MSKA & Associates LLP
(Formerly known as M S K A & Associates)
Chartered Accountants

Floor 6, Building No. 1
Cerebrum IT Park, Kalyani Nagar
Pune 411014, INDIA

INDEPENDENT AUDITOR'S REPORT

To the Members of PRAJ HIPURITY SYSTEMS LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Praj HiPurity Systems Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2026, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including material accounting policy information 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 Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2026, 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 of the financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs 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.

Information Other than the Financial Statements and Auditor's Report Thereon ('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 financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report.

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 identified above 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 on the other information that we obtained prior to the date of this auditor's report, 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.

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Responsibilities of Management and Board of Directors for the Financial Statements

The Company's Management and Board of Directors are 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, 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 under section 133 of the Act. 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 statement 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 and Board of Directors of the Company are 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Company's Management and Board of Directors is 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.

We give in "Annexure A" a detailed description of Auditor's responsibilities for Audit of the Financial Statements.

Other Matter

The financial statements for the year ended March 31, 2025, included in the accompanying financial statements were audited by another auditor whose report dated April 25, 2025, expressed an unmodified opinion on those financial statements. Our opinion is not modified in respect of these matters.

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 "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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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 of the aforesaid financial statements.

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid financial statements have been kept by the Company so far as it appears from our examination of those books except for the matters stated in the paragraph 2 (h) (vi) below on reporting under Rule 11 (g).

(c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the financial statements.

(d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.

(e) On the basis of the written representations received from the directors as on March 31, 2026, taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2026, from being appointed as a director in terms of Section 164 (2) of the Act.

(f) The modification relating to the maintenance of accounts and other matters connected therewith are as stated in paragraph 2(b) above on reporting under Section 143(3)(b) and paragraph 2(h)(vi) below on reporting under Rule 11(g).

(g) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure C".

(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 26 to the financial statements.

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts. Company did not have any derivative contracts as at March 31, 2026. Refer Note 12 to the financial statements.

iii. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2026.

iv. (a) The Management has represented that, to the best of it's knowledge and belief, as disclosed in the note 37(vi) to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, 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 that, to the best of it's knowledge and belief, as disclosed in the note 37(vi) to the financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, 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 audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) contain any material misstatement.

v. The Company has not declared or paid dividend during the year.

vi. Based on examination which included test checks, the Company has used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has been operated throughout the year for all relevant transactions recorded in the software except that we are unable to comment on audit trail at database level due to absence of SOC report, as explained in Note 42 to the financial statements.

Further, except for above, audit trail feature has operated throughout the year for all relevant transactions recorded in the accounting software. Also, during the course of our audit, we did not come across any instance of audit trail feature being tampered with except for above. Additionally, the audit trail of prior year(s) has been preserved by the Company as per the statutory requirements for record retention to the extent it was enabled and recorded in respective years.

3. In our opinion, according to information, explanations given to us , the remuneration paid or provided by the Company to its directors is within the limits laid prescribed under Section 197 of the Act.

For M S K A & Associates LLP
(Formerly known as M S K A & Associates)

Chartered Accountants
ICAI Firm Registration No. 105047W/W101187

Sd/-

Nitin Manohar Jumani
Partner
Membership No.: 111700
UDIN: 26111700HFQFWU6961

Place: Pune
Date: May 20, 2026

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ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF PRAJ HIPURITY SYSTEMS LIMITED

Auditor's Responsibilities for the Audit of the 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 reference to financial 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 and Board of Directors.

- Conclude on the appropriateness of Management and Board of Director'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.

For M S K A & Associates LLP (Formerly known as M S K A & Associates)
Chartered Accountants
ICAI Firm Registration No. 105047W/W101187

Sd/-
Nitin Manohar Jumani
Partner
Membership No.: 111700
UDIN: 26111700HFQFWU6961
Place: Pune
Date: May 20, 2026

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ANNEXURE B TO INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF PRAJ HIPURITY SYSTEMS LIMITED FOR THE YEAR ENDED MARCH 31 2026

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report]

i. (a) A The Company has maintained proper records showing full particulars including quantitative details and situation of property, plant and equipment and relevant details of right-of-use assets.

i. (a) B The Company has maintained proper records showing full particulars of intangible assets.

i. (b) All the Property, Plant and Equipment, Right Of Use assets were physically verified by the management during the year in accordance with a planned programme of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

i. (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) as disclosed in Note 3 of the financial statements, are held in the name of company.

i. (d) According to the information and explanations given to us, the Company has not revalued its property, plant and Equipment (including Right of Use assets) and intangible assets during the year. Accordingly, the provisions stated under clause 3(i)(d) of the Order are not applicable to the Company.

i. (e) According to the information and explanations given to us, no proceeding has been initiated or pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988, as amended and rules made thereunder. Accordingly, the provisions stated under clause 3(i)(e) of the Order are not applicable to the Company.

ii. (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification, coverage and procedure of such verification is reasonable and appropriate, having regard to the size of the Company and the nature of its operations. The discrepancies noticed on physical verification of inventory as compared to book records were not 10% or more in aggregate for each class of inventory.

ii. (b) During any point of time of the year, the Company has been sanctioned working capital limits in excess of Rs. 5 crores rupees, in aggregate from Banks on the basis of security of current assets.

Based on the records examined by us in the normal course of audit of the financial statements, quarterly statements filed with such Banks are in agreement with the books of accounts of the Company.

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iii. (a) During the year, the Company has provided loans to other parties (i.e., employees) as follows:

Particulars	Loan (Rs. in Million)
Aggregate amount granted during the year - Others (i.e., employees)	-
Balance outstanding as at the balance sheet date - Others (i.e., employees)	0.126

Other than the above the Company has not provided loans, advances in the nature of loans, stood guarantee or provided security to companies, firms, Limited Liability Partnerships or any other parties.

(b) The terms and conditions of the grant of loans to other parties (i.e., employees) are not prejudicial to the Company's interest. During the year the Company has not made any investments, provided guarantees, or given security to companies, firms and Limited Liability Partnerships.

(c) The Company has granted loans during the year to other parties (i.e., employees) where the schedule of repayment of principal and payment of Interest has been stipulated and the repayment or receipts are regular.

(d) There are no amounts of loans to other parties (i.e., employees) which are overdue for more than ninety days. Accordingly, the requirement to report on clause 3 (iii) (d) of the Order in respect of employees is not applicable to the Company.

(e) There were no loans granted to other parties (i.e., employees) which has fallen due during the year, that have been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same parties.

(f) The Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3 (iii) (f) of the Order is not applicable to the Company.

iv. According to the information and explanations given to us, there are no loans, investments, guarantees, and security in respect of which provisions of sections 185 and 186 of the Companies Act, 2013, are applicable and accordingly, the requirement to report under clause 3(iv) of the Order is not applicable to the Company.

v. According to the information and explanations given to us, the Company has neither accepted any deposits from the public nor any amounts which are deemed to be deposits, within the meaning of the provisions of Sections 73 to 76 of the Act and the rules framed there under. Accordingly, the requirement to report under clause 3(v) of the Order is not applicable to the Company.

vi. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Act, related to the manufacture or service of 'other machinery' and 'electricals or electronic machinery', and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

vii. (a) Undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, profession tax duty of customs and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases of Profession Tax.

According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

vii. (b) According to the information and explanations given to us and the records examined by us, dues relating to goods and services tax, income tax which have not been deposited as on March 31, 2026, on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount Demanded (Rs. in Million)	Amount Paid (Rs. in Million)	Period to which the amount relates	Forum where dispute is pending	Remarks, if any
The Income Tax Act, 1961	Income Tax	2.89*	0.58	AY 2022-23	Commissioner of Income Tax	-

(* *amount excludes interest*)

viii. According to the information and explanations given to us, there are no transaction which are not recorded in the books of account which have been surrendered or disclosed as income during the year in Income-tax Assessment under the Income Tax Act, 1961. Accordingly, the requirement to report as stated under clause 3(viii) of the Order is not applicable to the Company.

ix. (a) The Company does not have any loans or borrowings or interest thereon due to any lenders during the year. Accordingly, the requirement to report under clause 3(ix)(a) of the Order is not applicable to the Company.

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

ix. (c) In our opinion and according to the information and explanations provided to us, no money was raised by way of term loans. Accordingly, the requirement to report under clause 3(ix)(c) of the Order is not applicable to the Company.

ix. (d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the Company, we report that no funds raised on short-term basis have been utilised for long-term purposes by the Company.

ix. (e) The Company does not have any subsidiary, associate, or joint venture. Accordingly, requirement to report under clause 3(ix)(e) and (f) of the order is not applicable to the Company.

x. (a) In our opinion and according to the information and explanations given to us, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, the reporting requirement under clause 3(x)(a) of the Order is not applicable to the Company.

x. (b) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partly, or optionally convertible) during the year. Accordingly, the requirements to report under clause 3(x)(b) of the Order is not applicable to the Company.

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xi. (a) Based on our examination of the books and records of the Company and according to the information and explanations given to us, we report that no fraud by the Company has been noticed or reported during the year in the course of our audit.

xi. (b) During the year no report under Section 143(12) of the Act, has been filed by cost auditor/ secretarial auditor or by us in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

xi. (c) As represented to us by the Management, there are no whistle-blower complaints received by the Company during the year.

xii. The Company is not a Nidhi Company. Accordingly, the provisions stated under clause 3(xii)(a) to (c) of the Order are not applicable to the Company.

xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable and details of such transactions have been disclosed in the note 29 of financial statements as required by the applicable accounting standards.

xiv. (a) In our opinion and based on our examination, the Company has an internal audit system commensurate with the size and nature of its business.

xiv. (b) We have considered the internal audit reports of the Company issued till the date of our audit report, for the period under audit.

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

xvi. (a) The Company is not required to be registered under Section 45 IA of the Reserve Bank of India Act, 1934 (2 of 1934) and accordingly, the requirements to report under clause 3(xvi)(a) of the Order is not applicable to the Company.

xvi. (b) The Company is not engaged in any Non-Banking Financial or Housing Finance activities during the year and accordingly, the provisions stated under clause 3 (xvi)(b) of the Order are not applicable to the Company.

xvi. (c) The Company is not a Core investment Company (CIC) as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report under clause 3 (xvi)(c) of the Order is not applicable to the Company.

xvi. (d) The Group does not have any Core Investment Company (as part of its group. Accordingly, the requirement to report under clause 3(xvi)(d) of the Order is not applicable to the Company.

xvii. Based on the overall review of financial statements, the Company has not incurred cash losses in the current financial year and in the immediately preceding financial year. Accordingly, the requirement to report under clause 3(xvii) of the Order is not applicable to the Company.

