

INDEPENDENT AUDITORS' REPORT

To
The Board of Directors of Praj Industries Limited

Report on the audit of the Standalone Financial Results

Opinion

We have audited the accompanying standalone financial results of Praj Industries Limited (“the Company”) for the quarter and year ended March 31, 2023, attached herewith, being submitted by the company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“Listing Regulations”).

In our opinion and to the best of our information and according to the explanations given to us, these standalone financial results:

- i. are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
- ii. give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable Indian Accounting Standards and other accounting principles generally accepted in India, of the net profit and other comprehensive income and other financial information for the quarter and year ended March 31, 2023.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (“SAs”) specified under section 143(10) of the Companies Act, 2013 (“the Act”). Our responsibilities under those Standards are further described in the Auditor’s Responsibilities for the Audit of the standalone financial results 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 standalone financial results under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

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

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

Board of Director's Responsibilities for the Standalone Financial Results

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

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 standalone financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial results, the Board of Directors 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 Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Results

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

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 standalone financial results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

P G BHAGWAT LLP

Chartered Accountants

LLPIN: AAT-9949

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial results, including the disclosures, and whether the standalone financial results 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.

Other Matters

The quarterly standalone financial results for the period ended March 31, 2023 are the derived figures between the audited figures in respect of the year ended March 31, 2023 and the published year-to-date figures up to December 31, 2022, being the date of the end of the third quarter of the current financial year, which were subjected to limited review as required under Listing Regulations. Our opinion is not modified in respect of the above matter.

For **P G BHAGWAT LLP**

Chartered Accountants

Firm Registration Number: 101118W/W100682

Abhijeet Bhagwat

Partner

Membership Number: 136835

UDIN: 23136835BGXPOG6665

Pune

May 25, 2023

PRAJ INDUSTRIES LIMITED

CIN - L27101PN1985PLC038031

Regd. Off. "PRAJ TOWER", S.NO. 274 & 275/2,

BHUMKAR CHOWK - HINJEWADI ROAD, HINJEWADI, PUNE - 411 057



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

(Rupees in million except per share data)

Sr. No.	Particulars	Quarter ended			Year ended	
		31 March 2023	31 December 2022	31 March 2022	31 March 2023	31 March 2022
		(Audited)	(Unaudited)	(Audited)	(Audited)	(Audited)
1	INCOME					
	Revenue from operations	8,787.401	8,065.602	7,410.226	31,525.730	20,623.363
	Other income	128.355	72.538	68.512	506.357	516.647
	Total income	8,915.756	8,138.140	7,478.738	32,032.087	21,140.010
2	EXPENSES					
	Cost of materials consumed	5,520.370	5,452.846	4,641.565	20,920.783	13,668.799
	Changes in inventories of finished goods and work-in-progress	(41.074)	(283.840)	254.178	(345.199)	(301.349)
	Employee benefits expense	618.668	585.650	496.792	2,248.658	1,858.886
	Finance costs	23.855	6.062	7.002	42.111	21.444
	Depreciation and amortisation expense	86.234	63.549	58.916	269.184	198.433
	Exchange (gain) / loss	(37.550)	(5.315)	(24.669)	(106.613)	(107.720)
	Other expenses	1,767.513	1,551.913	1,344.127	5,911.490	3,662.564
	Total expenses	7,938.016	7,370.865	6,777.911	28,940.414	19,001.057
3	Profit before exceptional items and tax (1-2)	977.740	767.275	700.827	3,091.673	2,138.953
4	Exceptional items	-	-	-	-	-
5	Profit before tax (3-4)	977.740	767.275	700.827	3,091.673	2,138.953
6	Tax expense					
	Current tax	324.275	192.312	122.642	778.559	361.000
	Deferred tax	(118.925)	18.187	31.556	(62.968)	108.119
	Adjustments of tax relating to earlier periods	-	-	25.930	-	25.930
	Total tax expense	205.350	210.499	180.128	715.591	495.049
7	Profit for the period (5-6)	772.390	556.776	520.699	2,376.082	1,643.904
8	Other comprehensive income					
	Items that will not be reclassified to profit and loss:					
	Re-measurement of defined benefit plans	2.972	3.704	8.847	(21.320)	(11.172)
	Income tax effect	(0.748)	(0.932)	(2.227)	5.366	2.812
	Items that will be reclassified to profit or loss					
	Debt instruments through other comprehensive income	(5.261)	-	-	(5.261)	-
	Income tax effect	1.324	-	-	1.324	-
	Other comprehensive income	(1.713)	2.772	6.620	(19.891)	(8.360)
9	Total comprehensive income for the year (7+8)	770.677	559.548	527.319	2,356.191	1,635.544
	Earnings per equity share (Nominal value per share Rs. 2 each)					
	Basic	4.20	3.03	2.84	12.94	8.95
	Diluted	4.20	3.03	2.83	12.93	8.95

