DATE: August 14, 2017
REF.: PIL/DVN/L- 185/2017-18

Company Code - PRAJIND **National Stock Exchange of India Ltd.** Exchange Plaza, 5th Floor,Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051 Fax: 022 – 2659 8237 / 38	**Security Code No. : 522205** **Bombay Stock Exchange Limited** Phiroze Jeejeebhoy Towers, 25th Floor, Dalal Street, Mumbai - 400 001 Fax:022-22723121/3719/2037/2039/2041/2061

Dear Sir/Madam,

Pursuant to the provisions of Regulation 34(1) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, please find enclosed the copy of Annual Report of the Company for the financial year ended 31st March, 2017 which has been approved and adopted in the Annual General Meeting of the Company held on Friday, the 11th August, 2017.

This is for your information and record.

Thanking you.

Yours faithfully,
FOR PRAJ INDUSTRIES LIMITED

DATTATRAYA NIMBOLKAR
CHIEF INTERNAL AUDITOR
& COMPANY SECRETARY

Encl: As above

We reap the agri-waste

2nd Generation Bio Refinery Solutions by

praj

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Company Information

Executive Directors	Pramod Chaudhari, Executive Chairman Sachin Raole, CFO and Director - Finance & Commercial
Non Executive Directors	Berjis Desai Daljit Mirchandani Kishor Chaukar Parimal Chaudhari Prakash Kulkarni Rajiv Maliwal Sivaramakrishnan Iyer
Chief Internal Auditor & Company Secretary	Dattatraya Nimbolkar
Statutory Auditors	M/s P.G. Bhagwat
Cost Auditors	Dhananjay V. Joshi & Associates
Internal Auditors	Khare Deshmukh & Co.
Secretarial Auditors	Kanj & Associates
Bankers	Bank of Maharashtra The Hong Kong and Shanghai Banking Corporation Limited ICICI Bank Limited Citibank N.A.
Solicitors	J. Sagar Associates, Mumbai
Registered Office	"Praj Tower", S.No. 274 & 275/2, Bhumkar Chowk - Hinjewadi Road, Hinjewadi, Pune 411 057, Maharashtra, India
R & D Unit - I	Praj Matrix - The Innovation Center Gat No. 402, 403, 1098, Village Urwade, Tal. Mulshi, Pune 412 108, Maharashtra, India
R & D Unit - II	Shreenathnagar, Patethan, P.O. Rahu, Tal. Daund, Dist. Pune 412 207, Maharashtra, India
Manufacturing Facilities	S.No.748, Sanaswadi, Gat No. 745, Sanaswadi, Pune 412 208 Maharashtra, India Plot No. E-20 & E-21 additional MIDC Area, Jejuri Tal. Purandar, Pune 412 303, Maharashtra, India
Export Oriented Unit	Kandla SEZ Unit I, Plot No 307 to 314, Sector IV, Gandhidham, Kutch 370 230, Gujarat, India Kandla SEZ Unit II, Plot No 282 to 286 and 294 to 298, Sector IV, Gandhidham, Kutch 370 230, Gujarat, India
Presence in	India, Thailand and USA

Chairman's Statement

Dear Shareholders,

It is my privilege to present the Annual Report of Your Company for FY 2016-17. This was an important year, as it marks the beginning of a revolutionary era in the field of biofuels, not only for Your Company but also for our country.

Development of the 2nd generation cellulosic ethanol technology, subject close to our heart, has arrived at an important milestone with successful completion and start-up of Your Company's Smart Biorefinery demonstration plant in Maharashtra, India. The red letter day was on 7th May, 2017 when Mr Nitin Gadkari, Union Minister of Road Transport, Highways & Shipping formally inaugurated the demonstration plant.

Availability of 2nd generation ethanol is going to play a vital role in advancing India towards higher self-sufficiency in transport energy sector. Use of agri-residue as feedstock provides an avenue of utilization to this otherwise non-capitalized resource. It will not only become an additional source of income to the farming community but also attract rural youth towards entrepreneurship. Blending of 2nd generation ethanol with petrol is imperative for a low carbon emission pathway while achieving India's developmental aspirations.

FY 2016-17 witnessed a host of collective initiatives by ministries of road transport, petroleum, renewable energy and various industry participants. National Oil Marketing Companies (OMCs) will spearhead the first set of 10-12 nos. of 2nd generation ethanol projects in the country. It gives me immense pleasure to share that OMCs have put faith in Your Company for changing the face of Indian transport sector with this cleaner liquid fuel. For as many as three projects, Your Company has been chosen as technology partner and MOUs have been signed to that effect. It is heart-warming to be part of this energy revolution in the country.

In my opinion, this is the beginning of a new, challenging and equally exciting journey. Further R&D is underway to develop other renewable fuels and chemicals from the bio-refinery technology platform. Configuration of bio-CNG, which is increasingly being used as a clean, renewable transportation fuel is also under development. On another front, successful trials have been carried out for bio-butanol production from molasses based on technology platform of Gevo Inc. of USA. Commercialization of bio-butanol to bio jet fuel process is under discussion.

FY 2016-17 has been challenging for growth of Indian economy in light of the geopolitical developments and unleashing of financial reforms. Growth in overall demand and consumption across the economy is gathering momentum, albeit slowly. This has impacted capacity expansion, especially in the private sector. Further, stringent assessment of new proposals given the risk aversion of banks has resulted in delayed financing of projects. Teething troubles, following policy reforms have slowed down the pace of economic recovery.
India Inc. has welcomed the move to Goods and Services Tax. Your Company has undertaken a detailed assessment of its impact on the business operations, which is estimated to be neutral to positive. In conjunction with preparedness for GST, Your Company is also exploring digitization and its relevance to the business.

While closing, I will reiterate that Your Company will persistently pursue various opportunities in its chosen business segments. Your Company is confident of the proposition given that sustainable fuels is the need of the hour. I truly believe that strong technology backbone and engineering fundamentals will enable it to create value for all stakeholders in the years ahead.

I thank you for your continued support to Praj and confidence in its capabilities.

Pramod Chaudhari

Executive Chairman

30th June, 2017
Mumbai

Board of Directors

From L to R : Rajiv Maliwal, Parimal Chaudhari, Daljit Mirchandani, Berjis Desai, Pramod Chaudhari, Prakash Kulkarni, Kishor Chaukar, Sachin Raole, Sivaramakrishnan Iyer

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Praj at Glance (Consolidated)

	UOM	16-17*	15-16*	14-15	13-14	12-13	11-12	10-11	09-10	08-09	07-08
SALES	₹ Min	9551.62	10638.17	10122.03	9858.37	9190.71	10031.10	6649.29	7344.40	9542.17	7380.07
OTHER INCOME	₹ Min	222.78	183.56	336.59	230.09	312.29	443.38	295.16	456.70	252.15	388.53
TOTAL INCOME	₹ Min	9774.41	10821.73	10458.62	10088.46	9503.00	10474.48	6944.45	7801.09	9794.32	7768.59
TOTAL EXPENDITURE EXCLUDING DEPRECIATION	₹ Min	8877.91	9517.39	9216.54	9081.38	8364.36	9118.18	6175.48	6412.84	8252.63	5983.41
DEPRECIATION	₹ Min	221.24	250.25	378.26	237.63	215.30	163.47	111.99	107.35	88.72	58.15
EBIDTA (EXCLUDING OTHER INCOME)	₹ Min	686.79	1141.04	930.16	791.38	849.42	924.46	473.87	935.15	1295.10	1397.42
PROFIT BEFORE TAX	₹ Min	675.25	1054.10	863.82	769.45	923.35	1192.83	656.98	1280.91	1452.97	1727.03
PAT BEFORE MINORITY INTEREST	₹ Min	446.00	824.72	782.29	565.03	715.47	703.30	569.98	1198.32	1175.41	1513.23
PAT AFTER MINORITY INTEREST	₹ Min	446.03	824.62	762.66	546.26	680.27	678.94	577.51	1195.86	1211.95	1529.25
OTHER COMPREHENSIVE INCOME	₹ Min	(6.38)	6.84								
TOTAL COMPREHENSIVE INCOME	₹ Min	439.62	831.57								
NET BLOCK OF FIXED ASSETS + CWIP	₹ Min	3102.05	2957.31	3071.99	3280.28	2959.78	2590.42	1599.81	1448.00	1539.49	1235.96
SHARE CAPITAL	₹ Min	358.89	355.95	354.93	354.93	354.93	359.10	369.56	369.48	366.86	366.32
RESERVES AND SURPLUS	₹ Min	6737.45	6196.90	5866.65	5470.28	5350.30	5174.59	5219.57	4908.72	3982.42	3130.08
NET WORTH	₹ Min	7096.34	6552.85	6221.58	5825.21	5705.23	5533.68	5589.12	5278.19	4349.28	3496.40
EPS BASIC	₹	2.50	4.64	4.30	3.08	3.83	3.69	3.13	6.49	6.61	8.52
RATIOS											
EBIDTA (EXCLUDING OTHER INCOME) TO SALES	%	7%	11%	9%	8%	9%	9%	7%	13%	14%	19%
PBT TO SALES	%	7%	10%	9%	8%	10%	12%	10%	17%	15%	23%
PAT TO SALES	%	5%	8%	8%	6%	7%	7%	9%	16%	13%	21%
RONW	%	7%	13%	13%	9%	12%	12%	11%	25%	31%	62%
ROCE	%	10%	16%	14%	13%	16%	21%	12%	26%	35%	66%
NO. OF SHARES	Nos.	179,444,188	177,972,409	177,465,079	177,465,079	177,465,079	179,548,092	184,778,723	184,738,492	183,431,082	183,161,810
DIVIDEND	%	81%	81%	81%	111%	81%	81%	63%	72%	90%	99%
BOOK VALUE PER SHARE	₹	39.55	36.82	35.06	32.82	32.15	30.82	30.25	28.57	23.71	19.09
CASH EPS	₹	3.74	6.05	6.43	4.42	5.04	4.58	3.73	7.08	7.09	8.84

*The financial results summary for financial years 2016-17 and 2015-16 are prepared in accordance with Ind-AS and financial results for other financial years are prepared as per the prevailing GAAP.

Directors' Report

To The Members of Praj Industries Limited,

Your Directors are pleased to present the 31st Annual Report and the Audited Financial Statements for the year ended 31st March, 2017.

Financial Results

During the year under review, your Company has recorded total income of ₹7787 Mn (previous year ₹ 8750 Mn). In view of 11% reduction in total income, Profit before Tax declined by 13% to ₹674 Mn (previous year ₹775 Mn). Despite global turbulent environment, your Company's performance has been relatively stable. The performance summary is presented herewith:

(₹ Mn.)

Particulars	2016-17	2015-16
Turnover	**7592**	8580
Other Income	**195**	170
Total Income	**7787**	8750
Total Expenses	**7113**	7975
PBT	**674**	775
PAT	**469**	654
Other Comprehensive Income	**1**	-*
Total Comprehensive Income	**470**	654
(+) Balance in Profit & Loss account	**4580**	4686
(+) Ind AS Adjustments (ESOPs)	**17**	-
Profit Available for Appropriations	**5067**	5340
Appropriations		
Dividend		
- Interim	**-**	288
- Final	**-**	287
- Dividend Tax (Interim Dividend)	**-**	59
- Dividend Tax (Final Dividend)	**-**	59
Transfer to General Reserve	**-**	67
Balance in Statement of Profit & Loss	**5067**	4580

* insignificant when rounded off to Million.

State of Company's Affairs

Please refer Management Discussion & Analysis report annexed to this report dealing with the state of Company's affairs at length.

Summary of Consolidated Results

During the year, the Total Income was at ₹ 9774 Mn which is lower by 10% over last year (₹ 10822 Mn). Due to this, PBT at ₹ 675 Mn is lower by 36% over last year (₹ 1054 Mn). The performance summary is presented herewith:

(₹ Mn)

Particulars	2016-17	2015-16
Turnover	**9552**	10638
Other income	**222**	184
Total income	**9774**	10822
Total expenses	**9099**	9768
PBT	**675**	1054
PAT (after Minority Interest)	**446**	825
(+) Other Comprehensive Income	**(6)**	7
Total Comprehensive Income	**440**	832

Dividend

The Board of Directors of your Company has recommended a final dividend of ₹1.62 (81%) per equity share of Face Value of ₹ 2/- for the Financial Year ended 31st March, 2017. The dividend is payable subject to shareholders' approval at the ensuing Annual General Meeting (AGM). The final dividend pay-out, if approved by the shareholders in the ensuing AGM, will be around ₹ 350 Mn (Dividend: ₹ 291Mn and Dividend Distribution Tax ₹ 59 Mn).