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

xix. According to the information and explanations given to us and on the basis of the financial ratios (as disclosed in note 36 to the financial statements), ageing and expected dates of realisation 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 Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

xx. According to the information and explanations given to us and based on our verification, the provisions of Section 135 of the Companies Act, 2013, are applicable to the Company. The Company has made the required contributions during the year and there are no unspent amounts which are required to be transferred either to a Fund specified in schedule VII of the Companies Act, 2013 or to a Special Account as per the provisions of Section 135 of the Companies Act, 2013 read with schedule VII to the Companies Act, 2013. Accordingly, reporting under clause 3(xx)(a) and 3(xx)(b) of the Order is not applicable to the Company.

xxi. The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of standalone financial statements. Accordingly, no comment in respect of the said Clause has been included in the report.

For M S K A & Associates LLP (Formerly known as M S K A & Associates)
Chartered Accountants
ICAI Firm Registration No. 105047W/W101187

Sd/-

Nitin Manohar Jumani
Partner
Membership No.: 111700
UDIN: 26111700HFQFWU6961

Place: Pune
Date: May 20, 2026

ANNEXURE C TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF PRAJ HIPURITY SYSTEMS LIMITED

[Referred to in paragraph 2(g) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the Members of Praj HiPurity Systems on the Financial Statements for the year ended March 31, 2026]

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

Opinion

We have audited the internal financial controls with reference to financial statements of Praj Hipurity Systems Limited ("the Company") as of March 31, 2026, in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, and to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2026, 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 (the "Guidance Note") issued by the Institute of Chartered Accountants of India ('ICAI').

Management's and Board of Director's Responsibilities 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 issued by the ICAI. 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.

Auditor's 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 issued by the ICAI 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 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 financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial 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.

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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 financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

A company's internal financial control 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 control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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 control 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 M S K A & Associates LLP
(Formerly known as M S K A & Associates)
Chartered Accountants
ICAI Firm Registration No. 105047W/W101187

Sd/-

Nitin Manohar Jumani
Partner
Membership No.: 111700
UDIN: 26111700HFQFWU6961
Date: May 20, 2026
Place: Pune

PRAJ HIPURITY SYSTEMS LIMITED
Balance sheet as at 31st March, 2026
(Amounts in Indian Rupees million unless otherwise stated)

Particulars	Note No.	31 March 2026	31 March 2025
ASSETS			
Non-current assets			
Property, plant and equipment	3A	149.650	154.875
Right-of-Use assets	3B	82.709	58.994
Capital work-in-progress	3C	13.273	-
Other Intangible assets	3A	0.292	-
Financial assets			
Other Financial Assets	4	8.301	8.665
Deferred tax assets (net)	24	40.357	25.565
Other non-current assets	5	0.911	0.188
Total non-current assets		**295.493**	**248.287**
Current assets			
Inventories	6	268.395	253.879
Financial assets			
i) Trade receivables	7	760.131	797.916
ii) Cash and cash equivalents	8	232.640	105.078
iii) Bank Balance other than (ii) above	8.1	-	0.051
iv) Other Financial Assets	9	3.872	4.370
Current tax asset (net)		2.332	4.219
Other current assets	5	923.203	898.795
Total current assets		**2,190.573**	**2,064.308**
Total assets		**2,486.066**	**2,312.595**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	10	50.000	50.000
Other equity	11	1,154.830	985.910
Total equity		**1,204.830**	**1,035.910**
Liabilities			
Non-current liabilities			
Financial Liabilities			
i) Lease Liabilities	30	62.932	41.555
ii) Other financial liabilities	13	0.900	0.700
Provisions	12	13.661	18.779
Total non-current liabilities		**77.493**	**61.034**
Current liabilities			
Financial liabilities			
i) Lease Liabilities	30	21.148	21.084
ii)Trade payables	15		
(a)Total outstanding dues of micro enterprises and small enterprises		184.238	235.331
(b)Total outstanding dues of creditors other than micro enterprises and small enterprises		418.880	537.375
iii) Other financial liabilities	13	23.392	30.077
Other current liabilities	14	498.521	355.154
Provisions	12	57.564	36.630
Total current liabilities		**1,203.743**	**1,215.651**
Total liabilities		**1,281.236**	**1,276.685**
Total equity and liabilities		**2,486.066**	**2,312.595**

Summary of material accounting policies 2
The accompanying notes are an integral part of these financial statements

As per our report of even date.

For M S K A & Associates LLP
(Formerly known as M S K A & Associates)
Chartered Accountants
Firm Regn. No: W101187/105047W

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

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
Nitin Manohar Jumani	**Dr. Pramod Chaudhari**	**Mihir Mehta**	**Ashish Gaikwad**	**Anant Bavare**
Partner	Chairman	Whole time Director	Director	Company Secretary
Membership No.: 111700	DIN: 00196415	DIN: 09736913	DIN: 07585079	M. No 21405

Place : Pune
Date : 20th May, 2026

PRAJ HIPURITY SYSTEMS LIMITED

Statement of profit and loss for the period ended 31st March, 2026

(Amounts in Indian Rupees million unless otherwise stated)

Particulars	**Note No.**	**31 March 2026**	**31 March 2025**
Income			
Revenue from operations	16	3,329.256	3,102.743
Other income	17	17.264	7.899
Total income		**3,346.520**	**3,110.642**
Expenses			
Cost of materials consumed	18	2,123.021	1,796.448
Changes in inventories of finished goods and work-in-progress	19	25.015	148.105
Employee benefits expense	20	279.436	282.386
Finance costs	21	18.084	11.802
Depreciation and amortisation expense	22	50.909	41.500
Other expenses	23	609.133	541.238
Total expense		**3,105.598**	**2,821.479**
Profit before exceptional items and tax		**240.922**	**289.163**
Exceptional items	40	20.814	0.000
Profit before tax		**220.108**	**289.163**
Tax expenses	24		
Current tax		73.145	76.300
Deferred tax (credit)		(15.878)	(1.338)
(Excess) / Short Provision of Earlier Year		(2.850)	0.812
Total tax expense		**54.417**	**75.774**
Profit for the period		**165.691**	**213.389**
Other comprehensive income			
Items that will not be reclassified to profit or loss Remeasurement of Defined Benfit Liabilities - (gain)/ loss		(4.315)	4.256
Income tax effect		1.086	(1.071)
Total comprehensive income for the period		**168.920**	**210.204**
Earnings per equity share			
(1) Basic		33.14	42.68
(2) Diluted		33.14	42.68

Summary of material accounting policies 2

The accompanying notes are an integral part of these financial statements

As per our report of even date.

For M S K A & Associates LLP
(Formerly known as M S K A & Associates)
Chartered Accountants
Firm Regn. No: W101187/105047W

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

Sd/-	Sd/-	Sd/	Sd/-	Sd/-
Nitin Manohar Jumani	**Dr. Pramod Chaudhari**	**Mihir Mehta**	**Ashish Gaikwad**	**Anant Bavare**
Partner	Chairman	Whole time Director	Director	Company Secretary
Membership No.: 111700	DIN: 00196415	DIN: 09736913	DIN: 07585079	M. No 21405

Place : Pune
Date : 20th May, 2026

PRAJ HIPURITY SYSTEMS LIMITED

Statement of cash flows for the year ended 31st March, 2026

(Amounts in Indian Rupees million unless otherwise stated)

	Particulars	31 March 2026	31 March 2025
A.	**Cash flow from operating activities**		
	Net profit before tax	**220.108**	**289.163**
	Adjustments		
	Net (gain)/loss on sale of property, plant and equipment	(0.046)	0.401
	Unrealised foreign exchange (gain) / loss (net)	(7.685)	-
	Net Gain on termination of lease	(0.510)	(0.057)
	Depreciation and amortisation expenses	50.910	41.500
	Excess Provision written back	(0.022)	(2.980)
	Sundry balances written off	0.387	0.000
	Allowance of doubtful receivable	48.871	0.443
	Provision for Duty Drawback	4.006	-
	Provision for Anticipated Losses	2.660	-
	Exceptional Item	20.814	-
	Bad Debts Written off	2.319	-
	Interest income	(3.069)	(0.765)
	Finance cost	18.085	9.936
	Operating profit before working capital changes	**356.827**	**337.641**
	Changes in working capital		
	(Increase) /decrease in trade receivables	(1.553)	72.422
	(Increase)/decrease in inventories	(23.339)	238.422
	(Increase)/decrease in other non current financial assets	(1.818)	(1.135)
	(Increase)/decrease in other non-current assets	(0.722)	(734.658)
	(Increase)/decrease in other current financial assets	0.549	(1.215)
	(Increase)/decrease in other current assets	(28.514)	-
	Increase/(decrease) in trade payables	(178.379)	89.205
	Increase/(decrease) in other financial liabilities	(6.485)	(22.585)
	Increase/(decrease) in other current liabilities	143.366	66.214
	Increase/(decrease) in provisions	(0.683)	3.502
	Cash generated from operations	**259.249**	**47.813**
	Income taxes paid	(71.259)	(83.735)
	NET CASH FROM OPERATING ACTIVITIES	**187.990**	**(35.922)**
B.	**Cash flow from investing activities**		
	Purchase of property, plant and equipment and intangible assets (including capital work-in-progress)	(19.208)	(11.304)
	Proceeds from sale of property, plant and equipment	0.125	0.583
	Net interest received	1.334	0.765
	NET CASH USED IN INVESTING ACTIVITIES	**(17.749)**	**(9.956)**
C.	**Cash flow from financing activities**		
	Finance cost paid (Refer note 21)	(11.358)	(4.784)
	Principal payment of lease liabilities (Refer note 30)	(31.321)	(25.908)
	Intercompany deposits received (Refer note 29)	140.000	70.000
	Intercompany deposits paid (Refer note 29)	(140.000)	(70.000)
	NET CASH USED IN FINANCING ACTIVITIES	**(42.679)**	**(30.692)**
	Net increase/(decrease) in cash and cash equivalents during the year (D)= (A+B+C)	127.562	(76.570)
	Cash and cash equivalents at the beginning of the year (Refer Note 8) (E)	**105.078**	181.648
	Effect of exchange rate changes on cash and cash equivalent (F)	-	-
	Cash and cash equivalents at the end of the year (Refer Note 8)" (G)= (D+E+F)	**232.640**	**105.078**
	Note:		
	Refer note 30B for changes in lease liabilities		
	The Statement of cash flow has been prepared under the Indirect Method as set out in IND AS 7- Statement of Cashflow		
	The accompanying notes are an integral part of the financial statements.		

