10 each	16.502	-5.605
Diluted earnings per equity share of INR 10 each	16.502	-5.605

Note 34: Employee benefits**a) Defined contribution plans**

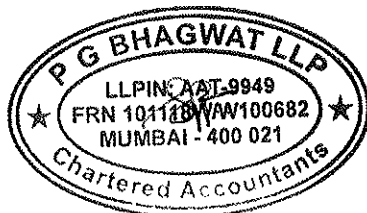
The Company has recognised INR 4.778 MN (31 March 2020: INR 5.727 MN) towards post-employment defined contribution plans comprising of provident and superannuation fund in the statement of profit and loss.

b) Defined benefit plan

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

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

Particulars	31st Mar 2021	31st Mar 2020
Present value of obligation as at the beginning of the period	17.318	13.934
Interest cost	1.120	1.043
Past service cost	-	-
Current service cost	2.100	2.002
Benefits paid	(2.168)	(1.121)
Remeasurements on obligation - (gain) / loss	(0.056)	1.460
Present value of obligation as at the end of the period	18.313	17.318



PRAJ HIPURITY SYSTEMS LIMITED

Notes to the financial statements for the year ended 31st March, 2021

(Amounts in Indian Rupees million unless otherwise stated)

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

Particulars	31st Mar 2021	31st Mar 2020
Fair value of plan assets at the beginning of the period	2.813	3.345
Interest income	0.137	0.237
Contributions	0.500	0.500
Benefits paid	(2.168)	(1.121)
Mortality Charges and Taxes	(0.120)	(0.134)
Return on plan assets, excluding amount recognized in interest income - gain / (loss)	(0.047)	(0.012)
Fair value of plan assets as at the end of the period	1.115	2.813
Actual return on plan assets	0.089	0.224

Amounts recognised in the balance sheet are as follows:

Particulars	31st Mar 2021	31st Mar 2020
Present value of obligation as at the end of the period	18.313	17.318
Fair value of plan assets as at the end of the period	1.115	2.813
Surplus / (deficit)	(17.198)	(14.504)

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

Particulars	31st Mar 2021	31st Mar 2020
Current service cost	2.100	2.002
Past service cost	-	-
Net interest (income) / expense	0.984	0.806
Net periodic benefit cost recognised in the statement of profit and loss at the end of the period	3.083	2.808

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

Particulars	31st Mar 2021	31st Mar 2020
Opening amount recognised in OCI outside statement of profit and loss		
Remeasurement for the year - obligation (gain) / loss	(0.056)	1.460
Remeasurement for the year - plan assets (gain) / loss	0.047	0.012
Total remeasurements cost / (credit) for the year	(0.009)	1.472

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

Particulars	31st Mar 2021	31st Mar 2020
Interest (income) / expense - obligation	1.120	1.043
Interest (income) / expense - plan assets	(0.137)	(0.237)
Net interest (income) / expense for the year	0.984	0.806

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

Particulars	31st Mar 2021	31st Mar 2020
Government of India securities	0%	0%
High quality corporate bonds	0%	0%
Equity shares of listed companies	0%	0%
Property	0%	0%
Special deposit scheme	0%	0%
Funds managed by insurer	100%	100%
Others	0%	0%
Total	100%	100%



PRAJ HIPURITY SYSTEMS LIMITED

Notes to the financial statements for the year ended 31st March, 2021

(Amounts in Indian Rupees million unless otherwise stated)

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

Particulars	31st Mar 2021	31st Mar 2020
Discount rate	6.80%	6.90%
Rate of increase in compensation levels	5%	5%
Expected rate of return on plan assets	6.90%	7.80%
Expected average remaining working lives of employees (in years)	14.55*	15.23*
Withdrawal rate		
Age upto 30 years	2%	2%
Age 31 - 40 years	2%	2%
Age 41 - 50 years	2%	2%
Age above 50 years	2%	2%