Dividend Distribution Policy

In accordance with the Regulation 43A of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Company has formulated a Dividend Distribution Policy and the same is annexed herewith as Annexure 11. The Policy is also hosted on the website of the Company and can be viewed at http://www.praj.net/policies.html

Reserves

In pursuance of Ind AS – 10, the dividend will be recorded in the books of the Company only upon approval by the shareholders in the ensuing AGM. Consequently, the Company is not proposing any transfer to the General Reserve for the year 2016-17.

Credit Rating

a) CRISIL has reaffirmed **"A1+"** rating to the Company's short-term banking facilities which signifies that the degree of safety regarding timely payment of instruments is **very strong**.

b) CRISIL has also reaffirmed its rating of the Company's long-term bank facilities to **'AA/Stable'**.

The "AA" rating signifies **high safety** with regard to timely payment of long-term financial obligations.

Subsidiaries

During the fiscal, your Company has divested from Praj Sur America S.R.L., and the subsidiary was closed with effect from 31st August, 2016. Hence it ceased to be the subsidiary of the Company.

Praj Engineering & Infra Ltd. (Formerly, Pacecon Engineering Projects Ltd.), India, Praj HiPurity Systems Ltd., India, Praj Americas Inc., U.S.A., Praj Far East Co. Ltd., Thailand, Praj Industries (Africa) (Pty.) Ltd, South Africa, Praj Far East Philippines Ltd. Inc., The Philippines, and Praj Industries (Namibia) Pty. Ltd., Namibia continue to be subsidiaries of your Company.

Consolidated Financial Statements of the Company, which include the results of the said Subsidiary Companies, are included in this Annual Report. Further, a statement containing the particulars for each of the Company's subsidiaries is also enclosed. Copies of Annual Accounts and related detailed information of all the subsidiaries can also be sought by any member of the Company or its Subsidiaries by making a written request to the Company Secretary at the Registered Office of the Company in this regard. The Annual Accounts of the Subsidiary Companies are also available for inspection at the Company's and/or the concerned Subsidiary's Registered Office.

The Company has formulated a policy for determining 'material' subsidiaries and such policy is hosted on the Company's website i.e. http://www.praj.net/policies.html

Further, a statement containing salient features of the financial statements of subsidiaries in the prescribed format AOC-1 is appended as Annexure 7 to this Report. The statement also provides the details of performance, financial position of each of the subsidiaries.

Corporate Governance

Pursuant to the provisions of Regulation 34(2) & (3) and 53(f), read with Schedule V of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, Management Discussion and Analysis Report (Annexure 1), Report on Corporate Governance and Compliance Certificate on Corporate Governance (Annexure 3), Business Responsibility Report (Annexure 10), Dividend Distribution Policy (Annexure 11) are annexed to this report.

Directors

Ms. Parimal Chaudhari, Director (DIN: 00724911) retired by rotation as Director of the Company on 22nd July, 2016 and being willing and eligible, was re-appointed as Director of the Company.

Pursuant to the provisions of the Section 161(1) of the Companies Act, 2013 read with the Articles of Association of the Company, Mr. Sachin Raole (DIN: 00431438) was appointed as Additional Director by the Board on 16th January, 2017 and he shall hold office up to the date of this Annual General Meeting and being eligible, has offered himself for appointment as Director liable to retire by rotation.

Also, the Board appointed Mr. Sachin Raole as Whole Time Director of the Company for a period with effect from 16th January, 2017 till 31st July, 2019 subject to the approval of members in the ensuing Annual General Meeting.

The contract with Mr. Pramod Chaudhari (DIN: 00196415) to act as the Executive Chairman of the Company will expire on 31st July, 2017. The Board, in its meeting held on 30th June, 2017, has, subject to the approval of the members in the ensuing Annual General Meeting, extended the term of his contract to act as Executive Chairman of the Company for a further period of two years with effect from 1st August, 2017 on the same terms and conditions including remuneration which has remained unchanged since last two terms i.e. from 1st August 2012 to 31st July 2015 and from 1st August 2015 to 31st July 2017.

Mr. Gajanan Nabar (DIN :00714569) , ceased to be a Director due to resignation as CEO & MD and Director with effect from 16th January, 2017. The Board wishes to place on record, its appreciation for the valuable contributions made by Mr. Gajanan Nabar during his tenure as CEO & MD of the Company.

The term of appointment of Mr. Prakash Kulkarni (DIN : 00019652) and Mr. Kishor Chaukar (DIN : 00033830) as Independent Director is getting over at the conclusion of the ensuing Annual General Meeting.

Mr. Daljit Mirchandani (DIN: 00022951) will retire by rotation at the ensuing Annual General Meeting and, being eligible, has offered himself for reappointment.

Composition of Key Managerial Personnel (KMP)

The Company has the following KMP;

Name of the KMP	Designation	Date of Appointment	Date of Resignation
Mr. Pramod Chaudhari	Executive Chairman	08.11.1985	N.A.
Mr. Sachin Raole	CFO and Director- Finance & Commercial	13.07.2016*	N.A.
Mr. Dattatraya Nimbolkar	Chief Internal Auditor & Company Secretary	22.07.2011	N.A.
Mr. Gajanan Nabar	CEO & MD	15.11.2010	16.01.2017

* Mr. Sachin Raole was appointed as CFO & President – Finance & Commercial of the Company with effect from 13th July, 2016 and as CFO and Director- Finance & Commercial with effect from 16th January, 2017.

Composition of Audit, Nomination & Remuneration Committee

For details, kindly refer the Corporate Governance Report annexed to this Report (Annexure 3).

Declaration from Independent Directors

The Independent Directors have submitted their annual declaration to the Board that they fulfill all the requirements as stipulated in Section 149(6) of the Companies Act, 2013 read with rules framed there under.

Auditors

a) Internal Auditors

The Internal Auditors, Khare Deshmukh & Co., Chartered Accountants, Pune have conducted internal audits periodically and submitted their reports to the Audit Committee. Their reports have been reviewed by the Statutory Auditors and the Audit Committee.

b) Statutory Auditors

The members, in the 29th Annual General Meeting held on 6th August, 2015, appointed M/s P.G. Bhagwat, Chartered Accountants, Pune as Statutory Auditors of the Company for a period of five years with effect from the conclusion of 29th Annual General Meeting held on 6th August 2015.

Pursuant to the provisions of Section 139 of the Companies Act, 2013 read with Rule 3(7) of the Companies (Audit and Auditors) Rules, 2014, the appointment of Statutory Auditors for the financial year 2017-18 needs to be ratified by the members.

The letter received from M/s P. G. Bhagwat also states that their appointment, if made, is as per eligibility required to be confirmed under Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014.

Your Directors seek ratification from the members for the appointment of M/s P.G. Bhagwat, Chartered Accountants, Pune, as the Statutory Auditors of your Company from the conclusion of the ensuing Annual General Meeting till the conclusion of the 32nd Annual General Meeting of the Company.

c) Cost Auditors

Your Company has appointed Dhananjay V. Joshi & Associates, Cost Accountants as Cost Auditors of the Company for the financial year 2017-18 at the remuneration as set out in Item No. 5 of the explanatory statement which is subject to the ratification of members in the ensuing Annual General Meeting.

d) Secretarial Auditors

M/s KANJ & Associates, Pune, were appointed to conduct the secretarial audit of the Company for the financial year 2016-17, as required under Section 204 of the Companies Act, 2013 read with rules framed thereunder. The Secretarial Audit Report for FY 2016-17 forms part of the Annual Report as **Annexure 6.**

The Board has appointed KANJ & Associates, Pune, as Secretarial Auditors of the Company for the financial year 2017-18.

Material changes and commitments, if any, affecting the financial position of the Company occurred between the end of the financial year to which these financial statements relate and the date of the report

No material changes and commitments affecting the financial position of the Company occurred from the end of the financial year 2016-17 till the date of this report. Further there was no change in the nature of business of the Company.

Statement concerning development and implementation of risk management policy of the Company

In accordance with the provisions of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Board adopted Risk Management Policy and initiated necessary steps for framing, implementing and monitoring the risk management plan for the Company.

The main objective of this policy is to ensure sustainable business growth and to promote a pro-active approach in identifying, reporting, evaluating and mitigating risks associated with the business.

The policy establishes a structured and disciplined approach to Risk Management, in order to guide decisions on risk related issues.

In today's challenging and competitive environment, strategies for mitigating inherent risks associated with business and for accomplishing the growth plans of the Company are imperative. The common risks inter alia are risks emanating from; Regulations, Competition, Business, Technology obsolescence, Investments, retention of talent, finance, politics and fidelity.

As a matter of policy, these risks are assessed and steps as appropriate are taken to mitigate the same.

The Risk Management Policy is also hosted on the Company's website i.e. http://www.praj.net/policies.html

The Company has instituted adequate Internal Controls and processes to have a cohesive view of risks, optimal risk mitigation responses and efficient management of internal control and assurance activities.

In the opinion of the Board, there are no risks which may threaten the existence of the Company.

Internal financial controls

The Company has in place, adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weaknesses in the design or operation were observed.

Remuneration Policy for Directors and KMP

The Company's remuneration policy for Directors / KMPs is directed towards rewarding performance based on review of achievements periodically. The remuneration policy is in consonance with the existing industry practice.

The said policy is available on Company's website i.e. http://www.praj.net/policies.html and is also attached as **Annexure 8** to this report.

ESOP

During the year, your Company allotted 411,179 shares on exercise of options under the Employee Stock Option Plan 2005 Grant IV & 1,060,600 shares on exercise of options under the Employee Stock Option Plan 2011 Grant I. Consequent to the above, the Issued, Subscribed and Paid-up Share Capital of your Company increased from 177,972,409 shares (₹ 355.945 Mn.) to 179,444,188 shares (₹ 358.888 Mn.) as of 31st March, 2017.

The Compensation & Share Allotment Committee, vide resolution passed in its meeting, decided to close ESOP 2005 with effect from 30th June, 2017. Accordingly, 4,129,249 balance outstanding options under ESOP 2005 stand cancelled.

During the year, your Company has granted the following options under Employees Stock Option Plan 2011;

Sr. No.	No. of Options	Exercise Price/Option
Grant VI	1,00,000	₹ 85.25

Please refer **Annexure 4** to this report for the particulars required to be disclosed pursuant to Rule 12 (2) of the Companies (Share Capital and Debentures) Rules, 2014 and Clause 14 of SEBI (Share Based Employee Benefits) Regulations, 2014.

Vigil Mechanism / Whistle Blower Policy

In order to ensure that the activities of the Company and its employees are conducted in a fair and transparent manner by adoption of highest standards of professionalism, honesty, integrity and ethical behaviour, the Company has adopted a Vigil Mechanism/ Whistle Blower Policy. This policy is explained in Corporate Governance Report and is also posted on the website of Company at http://www.praj.net/policies.html

Details of policy developed and implemented by the Company on its Corporate Social Responsibility initiatives

Kindly refer **Annexure 2** to this Report.

Particulars of loans, guarantees or investments made under Section 186 of the Companies Act, 2013

Loans, Guarantees and Investments covered under Section 186 of the Companies Act, 2013 form part of the notes to the financial statements provided in this Annual Report. (Please refer Note No.4 to the Standalone Financial Statements).

Contracts and arrangements with related parties

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. Such transactions form part of the notes to the financial statements provided in this Annual Report. (Please refer Note No. 31 to the Standalone Financial Statements).

During the year, the Company had not entered into any contract / arrangement / transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions which is available on the Company's website at the link: http://www.praj.net/policies.html

The summary of related party transactions is given below:

FORM AOC-2

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and
Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis;

   N.A. as there were no transactions during the year which were not at arm's length.

2. Details of material contracts or arrangement or transactions at arm's length basis;

   During the financial year 2016-17, all the transactions entered into with related parties were at arm's length. However, these transactions were not material.

Performance Evaluation

Regulation 4 (2) (f) (ii) (9) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 mandates that the Board shall monitor and review the Board evaluation framework. Also, the Companies Act, 2013 states that a formal annual evaluation needs to be made by the Board of its own performance and that of its Committees and individual Directors. In addition, Schedule IV to the Companies Act, 2013 states that the performance evaluation of Independent Directors shall be done by the entire Board of Directors, excluding the Director being evaluated. The Board works with the Nomination & Remuneration Committee to lay down the evaluation criteria for the performance of Executive/ Non-Executive/ Independent Directors.