As per our report of even date.
For M S K A & Associates LLP
(Formerly known as M S K A & Associates)
Chartered Accountants
Firm Regn. No: W101187/105047W

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

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
Nitin Manohar Jumani	**Dr. Pramod Chaudhari**	**Mihir Mehta**	**Ashish Gaikwad**	**Anant Bavare**
Partner	Chairman	Whole time Director	Director	Company Secretary
Membership No.: 111700	DIN: 00196415	DIN: 09736913	DIN: 07585079	M. No 21405

Place : Pune
Date : 20th May, 2026

PRAJ HIPURITY SYSTEMS LIMITED
Statement of changes in equity for the year ended 31st March, 2026
(Amounts in Indian Rupees million unless otherwise stated)

A. Equity share capital

Balance as at 1 April 2024	**Changes in equity share capital during the year**	**Balance as at 31 March 2025**
50.00	-	50.00
Balance as at 1 April 2025	**Changes in equity share capital during the year**	**Balance as at 31st March 2026**
50.00	-	50.00

B. Other equity

Particulars	**Reserves and surplus**		**Total**
	General reserve	**Retained earnings**	
Balance as at 31st March 2024	**157.770**	**617.936**	**775.706**
Profit for the year	-	213.389	213.389
Other comprehensive income	-	(3.185)	(3.185)
Dividend Paid	-	-	-
Balance as at 31 March 2025	**157.770**	**828.140**	**985.910**
Profit for the year	-	165.691	165.691
Other comprehensive income	-	3.229	3.229
Dividend Paid	-	-	-
Balance as at 31 March 2026	**157.770**	**997.060**	**1,154.830**

As per our report of even date.
For M S K A & Associates LLP
(Formerly known as M S K A & Associates)
Chartered Accountants
Firm Regn. No: W101187/105047W

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

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
Nitin Manohar Jumani	**Dr. Pramod Chaudhari**	**Mihir Mehta**	**Ashish Gaikwad**	**Anant Bavare**
Partner	Chairman	Whole time Director	Director	Company Secretary
Membership No.: 111700	DIN: 00196415	DIN: 09736913	DIN: 07585079	M. No 21405

Place : Pune
Date : 20th May, 2026

Praj HiPurity Systems Limited

Notes to the financial statements for the year ended 31st March, 2026

(Amounts in Indian Rupees million unless otherwise stated)

Note 3A: Property, plant and equipment and intangible asets

	Tangible assets									Intangible Assets		
Particulars	**Freehold land**	**Factory Building**	**Plant and machinery**	**Office equipments**	**Vehicles**	**Furniture and fixtures**	**Electric fittings and installations**	**Computers**	**Total**	**Software**	**Total**	**Grand total**
Gross block												
As at 1 April 2025	6.667	253.653	221.841	8.087	3.979	23.048	9.623	6.632	**533.530**	12.256	**12.256**	**545.786**
Additions during the year	-	7.788	6.150	0.799	-	-	0.382	3.681	**18.800**	0.403	**0.403**	**19.203**
Deletions during the year	-	-	3.510	0.076	-	0.053	-	0.355	**3.994**	-	-	**3.994**
As at 31st March, 2026	**6.667**	**261.441**	**224.481**	**8.810**	**3.979**	**22.995**	**10.005**	**9.958**	**548.336**	**12.659**	**12.659**	**560.995**
Accumulated depreciation and amortisation												
As at 1 April 2025	-	164.785	174.870	4.948	3.907	16.689	9.552	3.905	**378.656**	12.256	**12.256**	**390.912**
Charge for the year	-	5.850	11.724	0.815	0.072	1.634	0.058	3.793	**23.946**	0.111	**0.111**	**24.057**
Depreciation on deletions	-	-	3.432	0.076	-	0.053	-	0.355	**3.916**	-	-	**3.916**
As at 31st March, 2026	**-**	**170.635**	**183.162**	**5.687**	**3.979**	**18.270**	**9.610**	**7.343**	**398.686**	**12.367**	**12.367**	**411.053**
Net carrying value												
As at 31st March, 2026	**6.667**	**90.806**	**41.319**	**3.123**	**-**	**4.725**	**0.395**	**2.615**	**149.650**	**0.292**	**0.292**	**149.942**
As at 31 March 2025	**6.667**	**88.868**	**46.971**	**3.139**	**0.072**	**6.359**	**0.071**	**2.727**	**154.875**	**-**	**-**	**154.875**

	Tangible assets									Intangible Assets		
Particulars	**Freehold land**	**Factory Building**	**Plant and machinery**	**Office equipments**	**Vehicles**	**Furniture and fixtures**	**Electric fittings and installations**	**Computers**	**Total**	**Software**	**Total**	**Grand total**
Gross block												
As at 1 April 2024	6.667	249.920	217.448	6.665	3.979	23.995	9.609	5.660	**523.943**	12.256	**12.256**	**536.199**
Additions during the year	-	3.733	8.957	1.730	-	0.333	0.014	2.285	**17.052**	-	-	**17.052**
Deletions during the year	-	-	4.564	0.307	-	1.279	-	1.313	**7.463**	-	-	**7.463**
As at 31st March, 2025	**6.667**	**253.653**	**221.841**	**8.087**	**3.979**	**23.048**	**9.623**	**6.632**	**533.530**	**12.256**	**12.256**	**545.786**
Accumulated depreciation and												
As at 1 April 2024	-	159.111	166.857	4.241	3.791	16.288	9.526	4.789	**364.604**	12.139	**12.139**	**376.742**
Charge for the year	-	5.673	11.853	0.774	0.116	1.680	0.026	0.408	**20.530**	0.118	**0.118**	**20.648**
Depreciation on deletions	-	-	3.840	0.067	-	1.279	-	1.293	**6.478**	-	-	**6.478**
As at 31st March, 2025	**-**	**164.785**	**174.870**	**4.948**	**3.907**	**16.689**	**9.552**	**3.905**	**378.656**	**12.256**	**12.256**	**390.912**
Net carrying value												
As at 31st March, 2025	**6.667**	**88.868**	**46.971**	**3.139**	**0.072**	**6.359**	**0.071**	**2.727**	**154.875**	**-**	**-**	**154.875**

Note 3B: Right of Use Assets

Particulars	Right of Use Asset -Building	Right of Use Asset - WADA LAN Setup	Right of Use Asset - Workshop Equipment	Right of Use Asset -Laptop	Right of Use Asset -Vehicle	Total
Gross block						
As at 1 April 2025	50.614	4.917	30.620	14.464	11.501	**112.116**
Additions during the year	44.442	-	10.415	-	-	**54.857**
Deletions during the year	26.956	-	-	13.280	9.304	**49.540**
As at 31st March, 2026	**68.100**	**4.917**	**41.035**	**1.184**	**2.197**	**117.433**
Accumulated depreciation and amortisation						
As at 1 April 2025	26.840	0.256	9.285	12.845	3.895	**53.121**
Charge for the year	14.204	1.228	8.050	1.044	2.326	**26.852**
Depreciation on deletions	26.956	-	-	13.280	5.013	**45.249**
As at 31st March, 2026	**14.088**	**1.484**	**17.335**	**0.609**	**1.208**	**34.724**
				-	-	
Net carrying value						
As at 31st March, 2026	**54.012**	**3.433**	**23.700**	**0.575**	**0.989**	**82.709**
As at 31 March 2025	**23.774**	**4.661**	**21.335**	**1.619**	**7.605**	**58.995**

Particulars	Right of Use Asset -Building	Right of Use Asset - WADA LAN Setup	Right of Use Asset - Workshop Equipment	Right of Use Asset -Laptop	Right of Use Asset -Vehicle	Total
Gross block						
As at 1 April 2024	25.270		7.276	17.969	11.498	**62.012**
Additions during the year	25.344	4.917	23.344	1.152	3.233	**57.991**
Deletions during the year				4.656	3.230	**7.887**
As at 31st March, 2025	**50.614**	**4.917**	**30.620**	**14.464**	**11.501**	**112.116**
Accumulated depreciation and amortisation						
As at 1 April 2024	16.912		6.034	12.400	1.923	**37.270**
Charge for the year	9.928	0.256	3.251	5.101	2.316	**20.852**
Depreciation on deletions				4.656	0.343	**5.000**
As at 31st March, 2025	**26.840**	**0.256**	**9.285**	**12.845**	**3.895**	**53.122**
				-	-	
Net carrying value						
As at 31st March, 2025	**23.774**	**4.661**	**21.335**	**1.619**	**7.605**	**58.994**

Note 3C: Capital Work in Progress

Particulars	Capital work-in-progress
As at 31 March 2024	5.847
Addition	6.858
Capitalisation	12.704
As at 31 March 2025	**-**
Addition	13.273
Capitalisation	-
As at 31st March, 2026	**13.273**

Note:

1. For ageing refer note 35
2. The title deeds of all immovable properties (other than those where the Company is a lessee with duly executed lease agreements), are held in the name of the Company [Refer note 37(i)].