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

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

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

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

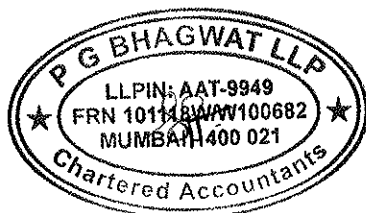
Discount rate	Present value of obligation	
	31st Mar 2021	31st Mar 2020
5.80%	20.618	19.595
7.80%	16.345	15.382

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

Salary increment rate	Present value of obligation	
	31st Mar 2021	31st Mar 2020
4.00%	16.472	15.497
6.00%	20.359	19.345

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

Withdrawal rate	Present value of obligation	
	31st Mar 2021	31st Mar 2020
1.00%	17.967	16.942
3.00%	18.625	17.654



PRAJ HIPURITY SYSTEMS LIMITED

Notes to the financial statements for the year ended 31st March, 2021

(Amounts in Indian Rupees million unless otherwise stated)

d) Risk Exposure And Asset Liability Matching

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

i) Liability Risks

a) Asset-Liability Mismatch Risk-

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

b) Discount Rate Risk-

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

c) Future Salary Escalation and Inflation Risk-

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

ii) Asset Risk-

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

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



PRAJ HIPURITY SYSTEMS LIMITED**Notes to the financial statements for the year ended 31st March 2021***(Amounts in Indian Rupees million unless otherwise stated)***Note 35: Fair value of financial assets and liabilities**

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

Particulars	Carrying value		Fair value	
	31st March 2021	31st March 2020	31st March 2021	31st March 2020
A. Financial asset				
i. Measured at amortised cost				
Security deposits	4.697	9.064	4.697	9.064
Trade receivables *	614.987	465.328	614.987	465.328
Cash and cash equivalent *	133.243	133.551	133.243	133.551
Investment in Deposit*	-	55.000	-	55.000
ii. Measured at fair value through profit and loss				
Forward exchange contracts {Asset/(Liability)}	-	-	-	-
B. Financial liability				
i. Measured at amortised cost				
Borrowings	-	-	-	-
Trade payables *	344.598	254.530	344.598	254.530
Other financial liabilities	36.990	18.316	36.990	18.316

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

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

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

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

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



PRAJ HIPURITY SYSTEMS LIMITED
Notes to the financial statements for the year ended 31st March 2021
(Amounts in Indian Rupees million unless otherwise stated)
Fair value hierarchy

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

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

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

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at 31 March 2020:

Particulars	Fair value measurement using			Valuation technique used	Inputs used
	Level 1	Level 2	Level 3		
a) Financial assets measured at fair value					
Forward exchange contracts {(Asset/(Liability))}				The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies.	Quoted forward exchange rates, high credit quality yield curves.
b) Assets for which fair values are disclosed					
Financial assets measured at amortised cost					
Security deposits		9.064		Discounted cash flows	Forecast cash flows, discount rate, maturity date etc.
c) Financial liability measured at amortised cost					
Borrowings		-		Discounted cash flows	Forecast cash flows, discount rate, maturity date etc.
Other financial liabilities		18.316			

During the year ended 31 March 2021 & 31 March 2020 there were no transfers between level 1 and level 2 fair value measurements and no transfers into and out of level 3 fair value measurement.

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



PRAJ HIPURITY SYSTEMS LIMITED

Note 36: Financial risk management policy and objectives

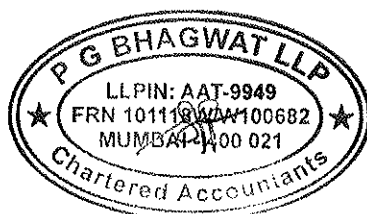
The key objective of the Company's capital management is to ensure that it maintains a stable capital structure with the focus on total equity to uphold investor, creditor, and customer confidence and to ensure future development of its business. The Company is focused on maintaining a strong equity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

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

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

The Company's senior management oversees the management of these risks. The Company's senior management is supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The financial risk committee provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken.