Independent Directors have three key roles — governance, control and guidance. Some of the performance indicators based on which the Independent Directors are evaluated include:

a) Ability to contribute to and monitor the Company's corporate governance practices.

b) Ability to contribute by introducing international best practices to address top-management issues.

c) Active participation in long-term strategic planning.

d) Commitment to the fulfillment of a Directors' obligations and fiduciary responsibilities; these include participation in the Board and the Committee Meetings.

In pursuance of above, the Company has devised a policy for performance evaluation of Independent Directors, Board, Committees and other individual Directors.

The evaluation of all the Directors, Committees and the Board as a whole was conducted based on the criteria and framework adopted by the Board. The Board approved the evaluation results as collated by the Nomination & Remuneration Committee.

Explanation or comments on qualifications, reservations or adverse remarks or disclaimers made by the Statutory Auditors and the Secretarial Auditors in their reports

There were no qualifications, reservations or adverse remarks or disclaimers made by the Statutory Auditors or Secretarial Auditors in their report.

Extract of Annual Return

The extract of Annual Return pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and Administration) Rules, 2014 in prescribed Form MGT-9 is as per **Annexure 5** to this report.

Number of Board Meetings conducted during the year under review

The Board met four times during the financial year, the details of which are given in the Corporate Governance Report that forms part of this Annual Report. The intervening gap between any two meetings was within the period prescribed by the Companies Act, 2013 and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

Directors' Responsibility Statement

In accordance with the provisions of Section 134(5) of the Companies Act, 2013 the Board hereby submits its responsibility Statement:

(a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

(c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) the Directors had prepared the annual accounts on a going concern basis;

(e) the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

(f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Details in respect of frauds reported by auditors under sub-section (12) of Section 143 other than those which are reportable to the Central Government.

During the year under consideration, there were no such instances.

Deposits

The Company has neither accepted nor renewed any deposits during the year under review and also did not have any outstanding deposits at the end of the year.

Remuneration ratio of the Directors / Key Managerial Personnel (KMP) / Employees

The information required pursuant to Section 197 read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Companies (Particulars of Employees) Rules, 1975, in respect of employees of the Company and Directors is furnished hereunder:

Sr. No.	Name	Designation	Remuneration paid FY 2016-17 ₹ Mn.	% increase in remuneration over FY 2015-16	Ratio of the remuneration of each Director to median remuneration of employees
1.	Mr. Pramod Chaudhari	Executive Chairman	51.872	(16.5)	61.2
2.	Mr. Berjis Desai	Non-Executive Independent Director	1.350	Nil	1.6
3.	Mr. Kishor Chaukar	Non-Executive Independent Director	0.550	(21.4)	0.6
4.	Ms. Parimal Chaudhari	Non-Executive Director	1.000	(14.5)	1.2
5.	Mr. Prakash Kulkarni	Non-Executive Independent Director	1.600	Nil	1.9
6.	Mr. Rajiv Maliwal	Non-Executive Independent Director	0.450	(25)	0.5
7.	Mr. Sivaramakrishnan Iyer	Non-Executive Independent Director	1.350	(8.8)	1.6
8.	Mr. Daljit Mirchandani	Non-Executive Non-Independent Director	10.800	18.5	12.7
9.	Mr. Sachin Raole	CFO and Director - Finance & Commercial	10.839	*	12.8
10.	Mr. Gajanan Nabar**	CEO & MD	12.794	(63.8)	15.1
11.	Mr. Dattatraya Nimbolkar	Chief Internal Auditor & Company Secretary	9.131	34.4	10.8

* Mr. Sachin Raole was appointed as CFO with effect from 25th July, 2016 and Director & Whole Time Director w.e.f. 16th January, 2017.
** Mr. Gajanan Nabar ceased to be a Director with effect from 16th January, 2017.

The median remuneration of employees of the Company during the financial year was ₹ 0.848 Million. In the financial year, there was an increase of 7% in the median remuneration of employees.

There were 901 permanent employees on the rolls of Company as on 31st March, 2017.

Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2016-17 was around 5% whereas the managerial remuneration for the same financial year reduced by around 19%.

The key parameters for the variable component of remuneration paid to the Directors are considered by the Board of Directors based on the recommendations of Nomination and Remuneration Committee as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

The ratio of the remuneration of the highest paid Director to that of the employees who are not Directors but receive remuneration in excess of the highest paid Director during the year –

Not Applicable;

It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

Percent increase over/ decrease in the market quotations of the shares of the Company as compared to the rate at which the Company came out with the last public offer in the year –

The Company had come out with initial public offer (IPO) in January, 1994. An amount of ₹4/- invested in one equity share of the said IPO would be worth ₹ 80.05 as on 31st March, 2017 indicating a Compounded Annual Growth Rate of 14%. This is excluding the dividend accrued thereon.

Particulars of employees

The information required pursuant to Section 197 read with rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company is given in **Annexure 9** to this Report.

Details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future

No such events occurred during the financial year 2016-17.

Prevention of Sexual Harassment Policy

The Company has in place Prevention of Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

Your Directors state that during the year under review, there was one case filed pursuant to The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 which is since resolved.

Energy Conservation, Technology Absorption, Adaptation, Innovation

Praj has always endeavored to minimize its energy and water usage. Deployment of Solar power systems, water recycle and reuse systems. Sustainability remains at the core of all solutions offered by your Company. During the year, Your Company has –

1. filed 14 new patents.
2. commissioned first plant based on innovative Ecosmart technology in Europe.
3. introduced new sustainable technologies which contributed 10% to the order intake.

There is significant progress on development of the 2nd Generation ethanol technology and your Company is making headway in installation of a 12 MT 2nd Generation Integrated Bolt-On "Smart Bio Refinery" Demo Plant in Maharashtra. This will be a multi-feed, multi-product facility complete with Zero Liquid discharge system.

Foreign Exchange Earnings & Outgo

(₹ Mn.)

Particulars	31.3.2017	31.3.2016
Earnings	**1440**	4184
Outgo	**706**	967
Net Foreign Exchange Earnings	**735**	3217

Your Company has retained its status as a net forex earner consecutively for past 20 years.

Acknowledgements

Your Directors wish to place on record their appreciation towards all associates including Customers, Collaborators, Government Agencies, Financial Institutions, Bankers, Suppliers, Shareholders, Auditors, Employees and others who have reposed their confidence in the Company.

For and on behalf of the Board of Directors

Place: Mumbai
Date: 30th June, 2017

Pramod Chaudhari
Executive Chairman

ANNEXURE 1

Management Discussion & Analysis

Fiscal 2016-17 was an exciting year for Your Company as it marked an inflection point in the journey of 2nd generation ethanol technology development. We unveiled India's first integrated 2nd generation smart bio-refinery demonstration plant for biofuels and renewable chemicals, underscoring Praj's technology leadership in the bio-energy space. We are confident that this will set us on the growth path, given that sustainable fuels is need of the hour.

From the standpoint of financial performance, we are glad that the year was steady despite the flux in external business environment. Revenues for the fiscal stood at ₹ 9552 Mn, with PBT and PAT at ₹ 675 Mn and ₹ 446 Mn respectively. Domestic business constituted a larger share of 75%, as against 59% over the previous fiscal.

Order intake for the year stands at ₹ 9970 Mn and with 62% share, ethanol business continues to be a major contributor. Also, domestic business forms a larger portion of this with 73% share.

Order backlog as of 31st March, 2017 is ₹ 9350 Mn, with international orders constituting 44% and ethanol business forming 57%. As a prudent practice, we have removed non-moving orders worth ₹ 1100 Mn from the pending order backlog.

As capital formation starts taking place, Your Company is in good stead to leverage our preparedness and step up the performance. Following paragraphs cover performance in each business unit in details.

Bioenergy business - Ethanol Plants & Equipment

We have to take into account Sugar Year 2015-16 (September 2015 - October 2016) while discussing FY 2016-17 for two reasons – (a) owing to an overlap of 7 months between the two and (b) 70% ethanol produced in India is derived from molasses feedstock, a by-product of sugar mill.

Sugar year 2015-16 was a cornerstone year for the Indian ethanol program. For the first time, India achieved 4.15% blend ratio against the targeted 5%. Indian sugar mills supplied 1.1 bn liter ethanol, a commendable 85% fulfilment of the mandate.

Owing to the drought situation in 2015-16, it is observed that some major sugar producing states like Maharashtra and Karnataka have lower cane production for the crushing season of 2016-17, resulting in early closure of the season for sugar mills.

On the other hand, cane crop is estimated to go up in Uttar Pradesh by 10% and in Tamilnadu by 12%, as compared to the previous sugar year. Thus, reduction in ethanol production caused by Maharashtra and Karnataka will be partly compensated by Uttar Pradesh and Tamilnadu. For the year 2016-17, approximately 60 mn liter ethanol from Bihar will also be available for the blending program.

Oil marketing companies have floated tenders to procure 2.8 bn liter fuel ethanol for the period April-November 2017. Looking at the latest estimates of cane production in the country, approximately 800 mn ethanol will be available for the blending program. This translates to 2.6% blend ratio at petrol consumption of 30 bn liter. To achieve the aspired 10% and eventually 20% blend ratio, India has to look at alternate feedstock for ethanol production, in the form of abundantly available agri-residue.

The year gone by saw several important developments concerning 2nd generation ethanol in India, starting with The World Biofuel Day celebration held on 10th August, 2016. Ministry of Oil, Petroleum & Natural Gas (MOPNG) is undertaking various initiatives to promote clean energy, including ethanol, with the intent to curtail oil imports by 10% by 2022. Ethanol directly addresses the GHG emission caused by transport sector while helping India meet the GHG reduction as agreed in the Nationally Determined Contributions at climate change summit COP 21 held at Paris in 2015.

An eco-system for 2nd generation ethanol is in the making in the country. As a part of this drive, 10-12 numbers of 2nd generation ethanol projects are expected to get finalized, with average capex of ₹ 6000-6500 Mn each. Your Company is at the forefront of these developments. Indian Oil Corporation Limited and Bharat Petroleum Corporation Limited have chosen Praj as technology partner for three plants. The MOUs have been signed to this effect and locations have been finalized. Each of these plants will have the capacity to produce 100,000 liter ethanol per day.

An important milestone achieved by Your Company during the year is the start-up and completion of its and India's first Integrated "Smart Bio-refinery" Demonstration plant in Maharashtra. The bio-refinery was inaugurated at the hands of Mr Nitin Gadkari, Union Minister Road Transport, Highways & Shipping on 7th May 2017. This first of its kind 1 mn liter per annum capacity plant can process a variety of agri-residue like rice & wheat straw, cane trash, cotton stalk, corn cobs & stover, bagasse etc and is equipped with a zero liquid discharge system. With this, Your Company is prepared to deliver an end-to-end solution for setting up 2nd generation ethanol plants.

In the 1st generation ethanol space, international markets remained sombre in the year gone by as a result of volatility in commodity prices. In such a scenario, important geographies like Argentina, Colombia, EU, Thailand, Philippines have maintained their blending mandates.

Greenfield projects remain the Company's mainstay, with acceleration coming from modernization and retrofit segment. In addition to fuel ethanol plants, certain regions offer opportunities for beverage and industrial grade ethanol. South America, South East Asia, Africa continue to remain strongholds for Your Company.

In the modernization and retro fit segment, Your Company has commercialized several newer technologies that enhance the operational efficiency of existing ethanol plants.

Praj HiPurity Systems (PHS)

Stricter US FDA norms, Indian pharma companies gearing up for biosimilar opportunities are the major drivers for Praj HiPurity business. For this segment, baseline comes from conventional high purity water systems, whereas acceleration is provided by the value added services. With increased scope of work and value addition, this becomes an important piece of business in the overall growth plans.

Your Company's approach on stepping up internationalization and expertise in modular process systems is leading to significant improvement in the exports order book and revenues for the segment.

Engineering businesses

a. Brewery Plants & Equipment

With annual sales of 300 million cases of beer, India continues to be the focus market for top global brewers. The segment is driven by younger population, increasing middle class and changing demographics of the drinking population. Brewers are responding to these factors by strengthening their portfolios, introducing newer brands and premium products. The segment is expected to expand 5-7% in the current fiscal, driven by premium products. States like Andhra Pradesh and Telangana continue to offer opportunities due to division of the excise board.