PRAJ HIPURITY SYSTEMS LIMITED

Notes to the financial statements for the year ended 31st March, 2026

(Amounts in Indian Rupees million unless otherwise stated)

Note 4: Other Non Current Financial Assets

Particulars	31 March 2026	31 March 2025
Security deposits		
Considered good	8.301	8.665
Total	**8.301**	**8.665**

Note 5: Other Assets

Particulars	31 March 2026	31 March 2025
(i) Prepaid expenses		
Unsecured, considered good		
Non-current	0.911	0.090
Currrent	7.136	7.891
(ii) Balances with Indirect tax authorities		
Unsecured, considered good		
Currrent	64.191	113.934
(iii) Advance to Supplier		
Unsecured, considered good		
Currrent	22.131	24.505
(iv) Capital Advance		
(Refer note 26)		
Unsecured, considered good		
Non-current	-	0.099
(v) Other advances*		
Unsecured, considered good		
Currrent	0.609	8.298
(vi) Contract Asset	593.996	649.955
Contract in Progress		
Retention Money		
Unsecured considered Good	235.140	94.211
Unsecured considered Doubtful	0.747	20.057
	235.887	**114.268**
Less : Provision for doubtful retention money (Refer note 34)	0.747	20.057
	235.140	94.211
Total	**924.114**	**898.983**
Non-current	**0.911**	**0.188**
Current	**923.203**	**898.795**

*Includes Travel advance balance with Employee's

PRAJ HIPURITY SYSTEMS LIMITED

Notes to the financial statements for the year ended 31st March, 2026

(Amounts in Indian Rupees million unless otherwise stated)

Note 6: Inventories

Particulars	31 March 2026	31 March 2025
Raw materials (Includes Goods in Transit : 5.95 Million (31 March 2025: NIL)	234.877	197.462
Consumables, stores and spares	8.436	6.707
Work-in-progress	24.197	48.634
Packing material	0.885	0.498
Finished goods	0.000	0.578
Total	**268.395**	**253.879**

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

(ii) Inventories are hypothecated as security against cash credit facilities availed by the Company for working capital purposes from banks.

(iii) Write down of Inventories for the year Rs 15.659 - (Previous year Rs.12.553). Inventory values shown above are net of the write down. These were recognized as an expense during the year and included in 'Cost of materials consumed'

(iv) Inventories include materials lying at project sites, warehouses and with third parties amounting to INR 8.816 (March 31, 2025: INR 1.558), in the ordinary course of business.

Note 7: i) Trade receivables

Particulars	31 March 2026	31 March 2025
Trade receivables		
Unsecured, considered good		
From related parties	-	-
From others	760.131	797.916
Credit Impaired (Refer Note 34)	88.124	19.943
	848.255	**817.859**
Less: Expected credit loss allowance	88.124	19.943
Total	**760.131**	**797.916**

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.

The Company has availed working capital facilities which are secured by first pari passu charge on book debt (refer note 37 for details)

Refer note 35A for ageing of trade receivables.

PRAJ HIPURITY SYSTEMS LIMITED

Notes to the financial statements for the year ended 31st March, 2026

(Amounts in Indian Rupees million unless otherwise stated)

Note 8: Cash and cash equivalents

Particulars	31 March 2026	31 March 2025
(i) Balances with banks		
On current accounts	32.309	14.911
Deposits with original maturity of less than 3 months	200.180	90.000
(ii) Cash on hand	0.151	0.167
Total	**232.640**	**105.078**

Note 8.1: Bank Balance other than (ii) above

Particulars	31 March 2026	31 March 2025
(i) Other Bank Balance	-	0.051
	-	**0.051**
Non-current	-	-
Current	-	0.051

Note 9: Other Financial Assets

Particulars	31 March 2026	31 March 2025
Other Financial Assets		
(Considered good unless otherwise stated)		
Interest accrued on deposit	0.098	0.050
Security deposits	3.552	4.297
Other receivable	0.022	0.023
Loan to employees*	0.200	-
Total	**3.872**	**4.370**
Non-current	**-**	**-**
Current	**3.872**	**4.370**

*Loans to employees are given in normal course of business. The repayment of these loans have been stipulated and regular.

PRAJ HIPURITY SYSTEMS LIMITED
Notes to the financial statements for the year ended 31st March, 2026

(Amounts in Indian Rupees million unless otherwise stated)

Note 10: Equity share capital

Particulars	31 March 2026	31 March 2025
Authorised shares		
50,00,000 (31 March 2025: 50,00,000) equity shares of INR 10 each	50.000	50.000
Issued, subscribed and fully paid-up shares		
50,00,000 (31 March 2025: 50,00,000) 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 2026, 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	31 March 2026		31 March 2025	
	Number	Amount	Number	Amount
At the beginning and end of the year	50,00,000	50.000	50,00,000	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	31 March 2026		31 March 2025	
	Number	% holding	Number	% holding
Equity shares of INR 10 each fully paid				
Holding Company (Praj Industries Limited)	50,00,000	100%	50,00,000	100%

e) Change in promoters' shareholding during the year
There is no change in promotors shareholding during the year 2025-26

Name of shareholder	31 March 2026		31 March 2025	
	Number	% holding	Number	% holding
Equity shares of INR 10 each fully paid				
Holding Company (Praj Industries Limited)	50,00,000	100%	50,00,000	100%

f) There were no 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:

PRAJ HIPURITY SYSTEMS LIMITED
Notes to the financial statements for the year ended 31st March, 2026
(Amounts in Indian Rupees million unless otherwise stated)

Note 11: Other equity

Particulars	31 March 2026	31 March 2025
(i) General reserve (At the beginning and end of the year)	**157.770**	**157.770**
(ii) Retained earnings		
At the beginning of the year	828.140	617.936
Profit for the year	165.691	213.389
Total comprehensive income	3.229	(3.185)
At the end of the year	**997.060**	**828.140**
Total	**1,154.830**	**985.910**

Nature & Purpose of Reserve

a) **General reserve:** The Company has transferred a portion of the net profit of the Company before declaring dividend to general reserve pursuant to the earlier provisions of Companies Act 1956. Mandatory transfer to general reserve is not required under the Companies Act 2013.

b) **Retained earnings:** Retained earnings includes profits/(loss) that the Company has earned/incurred till date, less any transfers to general reserve, dividends or other distributions paid to shareholders. It also include re-measurement loss/(gain) on defined benefit plans, net of taxes that will not be reclassified to Statement of Profit and Loss.

Note 12: Provisions

Particulars	31 March 2026	31 March 2025
Provision for employee benefits		
(i) Provision for leave encashment		
(Refer note 31)		
Non-current	-	18.779
Currrent	19.707	3.551
(ii) Provision for gratuity		
(Refer note 31)		
Non-current	13.661	-
Currrent	35.197	33.079
(iii) Provision for Anticipated Loss		
(Refer table below for more details)		
Currrent	2.660	-
Total	**71.225**	**55.409**
Non-current	13.661	18.779
Current	57.564	36.630

Movement in Provision for anticipated losses on revenue contracts		
Balance of provision as at the start of the year	-	-
Add: Additional Provision during the year	2.660	-
Less: Provision used/ reversed during the year	-	-
Balance of provision as at the end of the year	2.660	-

PRAJ HIPURITY SYSTEMS LIMITED
Notes to the financial statements for the year ended 31st March, 2026
(Amounts in Indian Rupees million unless otherwise stated)

Note 13: Other financial liabilities

Particulars	31 March 2026	31 March 2025
Current		
Employee Benefits Payable	23.392	30.077
Non-current		
Other Payable*	0.900	0.700
Total	**24.292**	**30.778**
Non-current	**0.900**	**0.700**
Current	**23.392**	**30.077**

*includes security deposit.

Note 14: Other current liabilities

Particulars	31 March 2026	31 March 2025
Current		
(i) Advances received from customers (Refer note 27)	436.851	348.047
(ii) Statutory Dues*	4.664	5.756
(iii) Dues to Customer related to Contract in Progress (Refer note 27)	57.006	1.351
Total	**498.521**	**355.154**
Non-current	**-**	**-**
Current	**498.521**	**355.154**

*Includes payable for TDS, TCS, PF and PT.

PRAJ HIPURITY SYSTEMS LIMITED

Notes to the financial statements for the year ended 31st March, 2026

(Amounts in Indian Rupees million unless otherwise stated)

Note 15: Trade payables

Particulars	31 March 2026	31 March 2025
(i) Total outstanding dues of micro enterprises and small enterprises	184.238	235.331
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	418.880	537.375
of above trade payable amount due to related parties	-	-
Total	**603.118**	**772.706**

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, 2026, to Micro, Small and Medium Enterprises on account of principal or interest.

Trade Payable are generally on credit terms ranging from 30 to 90 days.

Refer note 35B for ageing.

Particulars	31 March 2026	31 March 2025
Total outstanding amount in respect of micro and small enterprises	184.238	235.331
Principal amount due and remaining unpaid	-	-
Interest due on above and remaining unpaid	0.011	-
Interest paid	-	-
Payment made beyond appointment day	-	-
Interest due and payable for the period of delay	0.011	-
Interest accrued and remaining unpaid (excluding interest accrued for earlier years)	0.011	-
Amount of further interest remaining due and payable in succeeding years	0.011	-

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 HIPURITY SYSTEMS LIMITED

Notes to the financial statements for the year ended 31st March, 2026

(Amounts in Indian Rupees million unless otherwise stated)

Note 16: Revenue from operations

Particulars	31 March 2026	31 March 2025
Revenue from products and projects	**3,012.082**	**2,767.426**
Sale of services - Domestic	199.671	199.852
Sale of services - Export	113.242	131.061
Other Operating Income		
Scrap Sales	4.055	4.285
Export Incentive	0.206	0.119
Total	**3,329.256**	**3,102.743**

Refer note 27 for disclosure pursuent to Ind AS 115

Note 17: Other income

Particulars	31 March 2026	31 March 2025
Interest income	3.069	0.765
Profit / (loss) on sale of property,plant and equipment (net)	0.046	-
Sundry balances written back	0.022	0.098
Excess Provision written back	-	2.883
Foreign exchange gain (net)	13.617	4.054
Miscellaneous income	0.510	0.099
Total	**17.264**	**7.899**

Note 18: Cost of materials consumed

Particulars	31 March 2026	31 March 2025
Raw material consumed	2,123.021	1,796.448
Total	**2,123.021**	**1,796.448**

PRAJ HIPURITY SYSTEMS LIMITED

Notes to the financial statements for the year ended 31st March, 2026

(Amounts in Indian Rupees million unless otherwise stated)

Note 19: Changes in inventories of finished goods and work-in-progress

Particulars	31 March 2026	31 March 2025
Inventories at the end of the year		
Finished goods	0.000	0.578
Work-in-progress	24.197	48.634
	24.197	**49.212**
Inventories at the beginning of the year		
Finished goods	0.578	22.792
Work-in-progress	48.634	174.525
	49.212	**197.317**
(Increase)/Decrease in inventories	**25.015**	**148.105**