Notes:

- The above results were reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on 25 May 2023.
- The figures for the quarter ended 31 March 2023, as reported in the financial results, are the balancing figures between the audited figures in respect of the full financial year and published figures of nine months ended 31 December 2022 which were subjected to limited review by the statutory auditors.
- The Company operates only in one segment, i.e. "Process and Project Engineering".
- During the year ended 31 March 2023, the Company allotted 40,000 equity shares to its employees under Employee Stock Option Plan.
- The Board of Directors proposed a final dividend of Rs 4.50/- per equity share @225 % of the face value of Rs 2 per equity share, for the financial year ended 31 March 2023, which is subject to the approval of shareholders at the forthcoming Annual General Meeting.
- Other income includes dividend from subsidiary of Rs. 200 million for year ended 31 March 2023 and Rs. 300 million for year ended 31 March 2022.
- During the quarter, the Company has formed wholly owned domestic subsidiary by name "Praj GenX Limited" to cater to the area of Energy Transition and Climate Action.
- In order to have a uniform unit of measurement across financial results, financial statements and other reports, the results from this quarter are presented in millions of Rupees.
- Prior year comparatives are regrouped / reclassified wherever necessary to conform to current period's presentation.

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

STATEMENT OF ASSETS AND LIABILITIES

(Rupees in million)

Particulars	As at	
	31 March 2023	31 March 2022
	(Audited)	(Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	2,174.182	1,875.135
Capital work-in-progress	65.956	14.261
Investment property	136.928	136.928
Intangible assets	38.404	10.007
Intangible assets under development	0.763	6.656
Financial assets		
Investments	2,413.210	2,220.854
Others	86.226	77.733
Deferred tax assets (net)	39.314	-
Other assets	49.494	23.983
Total non-current assets	5,004.477	4,365.557
Current assets		
Inventories	2,975.542	3,048.009
Financial assets		
Investments	4,484.407	3,906.273
Trade receivables	6,797.313	4,169.398
Cash and cash equivalents	590.807	782.092
Other bank balances	286.209	277.691
Others	188.129	287.268
Current tax asset (net)	41.912	38.692
Other assets	4,004.066	3,871.262
Total current assets	19,368.385	16,380.685
TOTAL ASSETS	24,372.862	20,746.242
EQUITY AND LIABILITIES		
EQUITY		
Equity share capital	367.426	367.346
Other equity	10,294.427	8,697.130
TOTAL EQUITY	10,661.853	9,064.476
LIABILITIES		
Non-current liabilities		
Financial liabilities		
Lease Liability	244.554	126.140
Provisions	116.218	154.616
Deferred tax liabilities (net)	-	30.343
Total non-current liabilities	360.772	311.099
Current liabilities		
Financial liabilities		
Trade payables		
(i) Total outstanding dues of micro enterprises and small enterprises	1,038.312	251.595
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	3,408.540	3,439.749
Lease Liability	147.024	46.293
Other financial liabilities	358.412	280.854
Other current liabilities	7,715.808	7,087.683
Provisions	397.827	202.598
Current tax liabilities (net)	284.314	61.895
Total current liabilities	13,350.237	11,370.667
TOTAL LIABILITIES	13,711.009	11,681.766
TOTAL EQUITY AND LIABILITIES	24,372.862	20,746.242