The industry faces challenges in the form of imposed liquor ban in some states and increase in excise duty. With the merger of SAB Miller and AB Inbev, Indian beer industry is going through another round of consolidation. These events have reduced immediate prospects of capacity addition. Some expansion projects got stalled as brewers are taking a guarded posture before making capital commitments as a result of sluggish market demand.

In such scenario, brewery segment continues to report a steady performance. Your Company maintains its market share in the Indian brewery market.

b. Critical Process Equipment & Systems

Orchestrated efforts of the Organization of Petroleum Exporting Countries and other producers to tackle over supply are gradually rebalancing crude prices, resulting in an upward trend in the past couple of quarters. The prices have averaged higher so far this year at around $55 a barrel. Resurgence in prices will bring the global exploration and refining sector back in investment range.

Coming to the home front, in addition to implementation of ethanol blending mandate, India is also working on efficiency improvement in oil refining and automobile sectors.

The Critical Process Equipment & Systems business unit of Your Company caters to the oil and gas sector by engineering, designing and manufacturing equipment and skids. In the financial year gone by, it has won orders from leading oil and gas companies, in India and also overseas.

In addition, Your Company has identified and is pursuing exciting opportunities with the help of a special task force in various areas like bio-refinery products, chemicals and skids.

c. Water & Wastewater Treatment Systems

Your Company is following a selective approach in this segment. It has always maintained focus on challenging industrial waste water with high complexity and continues to do so. This allows significant value add to the operations of clients with reduce, recycle, reuse and zero liquid discharge systems.

Human Capital

With the exciting and challenging times ahead, it is vital that the human resources are geared up for future. Your Company has undergone a systematic process of transformation to make this a reality.

In the year gone by, Your Company has conducted 900 number of training mandays imparting various skills in the employees. The focus of these trainings is on financial management, functional skills and behavioural programs. In addition, a group of high performing individuals has been identified at the top and middle management levels and has undergone rigorous trainings.

Innovation and R&D

Innovation is at the backbone of every action and decision of Your Company. FY 2016-17 was very special with successful completion and start-up of the Integrated “Smart Bio-refinery” Demonstration plant in Maharashtra, based on home-grown technology. It is a matter of pride that the team completed this significant feat within the stipulated time and budget.

The technology platform is further being used for testing various feedstock and development of renewable biochemicals and biofuels. Configuration of bio-CNG, which is increasingly being used as a clean, renewable transportation fuel is also under development. On another front, successful trials have been carried out for bio-butanol production from molasses based on technology platform of Gevo Inc of USA. Commercialization of bio-butanol to bio jet fuel process is under discussion.

Last year Your Company also developed two technologies for production of Hyaluronic Acid and Furfural. Hyaluronic Acid finds applications in medical uses like osteoarthritis, ophthalmology, skin treatment etc. Furfural is a renewable, biomass based chemical used as an intermediate in the production of cements, composites, resins, coatings, adhesives etc. These technologies have been commercialized.

Awards & Recognition

During the year your Company and its leadership received several recognitions as listed below -

- Praj Sanaswadi manufacturing facility was awarded the prestigious National Safety Council Award, 2016. This annual award is institutionalized by NSC to acknowledge efforts in the area of health, safety & environment. NSC is a premier, apex body with the goal of creating a preventive and scientific approach to HSE issues. The assessment criteria for the award are comprehensive and rigorous.
- Praj Sanaswadi manufacturing facility is certified as pressure Equipment and Piping Manufacturer as per AD 2000- Merkblatter HP0 standards.
- U and U2 stamps for Praj Sanaswadi manufacturing facility were renewed by American Society of Mechanical Engineers. These stamps are required for manufacturing of pressure vessels.
- R stamp for Praj Sanaswadi manufacturing facility was renewed by American Society of Mechanical Engineers. This stamp is required for repair and alteration of pressure vessels.
- Praj Sanaswadi manufacturing facility received the certificate of management system as per BS OHSAS 18001:2007, ISO 14001:2004, ISO 14001:2017, ISO 9001-2008 and OHSAS 18001:2017.
- Praj HiPurity Systems Limited, a wholly owned subsidiary of Your Company has been certified with management system as per BS OHSAS 18001:2007, ISO 9001:2008 and ISO 14001:2004.
- Praj Tower, the headquarter of Your Company has been certified with management system as per ISO 14001:2004.
- Your Company was conferred with The 'Best Machinery Manufacturing (Distillery) Award 2016' by Bharatiya Sugar and was declared the winner after a stringent evaluation of suppliers all over the country.
- Together for Sustainability (TfS) team audited Kandla manufacturing facility. TfS is a joint initiative of chemical companies for sustainable supply chains, founded in 2011. It has developed and implemented a global program to assess, audit and improve sustainability practices within the supply chains of the chemical industry.
- Kandla manufacturing facility was recertified with U and U2 ASME stamps and has also applied for the S stamp.
- Mr Pramod Chaudhari, Executive Chairman, Praj Industries Limited has been appointed as the president of Mahratta Chamber of Commerce Industries & Agriculture (MCCIA) for the period 2016 to 2018. MCCIA is one of the most active chambers of Commerce in India and has been instrumental in promoting number of institutions in Pune.
- Mr Pramod Chaudhari, Executive Chairman, Praj Industries Limited is ranked 35th in the list of Top 100 People in Advanced Bioeconomy, published by the Biofuels Digest. This highlights the increasing acceptance of Mr Chaudhari as a thought leader and industry reformer in the biofuel space globally and is also a reflection of Praj's expertise and dedication to development of clean energy.

Future outlook

With a conducive ecosystem in place for biofuels, energy self-sufficiency and technology backed solutions for agri-processing, energy and environment, India is definitely one of the brightest spots in the global economy at this point.

Your Company has prepared itself to address the opportunities and challenges equally. In India and emerging markets like Africa, South East Asia and South America continue to remain strongholds. In ethanol business, 2nd generation ethanol technology is in the delivery stage and 1st generation continues to be the mainstay, in addition to modernization and retrofit segment.

Your Company maintains the leadership position in domestic brewery industry, in spite of the challenging situation caused by imposed liquor bans in some states.

Praj HiPurity Systems Limited, a wholly owned subsidiary of Your Company is one of the growth areas with an established name and clientele in the pharmaceutical industry. Focus here remains on enhanced scope of work and internationalization.

As crude prices come back in the investment range, Critical Process Equipment & Systems business unit is poised to address the opportunities. Your Company has maintained its focus on water and waste treatment business and is selectively pursuing opportunities in the industrial sector.

Risks and concerns

Your Company has well documented Risk Management Policy. The policy is reviewed periodically by Management and Audit Committee and appropriately modified, as and when necessary. Based on the operations of the Company, risks are identified and steps are taken to mitigate them.

Economic and Political situation in key markets of Your Company is seen as an essential risk element. Your Company has no current exposure to any high risk markets.

Between 20-50% of the Company's business comes from overseas markets; the Company has put in place a forex risk management system.

The Company is also exposed to raw material risk which shows considerable volatility. A suitable purchase and stocking policy is followed.

Apart from the above specific risks, the Company recognizes various risks inherent in the performance of a contract which may relate to commercial terms. The Company has a robust policy in place to counter these risks to the extent possible.

The Company is also exposed to risks on account of the sector it serves. Biofuels/Distillery and Brewery businesses are governed by the legislations of different geographies served by the Company. The Company has adequate geographical spread.

The Company is making its planning and review more stringent so as to bring greater granularity and predictability.

Internal control systems

The Company has instituted adequate internal control procedure(s) commensurate with the nature of its business and the size of its operations for the smooth conduct of its business. Internal audit is conducted continually, at all locations and covers the key areas of operations. It is an independent, objective and assurance function, responsible for evaluating and improving the control and governance processes. The Internal Auditors do not have any adverse comments on the internal control systems of the Company.

Forward looking statements

Statements in this report, particularly those which relate to Management Discussion and Analysis, describing the Company's future plans, projections, estimates and expectations may constitute “Forward Looking” statements, within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied.

ANNEXURE 2

CSR Report

1. **A brief outline of the Company's CSR policy including overview of projects or programmes proposed to be undertaken and reference to the weblink to the CSR Policy :**

Praj Industries Limited "PIL" is a socially responsible corporate citizen. PIL recognizes trusteeship as a critical function of an organization in discharging its responsibility towards the society, environment and its resultant ecosystem.

The early start on CSR activities has given PIL a tremendous learning and understanding of how CSR projects should be selected, implemented and sustained. PIL has a separate team dedicated to CSR activities. Along with Praj Foundation (CSR arm of PIL), PIL is engaged in various projects. Many of the themes selected also resonate well with the overall national agenda like Health, Water, Clean India (Swacch Bharat).

PIL is committed to supporting sustainable development through effective interventions at various levels.

To ensure this, PIL shall undertake the following activities:

- Promotion of Education, Capacity Building, Employment and Gender equality
- Assistance to Orphanage, Old Age Homes and Differently Abled
- Training to promote nationally recognized Sports
- Environment sustainability and Rural development
- Healthcare including Preventive health and Eradication of Malnutrition
- Protecting art and culture

PIL has established CSR Committee as per the provision of the Companies Act, 2013. CSR Committee recommends CSR activities to be undertaken by the Company, to the Board as specified in Schedule VII of the Companies Act, 2013 (here in after referred to as "the Schedule VII").

PIL will spend, in every financial year, at least 2 per cent of the average net profits of the Company made during the 3 immediately preceding financial years, in pursuance of the Companies Act, 2013 and rules framed there under for the purposes specified in Schedule VII and also in pursuance of this CSR Policy. Surplus arising out of the CSR activity will never form the part of business profits of the Company.

PIL will undertake CSR activities primarily in and around the areas of operation of the Company. PIL will execute the CSR activities directly or through Praj Foundation or appropriate NGOs.

PIL will monitor the progress of the CSR project and activities regularly with respect to quality of its implementation, cost and schedule with the same vigor as its business activities. The impact assessment of its projects at suitable intervals will be conducted diligently.

PIL will also encourage Personal Social Responsibility (PSR) amongst PRAJites to enhance their social sensitivity by voluntary self-engagement in social activities recognized under Schedule VII. PIL endeavours to undertake activities, not specifically mentioned above, but covered under Schedule VII.

Web link to CSR policy: http://www.praj.net/policies.html

2. **The Composition of the CSR Committee:**

Name of Director	Chairperson/Member	Date of Joining
Ms. Parimal Chaudhari	Chairperson	25.10.2013
Mr. Kishor Chaukar	Member	25.10.2013
Mr. Sivaramakrishnan S. Iyer	Member	25.10.2013
Mr. Daljit Mirchandani	Member	10.02.2017

3. **Average net profit of the Company for last three financial years:**

₹ 901.554 Mn.

4. **Prescribed CSR Expenditure (two per cent of the amount as in item 3 above) :**

₹ 18.031 Mn.

5. Details of CSR spent during the financial year :

(a) Total amount to be spent for the financial year;

₹ 18.031 Mn.

(b) Amount unspent, if any;

Nil

(c) Manner in which the amount spent during the financial year is detailed below.