Note 20: Employee benefits expense

Particulars	31 March 2026	31 March 2025
Salaries, wages and bonus	249.407	260.683
Contributions to provident and other funds(Refer note 31)	9.736	6.043
Gratuity expense (Refer note 31)	6.583	5.192
Staff welfare	13.710	10.468
Total	**279.436**	**282.386**

Note 21: Finance costs

Particulars	31 March 2026	31 March 2025
Interest on Intercorporate deposit	0.899	1.154
Interest and Commission*	9.424	3.630
Interest on Lease Liability	6.727	5.152
(Refer note 30)		
Bank Charges	1.034	1.866
Total	**18.084**	**11.802**

*Includes commission on Corporate Guarantee & Bank Interest

Note 22: Depreciation and amortisation expense

Particulars	31 March 2026	31 March 2025
Depreciation on:		
Property, plant and equipment	23.946	20.530
Amortisation of:		
Intangible assets	0.111	0.118
Right-of-use assets	26.852	20.852
Total	**50.909**	**41.500**

PRAJ HIPURITY SYSTEMS LIMITED

Notes to the financial statements for the year ended 31st March, 2026

(Amounts in Indian Rupees million unless otherwise stated)

Note 23: Other expenses

Particulars	31 March 2026	31 March 2025
Consumption of Stores & spares	37.886	36.567
Site expenses and labour charges	185.350	258.354
Freight and transport	53.117	19.853
Factory expenses	-	10.715
Testing charges	4.842	4.886
Bad Debts written off	2.319	0.139
Provision for doubtful debts	48.871	0.443
Commission and brokerage	9.533	-
Travelling and conveyance	105.781	79.513
Professional consultancy charges	69.271	50.111
Insurance	14.731	15.618
Rent (Refer note 30)	6.748	9.729
Royalty Fees	-	2.863
Power and fuel	10.153	6.667
IT and Communication expenses	6.705	1.235
Business promotion expenses	3.841	9.196
Repairs and maintenance - Plant and machinery	4.925	5.624
Repairs and maintenance - Others	11.482	10.007
Payment to auditors (Refer note 23.1)	1.269	1.440
Rates and taxes	1.329	1.883
Corporate social responsibility expenses (Refer note 32)	5.654	5.023
Loss on Sale of Asset	-	0.401
Miscellaneous expenses	25.326	10.971
Total	**609.133**	**541.238**

Note: 23.1 Payment to auditors (Exclusive of Goods and Services tax)

Particulars	31 March 2026	31 March 2025
Statutory audit fees (including limited review fees)	1.105	1.190
Tax audit fees	0.150	0.150
Other services (including of Out of Pocket Expenses)	0.014	0.100
Total	**1.269**	**1.440**

PRAJ HIPURITY SYSTEMS LIMITED

Notes to the financial statements for the year ended 31st March, 2026

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

	Particulars	31 March 2026	31 March 2025
24	**Income tax**		
A	**Statement of profit and loss:**		
	Current income tax:		
	Current income tax charge	73.145	76.300
	Tax relating to earlier periods	(2.850)	0.812
	Deferred tax:		
	Relating to origination and reversal of temporary differences	(15.878)	(1.338)
	Income tax expense reported in the statement of profit and loss	**54.417**	**75.774**
B	**Statement of other comprehensive income:**		
	Deferred tax:		
	Remeasurements gains and losses on post employment benefits	1.086	(1.071)
	Income tax expense reported in the statement of other comprehensive income	1.086	**(1.071)**
C	**Reconciliation of effective tax rate**		
	Accounting profit before tax	**220.108**	**289.163**
	Tax using the Company's domestic tax rate 25.168% (31 March 2025: 25.168%)	**55.397**	**72.777**
	Adjustments in respect of current income tax of previous years	(2.850)	0.812
	Less: Tax effect of:		
i	Additional Allowances for tax purpose	(0.310)	(1.629)
	Add: Tax effect of		
i	Tax liability on IND AS adjustment to Retained earnings	-	1.041
ii	Disallowance on deduction claimed in CSR Expenditure	1.423	1.264
iii	Gratuity Provision reduction considered in OCI	(1.086)	1.071
iv	Expenses not allowed for tax purpose	1.841	0.438
	Total	**54.417**	**75.774**
	Income tax expense reported in the statement of profit and loss	**54.417**	**75.774**

D Deferred tax

	Deferred tax relates to the following:	**Balance Sheet**		**Statement of profit and loss/ other comprehensive income & other equity**	
		31 March 2026	**31 March 2025**	**31 March 2026**	**31 March 2025**
	Deferred tax asset				
	Provision for doubtful debts and advances	22.367	10.067	(12.300)	(0.112)
	Gratuity	12.297	8.325	(3.971)	(1.026)
	Leave encashment	4.960	5.620	0.660	(0.927)
	Bonus	-	2.491	2.491	0.005
	Unwinding of Security Deposit	0.584	-	(0.584)	-
	MSMED 43B Disallowance	0.130	-	(0.130)	-
	Provision for anticipated losses	0.669	-	(0.669)	-
	Lease Liability	21.161	15.765	(5.397)	(8.630)
	Total	**62.168**	**42.268**	(19.900)	(10.689)
	Deferred tax liability				
	Property, plant & equipment and intangible assets	(21.811)	(16.703)	5.108	8.280
	Total	**(21.811)**	**(16.703)**	**5.108**	**8.280**
	Net deferred tax asset / (liability)	**40.357**	**25.565**		
	Deferred tax expense/(income)			(14.792)	(2.409)
	- Recognised in the statement of profit and loss			(15.878)	(1.338)
	- Recognised in the statement of other comprehensive income			1.086	(1.071)

PRAJ HIPURITY SYSTEMS LIMITED

Notes to the financial statements for the year ended 31st March, 2026

(Amounts in Indian Rupees million unless otherwise stated)

Note 25: Earnings per share

Particulars	31 March 2026	31 March 2025
Reconciliation of basic and diluted shares used in computing earnings per share		
Weighted average number of basic equity shares	50,00,000	50,00,000
Weighted average number of diluted equity shares	50,00,000	50,00,000
Computation of basic and diluted earnings per share in accordance with IND AS 33		
Net profit after tax attributable to equity shareholders	165.691	213.389
Basic earnings per equity share of INR 10 each	33.14	42.68
Diluted earnings per equity share of INR 10 each	33.14	42.68

Note 26: Contingent liabilities

Particulars	31 March 2026	31 March 2025
Capital commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	11.718	-
Contingent liabilities		
Disputed demands in appeal towards Income Tax (excluding interest accured)*	2.894	2.894

The company does not expect any outflow of cash in respect of the above contingent liabilty. It is not practicable to estimate the timing of cashflow if any with respect to above matters

*The Company is in appeal before the Commissioner of Income Tax against a demand amounting to INR 2.894 million (as at 31 March 2026: INR 2.894 million) pertaining to Assessment Year 2022–23. Pending the outcome of the appeal, no provision has been made in the financial statements, as the management believes that the demand is not sustainable.

Note : 27 Disclosure pursuant to IND AS 115-Revenue from Contracts with Customers

I) Revenue by Category of contracts:

Particulars	31 March 2026	31 March 2025
Over a period of time basis	2,862.757	594.356
At a point-in-time basis	466.499	2,508.387
Total revenue from contract with customers	**3,329.256**	**3,102.743**

II) Revenue by Geographical Market:

Particulars	31 March 2026	31 March 2025
Within India	2,980.571	2,317.872
Outside India	348.684	784.871
Total revenue from contract with customers	**3,329.256**	**3,102.743**

III) Transaction price allocated to the remaining performance obligations:

Particulars	31 March 2026	31 March 2025
Remaining performance obligations	1,187.726	1,980.000

IV) Contract Balances:

Particulars	31 March 2026	31 March 2025
Trade receivables	760.131	797.916
Contract Assets (Retention)	235.140	94.211
Contract Assets (unbilled revenue)	593.996	649.955
Contract Assets (Incremental Costs to obtain contract)	-	-
Contract Liability (Unearned revenue)	57.006	1.351
Contract Liability (Incremental Costs to obtain contract)	-	-
Contract Liability (Advances received from customer)	436.851	348.047

As regular projects life cycle lasts 12-24 months, the company expects that significant portion of remaining performance obligation, will be completed withing next two financial years.

V) Changes contract balances during the year

Particulars	31 March 2026	31 March 2025
Opening Unbilled Revenue (Contract Asset) (Refer Note 5)	649.955	54.248
Opening Unearned Revenue (Contract Liability) (Refer Note 14)	1.351	-
Net Opening Contract Asset	**648.604**	**54.248**
- Transfer of Contract Asset to Receivables	3,440.874	2,508.387
- Increase in Revenue as a result of POCM change transferred from Unearned Revenue	3,329.260	3,102.743
- Others	-	-
Closing Unbilled Revenue (Contract Asset) (Refer Note 5)	593.996	649.955
Closing Unearned Revenue (Contract Liability) (Refer Note 14)	57.006	1.351
Net Closing Contract Asset	**536.990**	**648.604**

VI) There are no significant variations between revenue recognised in statement of profit and loss and contract price.