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

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

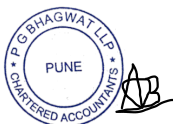
(Rupees in million)

Particulars		31 March 2023	31 March 2022
A.	Cash flow from operating activities		
	Net profit before tax	3,091.673	2,138.953
	Adjustments for:		
	Loss / (profit) on sale of property, plant and equipment	-	(0.473)
	Gain on redemption of mutual fund investments	(53.819)	(57.514)
	Bad debts / provision for doubtful debts and advances	173.550	33.791
	Excess provision / creditors written back (including advances)	(41.210)	(2.963)
	Unrealised foreign exchange (gain) / loss (net)	15.105	(72.118)
	Depreciation and amortisation	269.184	198.433
	Interest earned	(61.314)	(66.137)
	Provision for Impairment	-	(1.627)
	Unrealised gain on mutual fund investments	(141.867)	(54.694)
	Dividend from Subsidiary	(200.000)	(300.000)
	Interest on Lease Liability	28.089	16.802
	Interest expense	10.639	0.021
	Equity-settled share-based payment transactions	7.848	29.355
	Operating profit before working capital changes	3,097.878	1,861.829
	Changes in working capital		
	Decrease/ (increase) in trade receivables	(2,775.510)	(486.370)
	(Increase)/decrease in inventories (including contracts in progress)	(173.458)	(3,624.022)
	(Increase)/decrease in other non-current financial assets	(8.493)	12.162
	Decrease/(increase) in other non-current assets	0.996	0.902
	(Increase)/decrease in current financial assets-others	48.901	(158.326)
	Decrease/(increase) in other current assets	112.771	(385.487)
	(Decrease)/increase in trade payables	735.753	814.474
	(Decrease) in other current financial liabilities	78.371	21.994
	(Decrease)/increase in other current liabilities	628.125	3,746.187
	(Decrease)/Increase in long term provisions	(59.718)	(0.560)
	(Decrease)/Increase in short term provisions	195.227	124.971
	Cash generated from operations	1,880.843	1,927.754
	Direct taxes paid (including taxes deducted at source), net of refunds	(570.000)	(397.092)
	NET CASH FROM OPERATING ACTIVITIES	1,310.843	1,530.662
B.	Cash flow from investing activities		
	Purchase of property, plant and equipment and intangible assets	(340.097)	(163.190)
	Investments:		
	- in mutual funds	(4,231.505)	(4,499.775)
	- in debentures & bonds	(883.252)	(254.119)
	Sale of investments	-	-
	- in subsidiary	-	8.627
	- in mutual funds	4,134.858	3,483.278
	- in debentures and bonds	399.835	-
	Proceeds from sale of property, plant and equipment	2.095	0.724
	Interest received on investments	63.135	61.362
	Dividend received on investments/ from subsidiary	200.000	300.000
	(Investment) /redemption in fixed deposits	(8.168)	-
	NET CASH FROM / (USED) IN INVESTING ACTIVITIES	(663.099)	(1,063.093)
C.	Cash flow from financing activities		
	Proceeds from exercise of employee stock options	3.600	26.209
	Dividend paid	(771.073)	(396.808)
	Interest on Lease Liability	(28.089)	(16.802)
	Principal payment on Leases	(111.790)	(46.713)
	Interest paid	-	(0.022)
	NET CASH FROM / (USED) IN FINANCING ACTIVITIES	(907.352)	(434.136)
	Net increase/(decrease) in cash and cash equivalents (A+B+C)	(259.608)	33.433
	Cash and cash equivalents at the beginning of the year	782.092	721.294
	Add: effect of exchange rate changes on cash and cash equivalents	68.323	27.365
	Cash and cash equivalents at the end of the year	590.807	782.092

Shishir Joshipura

SHISHIR JOSHIPURA
CEO AND MANAGING DIRECTOR
DIN: 00574970

Place : Pune
Date : 25 May 2023



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