(Amount in ₹)

S. No.	CSR Project or Activity Identified	Sector in which the project is covered	Projects or Programmes 1) Local Area or other 2) Specify the state and district where projects or programme was undertaken	Amount outlay (budget) project or programme wise	Amount spent on the projects or programmes Sub heads: 1) Direct Expenditure on projects or programmes 2) Overheads	Cumulative Expenditure upto the reporting period	Amount spent Direct or through implementing agency
1	Preventive health awareness among women	Clause I Schedule VII	Women beneficiaries in Mulshi Taluka	4,23,885	4,23,885	13,31,085	Through Rachana Society for Social Reconstruction
2	Preventive health awareness among women	Clause I Schedule VII	Women beneficiaries in Velhe Taluka	3,95,070	3,95,070	8,37,430	Through Samaj Vikas Sanstha
3	Safe sanitation facility at secondary school in Velhe Taluka	Clause I Schedule VII	Students in std VIII- X in Velhe Taluka	1,68,056	1,68,056	3,90,963	Through Saraswati Vidyalay & Junior College, Ambavane.
4	Safe sanitation facility at secondary school in Velhe Taluka	Clause I Schedule VII	Students in std VIII- X in Velhe Taluka	1,68,056	1,68,056	3,90,963	Through Gunjawani Shikshan Sanstha, Wajeghar Velhe Taluka.
5	Safe sanitation facility at secondary school in Velhe Taluka	Clause I Schedule VII	Students in std VIII- X in Velhe Taluka	1,75,556	1,75,556	4,05,963	Through Dadoji Konddev Vidyalay , Wangni village, run by Rajgad Dyanpeeth, in Velhe Taluka.
6	Addressing child mortality & malnutrition in Melghat	Clause I Schedule VII	Infants & children in Melghat area	1,00,000	1,00,000	1,00,000	Through Maitri.
7	Environment awareness & educational support to secondary school students	Clause II Schedule VII	Students in Secondary school at Dhamari	9,980	9,980	2,55,674	Through Praj Foundation
8	Environment awareness & educational support to secondary school students	Clause II Schedule VII	Students in Secondary school at Warude	62,044	62,044	2,30,518	Through Praj Foundation
9	Environment awareness & educational support to secondary school students	Clause II Schedule VII	Students in Secondary school at Wadgaonpeer	11,650	11,650	1,33,377	Through Praj Foundation
10	Technology incubation cum entrepreneurs development center	Clause II Schedule VII	School dropouts & rural youth	4,39,550	4,39,550	20,35,800	Through Vigyan Ashram
11	Science Outreach Program in Municipal Schools	Clause II Schedule VII	Std VII-Xth students from Pune Municipal Schools	2,50,000	2,50,000	7,00,000	Through Entrepreneurship Development Center.
12	Vocational scholarships & mentoring for deserving girls	Clause II Schedule VII	Std X & XII passed deserving students from low economic background	4,50,000	4,50,000	13,50,000	Through Shyamchi Aai Foundation

(Amount in ₹)

S. No.	CSR Project or Activity Identified	Sector in which the project is covered	Projects or Programmes 1) Local Area or other 2) Specify the state and district where projects or programme was undertaken	Amount outlay (budget) project or programme wise	Amount spent on the projects or programmes Sub heads: 1) Direct Expenditure on projects or programmes 2) Overheads	Cumulative Expenditure upto the reporting period	Amount spent Direct or through implementing agency
13	Provide life skills & vocational training to mentally challenged persons	Clause II Schedule VII	Mentally challenged persons	1,00,000	1,00,000	3,00,000	Through Implementing agency, Navkshitij
14	Educational scholarship to deserving girl	Clause II Schedule VII	One girl for pursuing her Engineering	63,819	63,819	1,57,732	Through Praj Foundation
15	Supportive education near SSW	Clause II Schedule VII	Students in the school near SSW	55,908	55,908	1,17,838	Through Praj Foundation
16	To implement Introduction to Basic Technology (IBT) in schools to make them model for other schools	Clause II Schedule VII	School children from std VIII-X	20,29,550	20,29,550	57,10,850	Through Vigyan Ashram
17	Skills upgradation of children with special needs	Clause II Schedule VII	Special children in and around Bangalore	2,00,000	2,00,000	2,00,000	Through Tamahar Trust
18	Operations of SHREEVATSA (A CHILD CARE CENTER OF SOFOSH)	Clause III Schedule VII	Orphans and family deprived children	4,00,000	4,00,000	12,00,000	Through Society of Friends of Sasoon Hospitals (SOFOSH)
19	Temporary shelter to Orphans	Clause III Schedule VII	Orphans found from all parts of India	1,00,000	1,00,000	1,00,000	Through My Home India
20	Building the Oxygen hubs of Pune city through tree plantation on defence land	Clause IV Schedule VII	Citizens of Pune	25,000	25,000	3,50,000	Through Tree Public Foundation
21	Decentralised Solid waste management	Clause IV Schedule VII	Citizens of Pune	1,10,000	1,10,000	16,06,279	Through Know How Foundation
22	Environment awareness & conservation through Green concepts	Clause IV Schedule VII	Girls from std V-XII	4,62,000	4,62,000	11,66,091	Through MES Rani Laxmibai Mulinchi Sainiki Shala
23	Undertaking research, impact assessment and creating mass awareness in the areas of environmental sustainability, ecological balance , conservation of natural resources.	Clause IV Schedule VII	Citizens of Maharashtra	8,95,790	8,95,790	15,18,763	Through Abhijit Ghorpade, Fellow Praj Foundation
24	Traffic warden at Ghotawade Phata for improving traffic flow and reducing fuel wastage	Clause IV Schedule VII	Commuters from Urawade, Paud	2,40,872	2,40,872	2,95,009	Through Sumeet Enterprises.
25	Save a Forest	Clause IV Schedule VII	Villagers in Umare village,Sangameshwar Tal, Dist. Ratnagiri	1,25,000	1,25,000	1,25,000	Through Applied Environment Research Foundation (AERF)
26	Water Resource Development at Auranjpur	Clause IV Schedule VII	Villagers of Auranjpur	15,25,000	15,25,000	15,25,000	Through Jan Kalyan Samiti

(Amount in ₹)

S. No.	CSR Project or Activity Identified	Sector in which the project is covered	Projects or Programmes 1) Local Area or other 2) Specify the state and district where projects or programme was undertaken	Amount outlay (budget) project or programme wise	Amount spent on the projects or programmes Sub heads: 1) Direct Expenditure on projects or programmes 2) Overheads	Cumulative Expenditure upto the reporting period	Amount spent Direct or through implementing agency
27	Water Resource Development at Koradgaon	Clause IV Schedule VII	Villagers of Koradgaon	20,00,000	20,00,000	20,00,000	Through Jan Kalyan Samiti
28	Water Resource Development at Mandavgan	Clause IV Schedule VII	Villagers of Mandavgan	15,00,000	15,00,000	15,00,000	Through Jan Kalyan Samiti
29	Water Resource Development at Manikdaundi	Clause IV Schedule VII	Villagers of Manikdaundi	13,71,000	13,71,000	13,71,000	Through Jan Kalyan Samiti
30	Water Resource Development at Dhoksal	Clause IV Schedule VII	Villagers of Dhoksal	8,16,070	8,16,070	8,16,070	Through Savitribai Phule Ekatma Samaj Mandal (SPMESM)
31	Water Resource Development at Nazikpangari	Clause IV Schedule VII	Villagers of Nazikpangari	13,19,011	13,19,011	13,19,011	Through Savitribai Phule Ekatma Samaj Mandal (SPMESM)
32	Water Resource Development at Padali	Clause IV Schedule VII	Villagers of Padali	22,90,970	22,90,970	22,90,970	Through Savitribai Phule Ekatma Samaj Mandal (SPMESM)
33	Greening initiative near SSW factory	Clause IV Schedule VII	Villagers of Sanaswadi	87,231	87,231	87,231	Through Praj Foundation
34	Promoting local talent and creating platform for artists	Clause V Schedule VII	Citizens of Pune	3,00,000	3,00,000	3,00,000	Through Pune Biennale Foundation
35	IIT Bombay	Clause IX Schedule VII	Students of IIT Bombay	10,00,000	10,00,000	30,00,000	Through IIT Mumbai
			Total	**1,96,71,068**	**1,96,71,068**	**3,52,18,617**	

RESPONSIBILITY STATEMENT

The Responsibility Statement of the Corporate Social Responsibility (CSR) Committee of the Board of Directors of the PIL is reproduced below:

'The implementation and monitoring of Corporate Social Responsibility (CSR) Policy, is in compliance with CSR objectives and policy of the PIL.'

Sachin Raole
CFO and Director- Finance & Commercial

Parimal Chaudhari
Chairperson - CSR Committee

Place: Mumbai
Date: 30th June, 2017

ANNEXURE 3

REPORT ON CORPORATE GOVERNANCE

1. Company's philosophy on Code of Governance

Corporate Governance sets forth guidelines for managing and sustaining a transparent, information-oriented culture wherein authority and responsibilities are co-existent and co-extensive. It also provides guidelines on accountability of various positions within the organization. These values govern not only the Board of Directors, but also the management and the employees of the Company. This Governance protects and balances the interests of all stakeholders thereby enhancing shareholder value.

2. Board of Directors (the Board) :

a) Composition of the Board :

The Composition of the Board of your Company is a fair mix of executive, non-executive, and Independent Directors, which is appropriate for the size and operations of your Company and is compliant with the applicable rules and guidelines. The strength of the Board was nine Directors as on 31st March, 2017, comprising of two Whole-time Directors, seven Non-Executive Directors. Five of the Non-Executive Directors are Independent Directors. As on the date of this report, all Directors of the Company meet the criteria of maximum number of Directorship as laid down in Section 165 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

b) Attendance of Directors at Board Meetings, last Annual General Meeting (AGM) and number of other Directorships and Chairmanships / Memberships of Committees of each Director:

Name of Director	Nature of Directorship	Board Meetings attended during the year	Whether attended last AGM	No. of Directorships in other Public Limited Companies[2]	No. of Committee Memberships [3]	
					Chairman	Member
Mr. Pramod Chaudhari	PD, ED	4	Yes	2	Nil	Nil
Mr. Berjis Desai	ID, NED	4	Yes	9	2	8
Mr. Kishor Chaukar	ID, NED	3	Yes	7	2	5
Ms. Parimal Chaudhari[1]	PD, NED	3	Yes	Nil	Nil	1
Mr. Prakash Kulkarni	ID, NED	4	Yes	Nil	Nil	Nil
Mr. Rajiv Maliwal	ID, NED	4	Yes	Nil	Nil	Nil
Mr. Sivaramakrishnan S. Iyer	ID, NED	3	No	4	2	4
Mr. Daljit Mirchandani	NED, NID	4	Yes	2	1	2
Mr. Sachin Raole[4]	ED	1	NA	Nil	Nil	2
Mr. Gajanan Nabar[5]	ED	3	Yes	1	Nil	3

{PD – Promoter Director, ED – Executive Director, ID – Independent Director, NID – Non-Independent Director, NED - Non-Executive Director}

[1]Ms. Parimal Chaudhari is wife of the Executive Chairman, Mr. Pramod Chaudhari. None of the other Directors is related to any other director.

[2]Excludes private (which are not holding or subsidiary of Public Companies), foreign Companies & Section 8 Companies.

[3]Memberships / Chairmanship of only Audit Committee and Stakeholders' Relationship Committee have been considered for this purpose.

[4]Mr. Sachin Raole was appointed as Director on 16th January, 2017.

[5]Mr. Gajanan Nabar ceased to be a Director with effect from 16th January, 2017.

Information as required under SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 is furnished to the Board from time to time.

c) Number of Board Meetings :

Four Board Meetings were held during the year ended 31st March, 2017. The dates are – 20th May, 22nd July, 20th October in the calendar year 2016 and 10th February in the calendar year 2017.

d) **Shares held and Options granted to Non-Executive Directors as on 31/03/2017 :**

Name of Director	Number of Equity Shares held	Stock Options outstanding	Grant Price per option (₹)	Last date for conversion of options
Mr. Berjis Desai	1,481,450	Nil	N.A.	N.A.
Mr. Kishor Chaukar	Nil	Nil	N.A.	N.A.
Ms. Parimal Chaudhari	14,400,000	Nil	N.A.	N.A.
Mr. Prakash Kulkarni	5,000	Nil	N.A.	N.A.
Mr. Rajiv Maliwal	Nil	Nil	N.A.	N.A.
Mr. Sivaramakrishnan S. Iyer	180,000	Nil	N.A.	N.A.
Mr. Daljit Mirchandani	1,200	Nil	N.A.	N.A.

e) **Familiarization programme for Independent Directors:**

The Board of Directors of the Company has adopted familiarization program for Independent Directors. The details of such program are posted on the Company's website at http://www.praj.net/familiarization-programme.html. This Program aims to provide insights into the Company to enable the Independent Directors to understand its business in depth and contribute significantly to the Company.

3. Audit Committee :

a. **Terms of Reference :**

The terms of reference of Audit Committee include overseeing the Company's financial reporting process and disclosure of financial information, reviewing with the management, the quarterly and annual financial statements before submission to the Board for approval; reviewing with the management, the performance of Statutory and Internal Auditors and adequacy of internal control systems and all other matters specified under Regulation 18 read with Part C of Schedule II of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and as per Section 177 of the Companies Act, 2013 read with rules framed thereunder.

b. **Composition :**

As on 31st March, 2017, the Audit Committee of the Company comprises of two Independent Non-Executive Directors namely Mr. Berjis Desai (Chairman of the Committee), Mr. Sivaramakrishnan S. Iyer and one Executive Director namely Mr. Sachin Raole. The composition of the Audit Committee meets the requirements of Section 177 of the Companies Act, 2013 and Regulation 18 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

c. **Meetings :**

This Committee has met four times during the year i.e. 20th May, 15th July, 20th October in the calendar year 2016 and 10th February in the calendar year 2017.