The Board of Directors reviews and agrees policies for managing each of these risks, which are summarized below.



PRAJ HIPURITY SYSTEMS LIMITED

i) Market risk

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

The sensitivity analysis in the following sections relate to the position as at 31 March 2021 and 31 March 2020. The sensitivity of the relevant income statement item is the effect of the assumed changes in respective market risks. The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt, proportion of financial instruments in foreign currencies are all constant at 31 March 2021

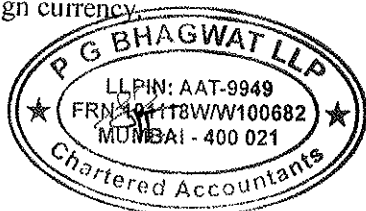
The analyses exclude the impact of movements in market variables on: the carrying values of gratuity and other post retirement obligations; provisions; and the non-financial assets and liabilities of foreign operations.

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

a) Foreign currency risk

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

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



PRAJ HIPURITY SYSTEMS LIMITED
Notes to the financial statements for the year ended 31st March 2021
(Amounts in Indian Rupees million unless otherwise stated)
Foreign currency sensitivity

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

Particulars	Currency	Amount in foreign currency		Amount in INR	
		31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20
Financial assets					
Trade receivables	EUR	0.272	0.281	19.230	20.418
	USD	0.545	0.237	38.228	16.130
Bank	EUR	-	0.010	-	0.671
	USD	-	-	-	-
Cash	EUR	-	-	-	-
	USD	-	0.010	-	0.759
Financial liabilities					
Trade payables	EUR	0.215	0.059	18.876	4.794
	GBP	-	-	-	-
	USD	0.603	0.330	44.117	23.631
PCFC	USD	-	-	-	-
Buyer's credit	USD	-	-	-	-

Currency wise net exposure (liabilities - assets)

Particulars	Amount in foreign currency		Amount in INR	
	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20
USD	-0.057	-0.073	-5.890	-7.501
EUR	0.058	0.222	0.354	15.624
GBP	-	-	-	-

Sensitivity analysis

Currency	Amount in INR		Sensitivity %	Impact on Profit Before Tax	
	31-Mar-21	31-Mar-20		31-Mar-21	31-Mar-20
USD	-5.890	-7.501	+5%	-5.840	-0.375
EUR	0.354	15.624	-5%	0.294	0.375
GBP	-	-	+5%	0.018	0.781
	-	-	-5%	-0.018	-0.781

b) Interest rate risk

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

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

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

ii) Credit risk

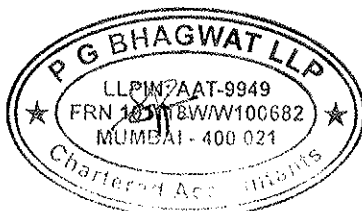
Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits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

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

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

Particulars	31-Mar-21	31-Mar-20
- Less than 90 days	251.137	113.738
- above 90 days	363.851	351.590
Total	614.987	465.328

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on exchange losses historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 35. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.



PRAJ HIPURITY SYSTEMS LIMITED

Notes to the financial statements for the year ended 31st March 2021

(Amounts in Indian Rupees million unless otherwise stated)

b) Financial instruments and cash deposits

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

iii) Liquidity risk

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

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

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

As at 31 March 2020				
Particulars	Carrying amount	On demand	Less than 6 months	Total
Interest bearing borrowings	-	-	-	-
Trade payables	254.530	-	-	254.530
Other financial liabilities	18.316	-	18.316	18.316

Note 37: Capital management

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

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

Particulars	31-Mar-21	31-Mar-20
Borrowings	-	-
Trade payables	344.598	254.529
Other financial liabilities	36.990	18.316
Less: Cash and cash equivalents	133.243	133.552
Net debt	248.345	139.294
Equity	1,042.730	960.215
Capital and net debt	1,291.075	1,099.509
Gearing ratio	19%	13%