PRAJ HIPURITY SYSTEMS LIMITED

Notes to the financial statements for the year ended 31st March, 2026

(Amounts in Indian Rupees million unless otherwise stated)

Note 28 :Segment reporting

The business activities of the Company from which it earns revenue 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. Engineering goods & Brewery for pharmaceutical industries

Particulars	31 March 2026	31 March 2025
Customers exceeding 10% of revenue*	424.980	199.299
Total	**424.980**	**199.299**

*There is one customer whose revenue from operation exceeds 10% of the company's total revenue

Note 29: Related party transactions

List of related parties as per the requirements of Ind-AS 24 - Related Party Disclosures

Related parties where control exists	
(i) Holding company	Praj Industries Limited
(ii) Fellow Subsidiaries	Praj Engineering & Infra Limited Praj Far East Co. Limited Praj Americas Inc. Praj Far East (Philippines) Inc Praj GenX Limited Praj Projects (Tanzania) Limited
iii) Entity on which holding company exercises control	Praj Foundation
iv) Key management personnel and their close family members	
Chairman	Dr. Pramod Madhukar Chaudhari
CBO & Whole Time Director	Mr. Mihir Mehta
Director	Mr. Shishir Joshipura (Upto 30th June 2025)
Director	Mr. Vikram Shrirang Pandit
Director	Mr. Sachin Raole
Director	Mr. Ashish Gaikwad (from 25th April 2025)
Independent Director	Mr. Sandeep Rajnikant Mehta
Independent Director	Dr. Shridhar Bhalchandra Shukla
Independent Director	Ms. Rujuta Jagtap
Company Secretary	Mr. Anant Bavare

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

Particulars	31 March 2026	31 March 2025
Praj Industries Limited		
Sale of products*	1.828	1.943
Sale of services*	-	21.322
Purchase of goods & services*	21.313	7.748
Receipt of services*	8.503	2.597
Expenses incurred and reimbursed by holding company***	9.400	3.630
Interest on intercorporate deposits	0.899	1.154
Intercorporate deposits received	140.000	70.000
Interporporate deposits paid	(140.000)	(70.000)
Praj Foundation		
CSR contribution	5.554	5.023
Sitting Fees paid to Non Executive Director		
Sandeep Mehta	0.400	0.400
Vikram Pandit	0.400	0.400
Sivaramakrishnan Iyer	0.000	0.600
Director Remuneration		
Mihir Mehta**	9.346	9.481
Praj Industries Limited		
Advance given	1.410	3.430

*Amounts are excluding tax.

**The Managerial Remuneration paid to Mr. Mihir Mehta being whole time director, has been included in the total employee benefits, however, disclosure with regard to post employment benefits and compensatary abscences could not be shown separately, as, information for the same was not available separately.

***includes commission on corporate guarantee.

Note: Transactions with related parties are at arms length price and the balances receivable / payable are un-secured. The terms of payment are generally similar to those of other non-related parties.

PRAJ HIPURITY SYSTEMS LIMITED

Notes to the financial statements for the year ended 31st March, 2026

(Amounts in Indian Rupees million unless otherwise stated)

Note 30: Leases

The Company classifies the lease transactions as per the requirements of IND-AS 116 "Leases"

Nature of Leasing activity:

The Company has entered into lease arrangements for office and factory premises, plant & machinery, vehicles and computers.

A) The disclosures relating to leases are as summarised below:

Particulars	31 March 2026	31 March 2025
Depreciation for right-of-use asset	26.852	20.852
Interese expense on lease liabilities	6.727	5.152
Expenses relating to short-term / low value leases	6.748	9.729
Total Cash outhflow for leases	31.321	25.908
Carrying amount of right-of-use asset	82.709	58.994
Maturity analysis of lease liabilities:		
- less than 1 year	21.148	21.084
- 1 year to 3 years	40.687	28.785
- More than 3 years	22.246	12.770

B) Changes in Lease Liabilities arising from financing activities

Particulars	31 March 2026	31 March 2025
Opening lease liability	62.639	28.349
Net addition / (deletion) during the year	46.036	55.046
Finance Cost	6.727	5.152
Lease Payments	(31.321)	(25.908)
Closing lease liability	84.080	62.639
Non-current	62.932	41.555
Current	21.148	21.084

Note 31: Employee benefits

a) Defined contribution plans

The Company has recognised Rs. 9.736 Millions (31 March 2025: Rs. 6.043 Millions) towards post-employment defined contribution plans comprising of provident fund, Employee State Insurance Scheme, National Pension Scheme 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 2026	31 March 2025
Present value of obligation as at the beginning of the period	**41.851**	**33.552**
Interest cost	2.703	2.364
Past service cost	20.684	-
Current service cost	4.694	3.297
Benefits paid	(3.030)	(1.424)
Remeasurements on obligation - (gain) / loss	(4.381)	4.062
Present value of obligation as at the end of the period	**62.521**	**41.851**

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

Particulars	31 March 2026	31 March 2025
Fair value of plan assets at the beginning of the period	**8.772**	**4.549**
Interest income	0.727	0.470
Contributions	4.143	3.948
Mortality Charges and Taxes	(0.067)	(0.129)
Return on plan assets, excluding amount recognized in interest income - gain / (loss)	0.087	(0.066)
Fair value of plan assets as at the end of the period	**13.662**	**8.772**
Actual return on plan assets	0.813	0.404

(Amounts in Indian Rupees million unless otherwise stated)

Amounts recognised in the balance sheet are as follows:

Particulars	31 March 2026	31 March 2025
Present value of obligation as at the end of the period	62.521	41.851
Fair value of plan assets as at the end of the period	13.662	8.772
Surplus / (deficit)	**(48.858)**	**(33.079)**

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

Particulars	31 March 2026	31 March 2025
Current service cost	4.694	3.297
Past service cost	20.684	-
Net interest (income) / expense	1.976	1.895
Net periodic benefit cost recognised in the statement of profit and loss at the end of the period	**27.354**	**5.192**

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

Particulars	31 March 2026	31 March 2025
Remeasurement for the year - obligation (gain) / loss	(4.315)	4.190
Remeasurement for the year - plan assets (gain) / loss	-	0.066
Total remeasurements cost / (credit) for the year	**(4.315)**	**4.256**

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

Particulars	31 March 2026	31 March 2025
Interest (income) / expense - obligation	2.703	2.364
Interest (income) / expense - plan assets	(0.727)	(0.470)
Net interest (income) / expense for the year	**1.976**	**1.894**

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

Particulars	31 March 2026	31 March 2025
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 2026	31 March 2025
Discount rate	7.20%	6.70%
Rate of increase in compensation levels	9.00%	8.00%
Expected rate of return on plan assets	6.70%	7.20%
Expected average remaining working lives of employees (in years)	7.23*	7.76*
Withdrawal rate		
Age upto 30 years	10.00%	9.00%
Age 31 - 40 years	10.00%	9.00%
Age 41 - 50 years	10.00%	9.00%
Age above 50 years	10.00%	9.00%

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

The code on social security 2020:

During the year ended 31 March 2026, the Central Government of India has notified the Code on Wages, 2019, the Industrial Relations Code, 2020, the Code on Social Security ,2020 and the Occupational Safety, Health and Working Conditions Code,2020,collectively referred to as the 'New Labour Codes', effective from 21 November 2025 primarily impacting the wage definition to be considered for the purpose of defined benefit obligation relating to gratuity.

The new Labour Codes introduced by the Government of India, interalia, requires gratuity and leave encashment to be calculated based on wages constituting at least 50% of total remuneration. This has resulted in an increase in liability for past service periods. Accordingly, the Company has recognised past service cost aggregating to INR 20.814 millions during the year in accordance with Ind AS 19.

The Company is in the process of evaluating incremental liability on account of contract labour and other possible impacts. However, management is of the view that expected impact unlikely to be material. The Company continues to monitor the finalisation of Central/State Rules and clarifications from the Government and would provide appropriate accounting effect as and when such clarifications are issued/rules are notified.

(Amounts in Indian Rupees million unless otherwise stated)

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 2026	31 March 2025
6.20%	66.686	44.850
8.20%	58.771	39.169

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 2026	31 March 2025
8.00%	60.013	39.839
10.00%	65.085	44.021

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 2026	31 March 2025
9.00%	62.569	41.912
11.00%	62.477	41.796

Expected contributions for the next year
The Company has contributed Rs. 4.143 Millions (31st March 2025 : 3.948 Millions) to its gratuity fund in 2026. The Company intends to contribute Rs. 48.900 Millions towards its gratuity fund in 2026-27.

Average duration
Weighted average duration of the plan (based on discounted cash flows using mortality, withdrawal rate and interest rate) is 7.57 years (31 March 2025: 8.37 years).

Maturity Analysis

Particulars	31 March 2026	31 March 2025
Less than a year	7.258	4.864
Between 1-3 years	15.642	9.669
Between 4-5 years	17.036	9.764

d) Risk Exposure And Asset Liability Matching
Provision of a defined benefit scheme posses certain risks, some of which are detailed hereunder, as companies take on uncertain long term obligations to make future benefit payments.

1) 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 uncertainities in estimating this increasing risk.

2) 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.

a) Other long-term employee benefits
Provisison for Compensated absences cover the Company's liability for earned leave which are classified as other benefits.

Particulars	31 March 2026	31 March 2025
Present value of obligation as at the beginning of the period	22.331	**18.648**
Interest cost	1.443	1.308
Past service cost	0.131	-
Current service cost	3.254	2.919
Benefits paid	(1.583)	(0.963)
Remeasurements on obligation - (gain) / loss	(5.869)	0.419
Present value of obligation as at the end of the period	**19.707**	**22.331**

The liabilities for compensated absences represent the Company's obligations for Privileged/earned leave and are classified as other long-term employee benefits. These liabilities are presented as current, as the Company does not have an unconditional right to defer settlement of these obligations. Accordingly, the entire balance is treated as a current obligation as at the reporting date. However, based on past experience, the Company does not expect all employees to avail the full amount of accrued leave or require settlement within the next 12 months. The portion of the liability for compensated absences not expected to be settled within the next 12 months amounts to INR 19.707 million (31 March 2025: INR 22.331 million). The expense recognised in the statement of profit and loss for the year amounts to INR (1.041) million (31 March 2025: INR 4.646 million).