Attendance of each Member at the Audit Committee meetings held during the year:

Name of Director	No. of Meetings entitled to attend	Meetings attended
Mr. Berjis Desai	4	4
Mr. Sivaramakrishnan S. Iyer	4	4
Mr. Sachin Raole*	1	1
Mr. Gajanan Nabar**	3	3

* Mr. Sachin Raole was inducted as member of this Committee with effect from 16th January, 2017.

**Mr. Gajanan Nabar ceased to be a member of this Committee as he resigned as Director of the Company with effect from 16th January, 2017.

In addition to the members of Audit Committee, Executives of Accounts Department, Secretarial Department and Representatives of the Statutory, Cost and Internal Auditors attended the Audit Committee Meetings. Senior functional executives are also invited as and when required, to provide necessary inputs to the Committee. The Company Secretary acts as the Secretary of the Audit Committee.

4. Nomination & Remuneration Committee:

a. **Terms of Reference**:

The Nomination &Remuneration Committee has been constituted to recommend / review the remuneration of Executive Directors of the Company, to identify persons who are qualified to become Directors and who may be appointed in Senior

Management and to carry out such other duties and functions as stipulated in Section 178 of the Companies Act, 2013 read with rules framed thereunder and Regulation 19 read with Part D of Schedule II of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. The Nomination & Remuneration Policy of the Company is attached as Annexure – 8 to the Directors' Report.

b. Composition:

As on 31st March, 2017, the Nomination & Remuneration Committee of the Company comprises of three Non-Executive Directors namely Mr. Berjis Desai (Chairman of the Committee), Mr. Rajiv Maliwal and Mr. Sivaramakrishnan S. Iyer and one Executive Director, Mr. Pramod Chaudhari.

c. Meetings:

This Committee has met twice during the year i.e. on 20th May and 22nd July in the calendar year 2016.

Attendance of each Member at the Nomination & Remuneration Committee meetings held during the year:

Name of Director	No. of Meetings	Meetings attended
Mr. Berjis Desai	2	2
Mr. Rajiv Maliwal	2	2
Mr. Sivaramakrishnan S. Iyer	2	1
Mr. Pramod Chaudhari	2	2

5. Performance Evaluation Criteria for Independent Directors :

Reference please be made to the Directors' Report wherein information regarding Performance Evaluation has been provided.

Remuneration Policy:

The Remuneration Policy of the Company takes into account the individual performance and contribution of the Director, the profitability of the Company, prevalent industry standards and government policy in this regard.

The Policy is displayed on Company's website i.e. http://www.praj.net/policies.html

(i) Remuneration of Executive Directors:

The aggregate value of Salary & Perquisites including commission for the year ended 31st March, 2017 to the Executive Directors is as follows:

Mr. Pramod Chaudhari, Executive Chairman ₹ 51.872 Mn. (Salary ₹ 51.292 Mn., Perquisites ₹ 0.580 Mn., Commission ₹ Nil and Variable pay ₹ Nil), *Mr. Sachin Raole, CFO and Director – Finance & Commercial ₹ 2.747 Mn. (Salary ₹ 2.158 Mn., Variable pay ₹ 0.589 Mn.) , **Mr. Gajanan Nabar, CEO & MD ₹ 12.794 Mn. (Salary ₹ 12.525 Mn., Perquisites ₹ 0.269 Mn., Commission. ₹ Nil and Variable Pay ₹ Nil). Besides this, the Executive Directors are also entitled to gratuity and encashment of leave, as per the rules of the Company.

*Mr. Sachin Raole initially appointed as CFO, was appointed as CFO and Director – Finance & Commercial with effect from 16th January, 2017.

** Mr. Gajanan Nabar ceased to be a Director with effect from 16th January, 2017.

The current tenure of office of the Executive Chairman is for a period of 2 years from the date of appointment i.e. upto 31st July, 2019. As per agreement, Severance Fee is restricted to 24 months' salary.

The tenure of office of the CFO and Director – Finance & Commercial is for a period 16th January, 2017 till 31st July, 2019. As per agreement, Severance Fee is restricted to 3 months' salary.

Under ESOP 2011 Grant VI, 100,000 Options have been granted to Mr. Sachin Raole at Fair Market Value and the same are exercisable by him according to the terms of the Scheme.

ii) Compensation to Non-Executive Directors:

As a policy, the Company does not pay any sitting fees to Directors for attendance of the Meetings. The commission on profit is payable to Non-Executive Directors on the basis of their time and contribution. The Criteria of making payments to non-executive Directors are disclosed in the Nomination & Remuneration Policy which forms part of this report.

The shareholders of the Company had, in the 28th Annual General Meeting held on 28th July, 2014, approved payment of commission on profits to Non-Executive Directors up to a limit of 3% of the net profit of the Company calculated in accordance with the provisions of the Companies Act, 2013. The Board of Directors is authorized, within this limit, to decide the quantum and the recipients for such payment.

The Commission to Non-Executive Directors for 2016-17 is ₹ 6.300 Mn. The details are as follows:

Mr. Berjis Desai ₹ 1.350 Mn., Mr. Kishor Chaukar ₹ 0.550 Mn., Ms. Parimal Chaudhari ₹ 1.000 Mn., Mr. Prakash Kulkarni ₹ 1.600 Mn., Mr. Rajiv Maliwal ₹ 0.450 Mn. and Mr. Sivaramakrishnan S. Iyer ₹ 1.350 Mn.

The Non-executive Directors have no pecuniary relationship or transaction with the Company other than commission paid to them except the professional fees paid to Mr. Daljit Mirchandani, Non-Executive, Non-Independent Director. Also, the Company pays fees for professional services rendered by a firm of Solicitors and Advocates of which a Non-executive Director is a partner. However, the amounts are not material in nature.

6. Stakeholders' Relationship Committee:

a. Composition:

As on 31st March, 2017, the Stakeholders' Relationship Committee of the Board comprises of three Directors namely Mr. Sivaramakrishnan S. Iyer, Non-Executive Independent Director (Chairman of the Committee), Mr. Sachin Raole and Ms. Parimal Chaudhari.

b. Name and Designation of Compliance Officer:

Mr. Dattatraya Nimbolkar, Chief Internal Auditor & Company Secretary acts as a Compliance Officer.

c. No. of Complaints :

During the year the Company received 7 complaints which were duly attended to. No investors' complaint is pending as on 31st March, 2017. All the complaints were solved to the satisfaction of shareholders.

d. Meetings:

This Committee has met four times during the year ended 31st March, 2017. The dates are – 20th May, 22nd July, 20th October in the calendar year 2016 and 10th February in the calendar year 2017.

Attendance of each Member at the Shareholders/Investors Grievance Committee meetings held during the year:

Name of Director	No. of Meetings entitled to attend	Meetings attended
Ms. Parimal Chaudhari	4	3
Mr. Sivaramakrishnan S. Iyer	4	3
Mr. Sachin Raole*	1	1
Mr. Gajanan Nabar**	3	3

* Mr. Sachin Raole was inducted as member of this Committee with effect from 16th January, 2017.

**Mr. Gajanan Nabar ceased to be a member of this Committee as he resigned as Director of the Company with effect from 16th January, 2017.

7. Corporate Social Responsibility Committee:

a. Terms of Reference :

The Committee was constituted vide the Board Meeting held on 25th October, 2013 to;

i. Formulate and recommend to the Board, a Corporate Social Responsibility Policy indicating the activities to be undertaken by the Company as specified in Schedule VII.

ii. Recommend the amount of expenditure to be incurred on the activities referred to in clause (a).

iii. Monitor the Corporate Social Responsibility Policy of the Company from time to time.

b. Composition:

As on 31st March, 2017, the Corporate Social Responsibility Committee of the Board comprises of four Directors namely Ms. Parimal Chaudhari (Chairperson of the Committee), Mr. Kishor Chaukar (Independent Director), Mr. Sivaramakrishnan Iyer (Independent Director) and Mr. Daljit Mirchandani (Non-Executive – Non-Independent Director) .

c. Meetings:

The Committee met five times i.e. on 20th May, 22nd July, 20th October in the Calendar year 2016 and twice on 10th February in the calendar year 2017.

Attendance of each Member at the Corporate Social Responsibility Committee Meetings held during the year:

Name of Director	No. of Meetings entitled to attend	Meetings attended
Ms. Parimal Chaudhari	5	4
Mr. Kishor Chaukar	5	3
Mr. Sivaramakrishnan S. Iyer	5	4
Mr. Daljit Mirchandani*	1	1

*Mr. Daljit Mirchandani was inducted as a member of the Committee with effect from 10th February, 2017.

8. Share Transfer Committee:

a. Composition:

As on 31st March, 2017, the Share Transfer committee of the Board comprises of three Directors namely Mr. Sachin Raole (Chairman of the Committee), Ms. Parimal Chaudhari and Mr. Prakash Kulkarni.

b. Meetings:

This Committee has met three times during the year ended 31st March, 2017. The dates are – 20th May, 22nd July and 20th October in the calendar year 2016.

Attendance of each Member at the Share Transfer Committee meetings held during the year:

Name of Director	No. of Meetings entitled to attend	Meetings attended
Mr. Sachin Raole*	0	0
Ms. Parimal Chaudhari	3	2
Mr. Prakash Kulkarni	3	3
Ms. Gajanan Nabar**	3	3

* Mr. Sachin Raole was inducted as member of this Committee with effect from 16th January, 2017.

**Mr. Gajanan Nabar ceased to be a member of this Committee as he resigned as Director of the Company with effect from 16th January, 2017.

9. Compensation & Share Allotment Committee:

a. Composition:

As on 31st March, 2017, the Compensation & Share Allotment Committee of the Board comprises of Mr. Sivaramakrishnan Iyer (Chairman of the Committee), Mr. Berjis Desai, Mr. Pramod Chaudhari, Mr. Prakash Kulkarni, Mr. Kishor Chaukar and Mr. Daljit Mirchandani.

b. Meetings:

This Committee has met twelve times during the year ended 31st March, 2017. The dates are – 22nd April, 20th May, 16th June, 22nd July, 17th August, 21st September, 20th October, 24th November, 19th December in the calendar year 2016 and 10th February, 24th February, 17th March in the calendar year 2017.

Attendance of each Member at the Compensation and Share Allotment Committee meetings held during the year:

Name of Director	No. of Meetings	Meetings attended
Mr. Sivaramakrishnan Iyer	12	3
Mr. Berjis Desai	12	4
Mr. Pramod Chaudhari	12	12
Mr. Prakash Kulkarni	12	9
Mr. Kishor Chaukar	12	9
Mr. Daljit Mirchandani	12	9

10. General Body Meetings:

Details of last three Annual General Meetings (AGMs) are given in table below:

Year	Venue	Date & Time	Special Resolutions passed
2013-14	"Praj Tower", S.No. 274 & 275/2, Bhumkar Chowk- Hinjewadi Road, Hinjewadi, Pune – 411 057	28th July, 2014 10.00 a.m.	a) Provision of part of office premises to related parties. b) Payment of remuneration to Non-Executive Directors.
2014-15	"Praj Tower", S. No. 274 & 275/2, Bhumkar Chowk- Hinjewadi Road, Hinjewadi, Pune – 411 057	6th August, 2015 10.00 a.m.	Nil
2015-16	"Praj Tower", S.No. 274 & 275/2, Bhumkar Chowk- Hinjewadi Road, Hinjewadi, Pune – 411 057	22nd July, 2016 10.00 a.m.	Nil

11. Means of Communication:

- The quarterly / half-yearly financial results : Quarterly / half-yearly financial results are published in widely circulating dailies such as Loksatta, The Economic Times, Financial Express, Business Standard, Indian Express and The Hindu Business Line.
- News Release, Presentations etc. : Official news release, detailed presentations made to media, analysts etc. Are displayed on the Company's website www.praj.net. Official Media Releases are sent to the Stock Exchanges.
- Website : The Company's website www.praj.net contains a dedicated section "Investor Lounge" where information for shareholders is available. The Annual Reports of the Company are also available on the website in a downloadable form.
- Annual Report : Annual Report containing, inter alia, Audited Financial Statements, Consolidated Financial Statements, Directors' Report, Auditors' Report and other important information is circulated to members and others entitled thereto. The Management Discussion and Analysis (MDA) Report forms part of the Annual Report. The quarterly / half-yearly un-audited financial results and official news releases are displayed on the Company's website.

12. General Shareholder Information :

Annual General Meeting:

Date & Time : Friday, 11th August, 2017 at 10.00 a.m.

Venue : "Praj Tower, S. No. 274 & 275/2, Bhumkar Chowk-Hinjewadi Road, Hinjewadi, Pune 411 057

Financial Year : 1st April to 31st March

Stock / Scrip Code / ISIN / CIN / Address of Stock Exchanges

National Stock Exchange Ltd. (NSE)	PRAJIND Address : Plot no. C/1, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051
BSE Ltd. (BSE)	522205 Address: Phiroze Jeejeebhoy Towers, 25th Floor, Dalal Street, Mumbai – 400 001
ISIN with NSDL & CDSL	INE074A01025
Company Identification Number (CIN)	L27101PN1985PLC038031

The Annual Listing Fees for 2017-2018 have been paid to both the Stock Exchanges.

Financial Calendar

For the year ended 31st March, 2017 quarterly results were announced on:

Results for the quarter ended June 2016	22nd July, 2016
Results for the quarter ended September 2016	20th October, 2016
Results for the quarter ended December 2016	10th February, 2017
Results for financial year ended March 2017	24th May, 2017

For the year ended 31st March, 2018, the tentative announcement dates are:

Results for the quarter ending June 2017	**Second** week of August 2017
Results for the quarter ending September 2017	**Third** week of October 2017
Results for the quarter ending December 2017	**Third** week of January 2018
Results for last quarter ending March 2018	**Third** week of May 2018

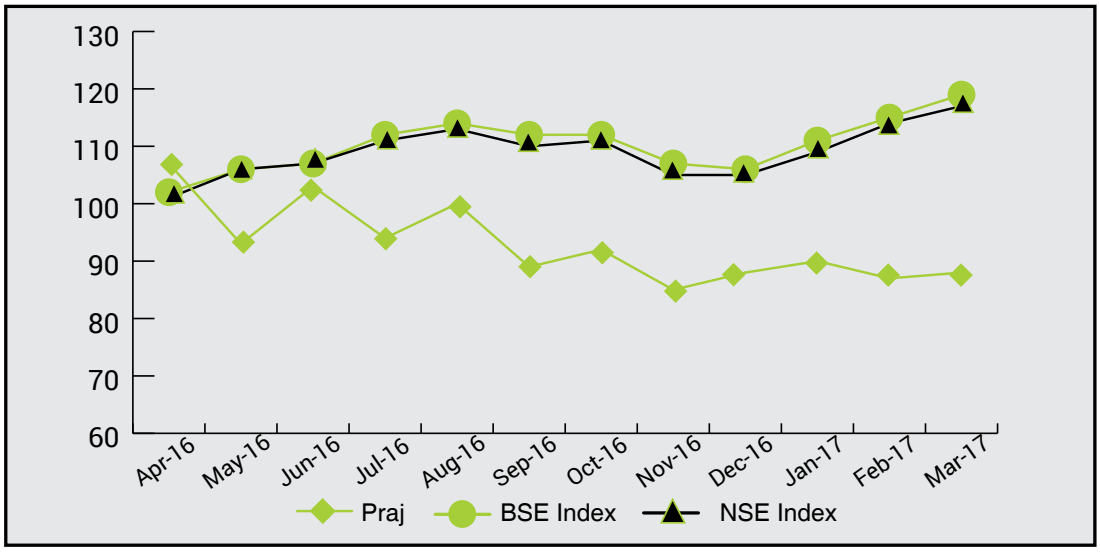
Stock Market Price Data

Monthly high / low during the year 2016-2017 on BSE & NSE:

Month	BSE		NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April 2016	98.70	86.80	98.70	86.95
May 2016	98.50	84.00	98.10	83.75
June 2016	95.30	80.65	95.20	81.00
July 2016	105.15	85.20	105.30	85.05
August 2016	95.45	82.00	95.35	82.00
September 2016	95.00	80.30	95.15	80.20
October 2016	87.30	79.45	87.40	79.25
November 2016	86.40	70.10	86.90	70.10
December 2016	82.10	72.00	82.30	73.70
January 2017	87.50	80.35	87.45	80.50
February 2017	85.70	76.50	85.70	76.50
March 2017	84.10	78.20	84.00	78.10

(Source : This information is compiled from the data available from the websites of NSE and BSE)

THE GRAPHICAL REPSESENTATION OF MOVEMENT IN SHARE PRICES IS GIVEN BELOW;



Investor Services:

Share Transfer system

The Company's shares, which are in compulsory dematerialized (demat) form, are transferable through the depository system. Shares in physical form are processed by R & T Agents, Link Intime India Private Limited. The share transfers are processed within a period of 15 days from the date of receipt of the transfer documents by Link Intime India Private Limited at Block no. 202, 2nd floor, Akshay complex, Off Dhole Patil Road, Pune - 411 001. Tel. : (020) – 26160084, 26161629 Telefax : 020-26163503

The members holding shares in electronic mode should address their correspondence to their respective Depository Participant regarding change of address, change of bank account mandate and nomination.

Investor Help-desk

Share transfers and all other investor related activities are attended to and processed at the office of our R & T Agents viz. Link Intime India Private Limited.

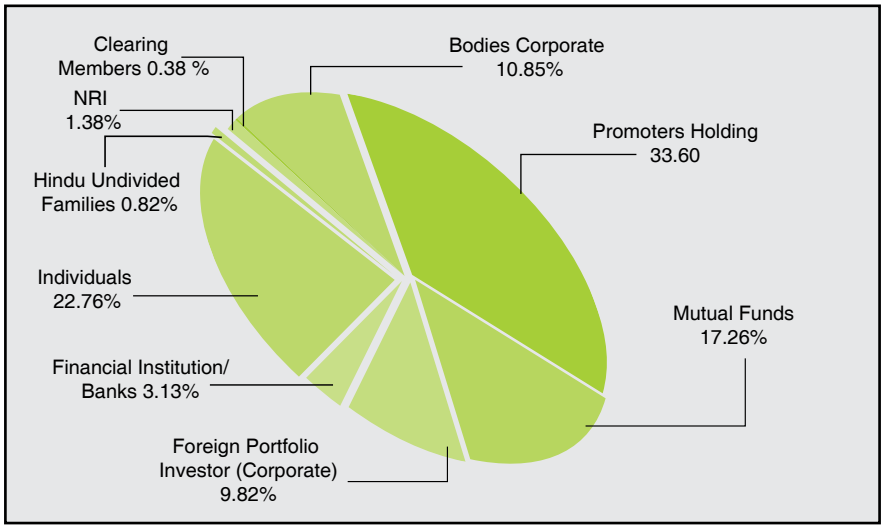
In order to facilitate investor servicing, the Company has designated an e-mail id investorsfeedback@praj.net mainly for registering complaints by investors. Shareholders are requested to address their complaints, if any, on this designated email id only, for quick redressal thereof.

Dividend

Dividend and other related activities are handled jointly by in – house Secretarial Department and R & T Agents.

Shareholding Pattern as on 31st March, 2017

Category	**31/03/2017**		31/03/2016	
	No. of shares of ₹ 2/- each	**% of holding**	No. of shares of ₹ 2/- each	**% of holding**
Promoters Holding	**60300000**		60300000	
Total (A)	**60300000**	**33.60**	60300000	33.88
Non – Promoter Holding				
Mutual Funds	**30952275**	**17.26**	28982980	16.28
Foreign Portfolio Investor	**17627745**	**9.82**	11046701	6.20
Financial Institutions / Banks	**5621060**	**3.13**	6132887	3.45
Individuals	**40833989**	**22.76**	42578347	23.92
Trusts	**3600**	**0.00**	3100	0.00
Foreign Nationals	**1215**	**0.00**	300	0.00
Hindu Undivided Families	**1473150**	**0.82**	1379767	0.78
Non-Resident Indians	**2472580**	**1.38**	4885071	2.75
Clearing Members	**684489**	**0.38**	768997	0.44
Bodies Corporate	**19474085**	**10.85**	21894259	12.30
Total (B)	**119144188**	**66.40**	117672409	66.12
Total (A) + (B)	**179444188**	**100.00**	177972409	100.00



Distribution of shareholding as on 31st March, 2017

Shareholding of nominal value	Shareholders	Percentage	Nominal Value of Equity Shares in ₹	Percentage
1 - 5000	98115	97.62	46781370	13.03
5001 - 10000	1322	1.31	9722224	2.71
10001 - 20000	560	0.56	8255488	2.30
20001 - 30000	163	0.16	4100514	1.14
30001 - 40000	87	0.09	3179766	0.89
40001 - 50000	51	0.05	2336726	0.65
50001 - 100000	103	0.10	7431640	2.07
100001 and above	115	0.11	277080648	77.21
Total	**100516**	**100.00**	**358888376**	**100.00**

Dematerialisation of Shares and Liquidity:

As on 31st March, 2017, 99.80% of shareholding was held in dematerialized form with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL). In terms of the notification issued by SEBI, trading in the equity shares of the Company is permitted only in dematerialized form w.e.f. 15th March, 2000.

Physical and Demat Shares:

	As on 31st March, 2017	%
No. of Shares held by NSDL	**91376815**	50.92
No. of Shares held by CDSL	**87713711**	48.88
Physical Shares	**353662**	0.20
Total	**179444188**	100.00

Unclaimed Dividend:

Members may please note that pursuant to Section 124 of the Companies Act, 2013, the dividend remaining unpaid or unclaimed for a period of seven years from the date of transfer to Unpaid Dividend Account of the Company will be transferred to the Investor Education and Protection Fund (IEPF) set up by Government of India and no payments shall be made in respect of any such claims.

Given below are the dates of declaration of dividend and corresponding dates when unpaid/unclaimed dividends are due for transfer to the IEPF.

Financial Year	Type	Date of Declaration	Due date of transfer to IEPF
2010-11	Dividend 2010-11	22/07/2011	26/08/2018
2011-12	Dividend 2011-12	20/07/2012	25/08/2019
2012-13	Dividend 2012-13	22/07/2013	26/08/2020
2013-14	Interim Dividend 13-14.	05/02/2014	12/03/2021
	Final Dividend 2013-14	28/07/2014	01/09/2021
2014-15	Dividend 2014-15	06/08/2015	10/09/2022
2015-16	Interim Dividend 2015-16	12/03/2016	17/04/2023

Plant Locations:

The Company has its manufacturing facilities at the following places:

1. S. No. 748, Sanaswadi, Pune - 412 307, Maharashtra, India.
2. Plot No. E-20 & E-21 additional MIDC area, Jejuri Tal. Purandar, Pune – 412 203, Maharashtra, India.
3. Kandla SEZ Unit I Plot No. 307 to 314 and Unit II at Plot No. 282 to 286 and 294 to 298, Sector IV Gandhidham, Kutch, 370230, Gujrat, India.

Address for Correspondence:

As stated earlier, investors are requested to contact Link Intime India Pvt. Ltd., Block No. 202, 2nd floor, Akshay Complex, Near Ganesh Temple, Off Dhole Patil Road, Pune 411 001 for queries and share related matters.

13. Other Disclosures:

a. Materially significant Related Party Transactions:

There were no materially significant related party transactions which could have had a potential conflict with the interests of the Company. Transactions with related parties are entered into by the Company in the normal course of business and at arm's length. The details of transactions are periodically placed before the Audit Committee for review and approval. Members may refer to the notes to the accounts for details of related party transactions.

The Board of Directors of the Company has, on the recommendation of the Audit Committee, adopted a policy to regulate transactions between the Company and its Related Parties, in compliance with the applicable provisions of the Companies Act 2013 read with the Rules framed thereunder including the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. The policy has been placed on the website of the Company at http://www.praj.net/policies.html

b. Statutory compliance, Penalties and Strictures:

There has not been any non-compliance, penalties or strictures imposed on the Company by the Stock Exchanges, or any other statutory authority on any matter relating to the Capital Market during the last three years.

c. **Vigil Mechanism/ Whistle Blower Policy :**

In accordance with requirement of Companies Act, 2013 as well as SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 a vigil mechanism/Whistle Blower Policy has been adopted by the Board of Directors and accordingly a whistle blower policy has been formulated with a view to provide a mechanism for employees of the Company to approach the Audit Committee of the Company to report any grievance.

d. Details of Compliance with mandatory requirements and adoption of Non-Mandatory Requirements :

The Company has complied with the applicable mandatory requirements of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

The Company has adopted following non-mandatory requirements as specified in Part E of Schedule II of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015;

i. Shareholders' Rights:

- The financial results are published in the Loksatta, The Economic Times, Financial Express, Business Standard, Indian Express and The Hindu Business Line and are also displayed on the Company's website as well as the websites of the Stock Exchanges on which the Company's shares are listed and therefore, have not been separately circulated to the shareholders.

ii. Modified Opinion(s) in Audit Report:

During the year under review, there was no audit qualification in the Auditors' Report on the Company's Financial Statements.

iii. Separate posts of Chairperson and Chief Executive Officer:

Mr. Pramod Chaudhari is Executive Chairman. Mr. Gajanan Nabar was holding the office as CEO & MD upto 16th January, 2017.

iv. Reporting of Internal Auditor:

Internal Auditor directly reports to the Audit Committee.

v. Retirement Guidelines:

Executive Directors will retire at the age of 65 years and Non-Executive Directors at the age of 70 years.