PRAJ HIPURITY SYSTEMS LIMITED

Notes to the financial statements for the year ended 31st March, 2026

(Amounts in Indian Rupees million unless otherwise stated)

Note 32: Corporate social responsibility

During the year, the Company has incurred CSR expenses of Rs. 5.654 Millions (2025: Rs. 5.023 Millions) included in other expense Note No.23 as follows:

Particulars	**Amounts paid in FY 2025-26**	**Amounts paid in FY 2024-25**
Construction/acquisition of asset	Nil	Nil
On other purposes covered under Schedule VII to Companies Act, 2013	5.654	5.023

Particulars	**As at**	
	31 March 2026	**31 March 2025**
(i) Amount required to be spent by the company during the year	5.654	5.023
(ii) Amount of expenditure spent	5.654	5.023
a) Construction/acquisition of new asset		-
b) On purpose other than (a) above	5.654	5.023
(iii) Shortfall/(Excess) at the end of the year		-
(iv) Total of previous years shortfall/(Excess)		-
(v) Cash outflow related to Corporate Social Responsibility (CSR) activities	5.654	5.023
Details of Amount Spent		
(v) Reason for shortfall	NA	NA
(vi) Nature of CSR activities	CSR activities primarily include amount given to Praj Foundation which is the trust that has been used for promoting health care, skills development and promoting education including employment enhancing vocation.	
(vii) Details of related party transactions, e.g., contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard	Praj Foundation	
(viii) Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year should be shown separately	NA	

(Amounts in Indian Rupees million unless otherwise stated)

Note 33: Fair value measurements

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 2026	31st March 2025	31st March 2026	31st March 2025
A. Financial asset				
i. Measured at amortised cost				
Security deposits	11.853	12.962	11.853	12.962
Interest on Deposits	0.098	0.050	0.098	0.050
Trade receivables *	760.131	797.916	760.131	797.916
Cash and cash equivalent *	232.640	105.078	232.640	105.078
Other Receivable	0.022	0.023	0.022	0.023
Other Bank balance	-	0.051	-	0.051
Loan to employees	0.200	-	0.200	-
B. Financial liability				
i. Measured at amortised cost				
Trade payables *	603.118	772.706	603.118	772.706
Other financial liabilities	24.292	30.777	24.292	30.777

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:

(i) The management assessed that the fair value of cash and cash equivalents, trade receivables, trade payables and other current financial assets and liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

(ii) The amortized cost using effective interest rate (EIR) of non-current financial assets consisting of security and term deposits are not significantly different from the carrying amount.

(iii) The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

There are no financial assets or liabilities carried at Fair value through other comprehensive income or Fair value through profit and loss

PRAJ HIPURITY SYSTEMS LIMITED
Notes to the financial statements for the year ended 31st March, 2026
(Amounts in Indian Rupees million unless otherwise stated)

Note 34: Financial risk management policy and objectives

The Company's principal financial liabilities, comprise lease liabilities, trade and other payables and financial guarantee contracts. The main purpose of these financial liabilities is to finance company's operations and to provide guarantees to support its operations. Company's principal financial assets include trade and other receivables, security deposits and cash and cash equivalents, that it derives 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	Management
Credit	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost, corporate guarantees issued to group companies	Aging analysis, external credit rating (wherever available)	Diversification of bank deposits, credit limits and letter of credit
Liquidity risk	Lease and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines
Market risk- Foreign Currency Risk	Recognised financial assets and liabilities not denominated in Indian rupee (INR)	Sensitivity Analysis	Management follows established risk management policies, including use of derivatives like foreign exchange forward contracts, where the economic conditions match the company's policy.

The Company's management handles the risk management based on 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, trade receivables, financial assets measured at amortised cost, 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 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 and contract assets 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 etc.

The Company uses simplified approach for estimating the lifetime expected loss provision. The Company provides expected loss based on the overdue number of days for receivables as per the provision matrix as decided by the management which is based on the historical experience of recoverability. Where 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 Expected Credit Losses (ECL)

Exposure to risk	**31 March 2026**	**31 March 2025**
Trade receivables	848.255	817.859
Contract assets	593.996	649.955
Retention	235.887	114.268
Less : Allowance for expected credit loss	88.871	40.000
	1,589.267	**1,542.082**

Trade receivables	**31 March 2026**	**31 March 2025**
Neither past due nor impaired	879.588	875.891
Less than 180 days past due	599.996	589.239
181 - 365 days past due	47.518	81.245
More than 365 days past due	151.036	35.707
Gross trade receivables	**1,678.138**	**1,582.082**
Less: Allowance for expected credit loss	(88.871)	(40.000)
Total	**1,589.267**	**1,542.082**

PRAJ HIPURITY SYSTEMS LIMITED

Notes to the financial statements for the year ended 31st March, 2026

(Amounts in Indian Rupees million unless otherwise stated)

Reconciliation of allowance for expeceted credit loss on trade receivables and contract assets	**FY 2025-26**	**FY 2024-25**
Opening loss allowance	40.000	39.557
Bad debts written off	-	-
Additional allowance	48.871	0.443
Closing loss allowance	**88.871**	**40.000**

b) Liquidity risk

The company follows a prudent approach to liquidity risk management by ensuring it has sufficient cash and access to committed credit facilities to meet its financial obligations as they fall due and to manage market positions effectively. Given the dynamic nature of its operations, the company maintains funding flexibility through available committed credit lines.

Management regularly monitors the company's liquidity position using rolling cash flow forecasts, which include cash and cash equivalents and undrawn borrowing facilities. This monitoring is aligned with internal policies and limits. The Company's liquidity management also includes:
- Forecasting future cash flows,
- Assessing the required level of liquid assets,
- Monitoring liquidity ratios in line with internal benchmarks and regulatory requirements, and
- Maintaining appropriate debt financing strategies.

Exposure to risk	**31 March 2026**	**31 March 2025**
Other financial liabilities		
Less than 365 days	44.540	51.161
More than 365 days	63.832	42.255
Total	**108.372**	**93.416**
Trade payables	**31 March 2026**	**31 March 2025**
Not Due	525.341	687.592
Less than 365 days	77.776	85.073
More than 365 days	-	0.041
Total	**603.118**	**772.706**

The company has access to following undrawn facilities at the end of the reporting

	31 March 2026	**31 March 2025**
Expiring within one year	200.000	200.000
Expiring beyond one year	-	-

c) 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.

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD, EUR, GBP, SGD, AED, DZD, JOD, EGP & MYR exchange rates, with all other variables held constant.

Particulars	**Currency**	**Amount in foreign currency**		**Amount in INR**	
		31 March 2026	**31 March 2025**	**31 March 2026**	**31 March 2025**
Financial assets					
Trade receivables	EUR	0.082	0.453	8.796	41.732
	USD	1.232	3.389	115.180	287.196
Cash	USD	0.001	0.001	0.091	0.093
	SGD	0.000	0.000	0.000	0.000
	AED	0.000	0.000	0.009	0.009
	DZD	-	0.003	-	0.002
	JOD	0.000	0.000	0.039	0.036
	EGP	0.001	0.001	0.001	0.001
	MYR	-	0.000	-	0.001
Financial liabilities					
Trade payables	EUR	0.052	0.109	5.679	9.814
	USD	0.445	0.196	42.267	16.903

PRAJ HIPURITY SYSTEMS LIMITED

Notes to the financial statements for the year ended 31st March, 2026

(Amounts in Indian Rupees million unless otherwise stated)

Currency wise net exposure (Assets - Liabilities)

Particulars	Amount in foreign currency		Amount in INR	
	31 March 2026	31 March 2025	31 March 2026	31 March 2025
EUR	0.030	0.344	3.117	31.919
USD	0.787	3.194	73.004	270.387
SGD	0.000	0.000	0.000	0.000
AED	0.000	0.000	0.009	0.009
DZD	0.000	0.003	0.000	0.002
JOD	0.000	0.000	0.039	0.036
EGP	0.001	0.001	0.001	0.001
MYR	0.000	0.000	0.000	0.001

Sensitivity analysis

Currency	Amount in INR		Sensitivity %	Impact on Profit Before Tax	
	31 March 2026	31 March 2025		31 March 2026	31 March 2025
EUR	3.117	31.919	+5%	0.156	1.596
			-5%	(0.156)	(1.596)
USD	73.004	270.387	+5%	3.650	13.519
			-5%	(3.650)	(13.519)
SGD	0.000	0.000	+5%	0.000	0.000
			-5%	(0.000)	(0.000)
AED	0.009	0.009	+5%	0.000	0.000
			-5%	(0.000)	(0.000)
DZD	0.000	0.002	+5%	0.000	0.000
			-5%	0.000	(0.000)
JOD	0.039	0.036	+5%	0.002	0.002
			-5%	(0.002)	(0.002)
EGP	0.001	0.001	+5%	0.000	0.000
			-5%	(0.000)	(0.000)
MYR	0.000	0.001	+5%	0.000	0.000
			-5%	0.000	(0.000)

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Notes to the financial statements for the year ended 31st March, 2026
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Note 35: Ageing schedule for Trade Receivables, Trade Payables and Capital Work-in-progress

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

Particulars	**31 March 2026**						
	Unbilled dues/Not due	Outstanding for following periods from due date of payment					
		Less than 6 Month	6 months -1 Year	1-2 Years	2-3 Years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	49.705	598.525	46.591	16.960	4.584	0.365	716.730
(ii) Undisputed Trade Receivables – credit impared	-	1.471	0.927	2.916	26.977	0.509	32.800
(iii) Disputed Trade Receivables–considered good*	-	-	-	-	-	43.400	43.400
(iv) Disputed Trade Receivables – credit impaired	-	-	-	-	-	55.324	55.324
Gross trade receivable	**49.705**	**599.996**	**47.518**	**19.876**	**31.562**	**99.598**	**848.255**
Less : Impairment Allowance							(88.124)
Total							**760.131**

*In respect of disputed trade receivables considered good amounting INR 43.400 Million the Company has sebsequently received INR 43.400 Million therefore no impairement allowance has been made.

Particulars	**31 March 2025**						
	Unbilled dues/Not due	Outstanding for following periods from due date of payment					
		Less than 6 Month	6 months -1 Year	1-2 Years	2-3 Years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	111.669	589.239	78.752	16.380	0.765	1.112	797.916
(ii) Undisputed Trade Receivables – credit impared	-	-	2.493	2.781	0.773	1.044	7.091
(iii) Disputed Trade Receivables–considered good*	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables – credit impaired	-	-	-	-	-	12.852	12.852
Gross trade receivable	**111.669**	**589.239**	**81.245**	**19.161**	**1.539**	**15.007**	**817.860**
Less : Impairment Allowance							(19.943)
Total							**797.916**

B) The table below provides details regarding Trade payable ageing schedule

Particulars	**31 March 2026**					
	Not Due	Outstanding for following period from due date of payment				Total
		Less than 1 year	1-2 Years	2-3 Years	More than 3 years	
(i)Micro and small Enterprises-Undisputed	181.229	3.008	-	-	-	184.238
(ii)Other-Undisputed	344.112	74.768				418.880
Total	**525.341**	**77.776**	**-**	**-**	**-**	**603.118**

Particulars	**31 March 2025**					
	Not Due	Outstanding for following period from due date of payment				Total
		Less than 1 year	1-2 Years	2-3 Years	More than 3 years	
(i)Micro and small Enterprises-Undisputed	235.331	-	-	-	-	235.331
(ii)Other-Undisputed	452.261	85.073	0.022	0.019	-	537.375
Total	**687.592**	**85.073**	**0.022**	**0.019**	**-**	**772.706**

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

Particulars	**31 March 2026**				
	Less than 1 year	**1-2 Years**	**2-3 Years**	**More than 3 years**	**Total**
Capital work in progress	13.273				13.273
Total	**13.273**	**-**	**-**	**-**	**13.273**

Particulars	**31 March 2025**				
	Less than 1 year	**1-2 Years**	**2-3 Years**	**More than 3 years**	**Total**
Capital work in progress	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**

As on the date of balance sheet , there is no capital work-in-progress projects whose completion is overdue or has exceeded the cost, based on the approved plan

PRAJ HIPURITY SYSTEMS LIMITED

Notes to the financial statements for the year ended 31st March, 2026

(Amounts in Indian Rupees million unless otherwise stated)

Note 36 : Analytical Ratios

Sr. No.	Ratio	Formula	Numerator	Denominator	31 March 2026	31 March 2025	% Variance	Reason for Variance
1	Current ratio	Current assets / Current liabilities	Current assets	Current liabilities	1.82	1.69	7%	NA
2	Debt service coverage ratio	Profit before exceptional items, tax and finance cost / (Interest & Lease Payments + Principal Repayments)	Profit before exceptional items, tax and finance cost	Interest & Lease Payments + Principal Repayments	6.07	13.01	-53%	Due to reduction in profit before tax on account of lower margins and increase in lease payment & principal repayments the ratio has resulted in variation.
3	Return on equity ratio	Profit after tax* 100 / Average Shareholder's Equity	Profit after tax	Average Shareholder's Equity = (Opening Shareholder's Fund + Closing Shareholder's Fund)/2	14.79%	22.93%	-35%	Due to lower margin, profit after tax in the current year is lower than the previous year resulting in lower return on equity ratio.
4	Inventory turnover ratio	Revenue from operations / Average Inventory	Revenue from operations	Average Inventory = (Opening Inventory + Closing Inventory)/2	12.75	8.32	53%	Due to faster inventory conversion to sales inventory turnover ratio increased
5	Trade receivables turnover ratio	Sales (billed to customer) / Average Accounts Receivable	Sales (billed to customer)	Average Accounts Receivable = (Opening Accounts Receivable + Closing Accounts Receivable)/2	4.27	3.73	15%	NA
6	Trade payables turnover ratio	Cost of goods sold / Average Trade Payables	Cost of goods sold = Cost of Material Consumed + Changes in Inventory	Average Trade Payables = (Opening Trade Payables + Closing Trade Payables)/2	3.93	3.41	15%	NA
7	Net capital turnover ratio	Revenue from operations / Average Working capital	Revenue from operations	Average Working capital = (Opening Working Capital + Closing Working Capital)/2	3.64	4.20	-13%	NA
8	Net profit ratio	Profit After Tax* 100 / Sales	Profit After Tax	Revenue from Operations	4.98%	6.88%	-28%	The net profit ratio decreased on account of decrease in margins
9	Return on capital employed	Earning Before Interest & Tax (EBIT)* 100 / Capital Employed	Earning Before Interest & Tax (EBIT)	Capital Employed = Total Equity + Debt + Defferred Tax Liability/(Assets)	20.45%	29.06%	-30%	Variation on account of decrease in EBIT
10	Return on investment	Income from Investments* 100 / Investment	Income from Investments = Interest on Fixed Deposits	Investment = Fixed Deposits (Cash & Bank Balances)	0.67%	0.84%	-20%	NA

Notes:

Ratios not applicable to the company :

1. Debt - Equity Ratio

PRAJ HIPURITY SYSTEMS LIMITED

Notes to the financial statements for the year ended 31st March, 2026

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Note 37 - Other Notes

i) Title deeds of immovable property held in the name of the company

The title deeds of all immovable properties (other than those where the Company is a lessee with duly executed lease agreements), as disclosed in Note 3 to the financial statements, are held in the name of Praj HiPurity Systems Limited.

ii) 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.

iii) Borrowings secured against current assets

Though the Company have 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.

iv) Wilful Defaulter

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

v) 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.

vi) Utilisation of Borrowed funds and share premium

a) The Company has not advanced or loaned or invested funds (either borrowed funds or share premium or nay other sources or kind of funds) to any other persons or entities, including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the intermediary shall (i) 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 (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

b) The Company has not received funds from any other persons or entities, including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the company shall (i) 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 (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

vii) Loans or advances to specified persons

The Company has not granted any loans or advances in the nature of loans to promoters, directors, KMPs, or other related parties. However, the Company has provided loans to employees as per the Company’s policy. These loans are neither granted severally nor jointly with any other person and are not:
(i) repayable on demand or
(ii) without specifying any terms or period of repayment.

viii) Details of Crypto-Currency or Virtual Currency

The Company has not traded or invested in Crypto-Currency or Virtual Currency during the financial year.

ix) Valuation of PP&E, right-of-use assets, intangible asset and investment property

The company has not revalued its property, plant and equipment (including right-of-use assets) or intangible assets or both during the current or previous year.

x) Utilisation of borrowings availed from banks and financial institutions

The Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person or entity, including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company or (ii) provide any guarantee, security or the like to or on behalf of the Company;

xi) Compliance with number of layers of companies

The Company has complied with the requirement with respect to number of layers as prescribed under section 2(87) of the Companies Act, 2013 read with the Companies (Restriction on number of layers) Rules, 2017.

xii) Undisclosed Income:

There is no income surrendered or disclosed as income during the year in tax assessments under the Income Tax Act, 1961 (such as search or survey), that has not been recorded in the books of account.

xiii) Registration/satisfaction of charges with Registrar :

There is one charge of INR 0.200 Million (31 March 2025 : INR 0.200 Million) created in favour of bank which is pending for satisfaction. There are no outstanding dues to the bank and satisfaction of the charge is pending due to technical issues which company is in the process of resolving.

xiv) Compliance with approved scheme(s) of Arrangements:

The company has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.

PRAJ HIPURITY SYSTEMS LIMITED

Notes to the financial statements for the year ended 31st March, 2026

(Amounts in Indian Rupees million unless otherwise stated)

Note 38: 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 March 2026**	**31 March 2025**
Trade payables	**603.118**	**772.706**
Other financial liabilities	23.392	30.077
Less: Cash and cash equivalents	232.640	105.078
Net debt	**393.870**	**697.705**
Equity	1,204.830	1,035.910
Capital and net debt	**1,598.700**	**1,733.615**
Gearing ratio	25%	40%

Note 39-Compliance with Section 143 (3) for Maintenance of Books of Account

With effect from August 5, 2022, the Ministry of Corporate Affairs (MCA) has amended the Companies (Accounts) Rules, 2014, relating to maintenance of electronic books of account and other relevant books and papers. Pursuant to this amendment, the Company is required to maintain the books of account which are accessible in India at all times and their backup is to be kept on servers located in India on a daily basis.

The Company has a process to take daily back-up of book of accounts maintained in electronic mode and along with the logs of the back-up of such books of account.

Requirements u/s 143(3) of the Act	**Compliance/remarks**
Books of Account maintained on cloud/ servers physically located in India	Yes
Backup maintained in India on daily basis	Yes

Note 40-Exceptional item

Effective 21 November 2025, the Government of India consolidated 29 existing labour regulations into four Labour codes, namely, The Code on Wages, 2019, The Industrial Relations Code, 2020, The Code on Social Security, 2020 and the Occupational Safety, Health and Working Conditions Code, 2020, collectively referred to as the 'New Labour Codes'. The New Labour Codes have resulted in a one-time material increase in provision for employee benefits on account of recognition of past service costs. Based on the requirements of the New Labour Codes and ICAI clarification, the Company has assessed and accounted for a net incremental impact of ₹20.814 million. Considering the one-time material increase in provision the impact is recognised as 'Exceptional Item' for the year ended 31 March 2026.

Note 41- Standards/ Pronouncement issued but not effective

The below amendments to the existing standard which are notified by Ministry of Corporate affairs but are not yet effective:
Amendment to Ind AS 1 'Presentation of Financial Statements'- Classification of Liabilities as current or non-current and non-current liabilities with covenants. The amendment includes specific
a) Breach of material covenant for long-term loan arrangement on or before end of reporting period with effect that liability becomes payable on demand as on reporting date, then it shall be classified as
b) Classify as non-current liability, if lender agreed by end of reporting period to provide grace period ending at least 12 months after reporting period within which entity can rectify the breach provided
c) Disclose information about the timing of settlement to understand the impact of the liability on the financial statements.
The Company does not expect this amendment to have an impact on its operations or financial statements.

Note 42- Audit Trail

The Company has used an accounting software for maintaining its books of accounts which has a feature of recording audit trail (edit log) facility and the same has been operated throughout the year for all relevant transactions recorded in the software except audit trail at database level due to absence of SOC report.

Further, audit trail feature has operated throughout the year for all relevant transactions recorded in the accounting software. Also, there was no instance of audit trail feature being tampered with except for above. Additionally, the audit trail of prior years has been preserved by the Company as per the statutory requirements for record retention to the extent it was enabled and recorded in respective years

Note 43- Regrouping

Prior year figures have been regrouped and reclassified wherever necessary to ensure comparability with the current period's presentation. The reclassification pertains to following:
a) Right-of-use assets are disclosed separately instead of being included within property, plant and equipment; and
b) Interest on defined benefit plans are reported under employee benefits expense, which were earlier included in finance costs.
c) Payment to auditors for tax audit fees is included in Payment to Auditors, which was ealier included in Professional Fees.

As per our report of even date.
For M S K A & Associates LLP
(Formerly known as M S K A & Associates)
Chartered Accountants
Firm Regn. No: W101187/105047W

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

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
Nitin Manohar Jumani	**Dr. Pramod Chaudhari**	**Mihir Mehta**	**Ashish Gaikwad**	**Anant Bavare**
Partner	Chairman	Whole time Director	Director	Company Secretary
Membership No.: 111700	DIN: 00196415	DIN: 09736913	DIN: 07585079	M. No 21405

Place : Pune
Date : 20th May, 2026