However, the Board is at liberty to grant extensions according to which, the term of office of Mr. Pramod Chaudhari, Executive Chairman is being extended despite his crossing the age of 65 years which is well within the maximum age limit prescribed under Section 196 (3)(a) of the Companies Act, 2013.

e. Web link where policy for determining 'material' subsidiaries is disclosed:

The policy for determining 'material' subsidiaries is disclosed on at http://www.praj.net/policies.html

f. Web link where policy on dealing with related party transactions:

The policy on dealing with related party transactions is disclosed on at http://www.praj.net/policies.html

g. Disclosure of Commodity price risks and commodity hedging activities:

The principal raw material of the Company is Steel. It is procured from the domestic as well as overseas suppliers. Some of the other raw materials are also procured from the overseas markets. The Company has got appropriate mechanism to deal with fluctuation in material prices.

14. Code of Conduct:

The Board has introduced a Code of Conduct for Directors and members of Senior Management. The Code is posted on Company's website : http://www.praj.net/code-of-conduct-for-board-members.html

The Board members and Senior Management Personnel have affirmed compliance with the Code. A declaration to that effect signed by Mr. Pramod Chaudhari, Executive Chairman forms part of this Report.

15. Certification by Executive Chairman and Chief Financial Officer (CFO) Certification:

As per the requirement of Regulation 17(8) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, read with the FAQs dtd. January 8, 2016, issued by SEBI, a Certificate, duly signed by Executive Chairman and CFO of the Company, was placed at the Board Meeting of the Company held on 24th May, 2017 and the same forms part of this report.

16. Certificate on Corporate Governance:

The Company has obtained a Certificate from Mr. Vikas Khare, Partner, KANJ & Associates, regarding Compliance of conditions of Corporate Governance as stipulated in Regulation 15(2) read with Clause C of Schedule V of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and the same forms part of this Report.

CERTIFICATE OF COMPLIANCE WITH THE CORPORATE GOVERNANCE REQUIREMENTS

To,
The Board of Directors
Praj Industries Limited
Pune

Dear Sirs/Madam,

This is to certify that;

A. We have reviewed financial statements and the cash flow statement for the year and that to the best of their knowledge and belief:
   (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
   (2) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B. There are, to the best of our knowledge and belief, no transactions entered into by the listed entity during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the listed entity pertaining to financial reporting and we have disclosed to the auditors and the audit committee, that there were no deficiencies in the design or operation of such internal controls of which we are aware.

D. We have indicated to the auditors and the Audit committee
   (1) that there were no significant changes in internal control over financial reporting during the year;
   (2) that there were no significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
   (3) that there were no instances of significant fraud of which we have become aware and the involvement therein, of the management or an employee having a significant role in Company's internal control system over financial reporting.

For **PRAJ INDUSTRIES LIMITED**

PRAMOD CHAUDHARI
Executive Chairman

SACHIN RAOLE
CFO and Director – Finance & Commercial

Date : 24th May, 2017
Place : Pune

DECLARATION FOR COMPLIANCE WITH CODE OF CONDUCT

To the members of **PRAJ INDUSTRIES LIMITED**

Pursuant to Regulation 17 (5) (b) and Regulation 26(3) read with Schedule V to the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 I hereby declare that all Board members and senior management personnel are aware of the provisions of the Code of Conduct laid down by the Board (as amended from time to time) and made effective from 28th January, 2006. All Board members and senior management personnel have affirmed compliance with the Code of Conduct.

For **PRAJ INDUSTRIES LIMITED**

PRAMOD CHAUDHARI
Executive Chairman

Date : 24th May, 2017
Place : Pune

CERTIFICATE OF COMPLIANCE WITH THE CORPORATE GOVERNANCE REQUIREMENTS

(As per clause C of Schedule V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 read with Regulation 34(3) of the said Listing Regulations).

The Members,
Praj Industries Limited
"Praj Tower",
S. No. 274 and 275/2
Bhumkar Chowk-Hinjewadi Road
Hinjewadi,
Pune 411 057

We have examined the compliance of conditions of Corporate Governance by Praj Industries Limited ("the Company") for the year ended on 31st March, 2017, as referred to in regulation 15(2) read with clause C of Schedule V read with regulation 34(3) of the said Listing Regulations of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 (Hereinafter, collectively referred to as the Listing Regulations).

We have examined the compliance by the Company of the requirements under Listing Regulations, for the year ended 31st March, 2017.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance.

In our opinion, and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **KANJ & ASSOCIATES**
Company Secretaries

Vikas Y. Khare
Partner
Membership No.: FCS- 3541
CP No: 2107

Pune, 24th May, 2017

ANNEXURE 4

ESOP DISCLOSURE

Statement as on 31st March, 2017 for Employee Stock Option Scheme, 2005 & 2011 as required under Regulation 14 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

Sr. No.	Particulars	ESOP 2005	ESOP 2011
1	Date of Meeting	Annual General Meeting held on 23/07/2005	Annual General Meeting held on 22/07/2011
2	Total number of options approved under the Scheme	75,30,252	92,38,936
3	Vesting requirements	1 to 3 years	1 to 4 years
4	Exercise price or pricing formula	₹ 72.70	27th Jan., 2015 ₹ 55.75 6th Aug., 2015 ₹ 114.32 31st Aug., 2015 ₹ 85.32 14th Oct., 2015 ₹ 81.70 17th Nov., 2015 ₹ 85.37 22nd July, 2016 ₹ 85.25
5	Source of shares	Primary	Primary
6	Variation in terms of options	Nil	Nil
7	Options movement during the year		
	i. Number of Options outstanding at the beginning of the year	8,20,000	38,47,670
	ii. Number of Options granted during the year	Nil	1,00,000
	iii. Number of Options forfeited / cancelled during the year	4,08,821	3,61,670
	iv. Number of Options exercised during the year	4,11,179	10,60,600
	v. Number of shares arising as a result of exercise of options	4,11,179	10,60,600
	vi. Money realised by exercise of options during the year	₹29.893 Million	₹59.128 Million
	vii. Number of Options outstanding at the end of the year	Nil	25,02,060
	viii. Number of Options exercisable at the end of the year	Nil	12,30,195
8	Employee wise details of options granted to		
	i. Key Managerial Personnel		
	1. Mr. Gajanan Nabar, CEO & MD	12,50,000	2,50,000
	2. Mr. Sachin Raole, CFO and Director Finance & Coml	Nil	1,00,000
	3. Mr. Dattatraya Nimbolkar, Chief Internal Auditor & Company Secretary	Nil	1,00,000
	ii. Any other employee who receives a grant in any one year of option amounting to 5% or more of options granted during that year	Nil	Nil
	iii. Identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	Nil	Nil
9	Weighted average exercise price	₹ 72.70	₹ 61.06
10	Weighted average fair value of options as on the date of grant	₹ 38.19	27th Jan., 2015 ₹ 14.62 6th Aug., 2015 ₹ 32.71 31st Aug., 2015 ₹ 26.22 14th Oct., 2015 ₹ 23.80 17th Nov., 2015 ₹ 26.93 22nd July, 2016 ₹ 27.75
11	Method used for calculating fair value of options	Black Scholes Option pricing model	

Significant assumptions used in arriving at the fair value of Options under Black Scholes model are as stated below:

Particulars		27th January, 2015 Plan A	27th January, 2015 Plan B	6th August, 2015	31st August, 2015	14th October, 2015	17th November, 2015	22nd July, 2016
1)	Risk-free interest rate	7.74%	7.74%	7.80%	7.80%	7.56%	7.68%	6.90%
2)	Expected Life	2-3 years	1-2 years	1-2 years	1-3 years	1-2 years	1-2 years	1-2 years
3)	Expected Volatility *	50.79%	52.53%	57.55%	59.90%	59.08%	58.95%	59.43%
4)	Expected Dividend Yield	3.08%	3.08%	3.08%	3.08%	3.08%	3.08%	3.03%
5)	Price of the underlying share in market at the time of Options grants	₹ 55.75	₹ 55.75	₹113.75	₹ 84.45	₹ 81.50	₹ 85.30	₹90.50

* Expected volatility has been determined based on closing price of the share of the Company for immediately past 2 years.

Employee compensation cost that would have been debited to the Profit & Loss Account under fair value method of accounting for stock options ₹ 1,48,21,041/- and credit to Reserve and Surplus ₹ 1,68,22,897/-

Method used for calculating fair value of Option – Black Scholes Option Valuation Model

ANNEXURE 5

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31.03.2017

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i) **CIN:** L27101PN1985PLC038031

ii) **Registration Date:** 08.11.1985

iii) **Name of the Company:** Praj Industries Ltd.

iv) **Category / Sub-Category of the Company:** Company Limited by Shares/Indian Non-Government Company.

v) **Address of the Registered office and contact details:** "Praj Tower", S.No. 274 & 275/2, Bhumkar Chowk- Hinjewadi Road, Hinjewadi, Pune – 411 057.
Ph : +91 2071802000 Fax : +91 20 22941299, e-mail : info@ praj.net

vi) **Whether listed Company:-** Yes

vii) **Name, Address and Contact details of Registrar and Transfer Agent, if any:-** Link Intime India Pvt. Ltd., Block No. 202, 2nd floor, Akshay Complex, Near Ganesh Temple, Off Dhole Patil Road, Pune 411 001.

Ph: +91 2026160084 , e-mail :rnt.helpdesk@linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1	Manufacture of other Special- Purpose Machinery n.e.c.	28299	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Praj Engineering & Infra Ltd. " Praj Tower", S. No. 274 & 275/2, Bhumkar Chowk- Hinjewadi Road, Hinjewadi, Pune – 411 057.	U45204PN1993PLC073239	Subsidiary	99.65	2(87)(ii)
2	Praj HiPurity Systems Ltd. 1211, Solitaire Corporate Park, 1st Floor, Building12, Andheri-Ghatkopar Link Road, Andheri (East), Mumbai – 400 093	U41000MH2007PLC175261	Subsidiary	100.00	2(87)(ii)
3	Praj Far East Philippines Ltd. Inc. 17th Floor, Liberty Center,104, .H.V. H.V. Dela Costa Street, Salcedo Village, Makati City, Metro Manila, Philippines	N.A.	Subsidiary	100.00	2(87)(ii)
4	Praj Far East Co. Ltd. 15, Sukhumvit Soi 31, Sukhumvit Road, KlongtoeyNua, Wattana, Bangkok 10110, Thailand.	N.A.	Subsidiary	100.00	2(87)(ii)
5	Praj Americas Inc, 14511 Old Katy Road, Suite 370, Houston, Texas 77079, USA	N.A.	Subsidiary	100.00	2(87)(ii)
6	Praj Industries (Africa) (Pty.) Ltd. 7, West Street, Houghton, 2198, PO box 1574, Johannesburg, South Africa	N.A.	Subsidiary	100.00	2(87)(ii)
7	Praj Industries (Namibia) Pty. Ltd. Shop 48, Second Floor, Old Power Station Complex, Armstrong, PO Box 90757 Windhoek, Namibia	N.A.	Subsidiary	100.00	2(87)(ii)
8	Praj Industries (Tanzania) Ltd.	N.A.	Step Subsidiary (Subsidiary of Praj Industries (Africa) (Pty.) Ltd.)	N.A.	N.A.
9	Praj Industries (Sierra Leone) Ltd.	N.A.	Step Subsidiary (Subsidiary of Praj Industries (Africa) (Pty.) Ltd.)	N.A.	N.A.

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
Individual/HUF	6,03,00,000	Nil	6,03,00,000	33.88	6,03,00,000	Nil	6,03,00,000	33.60	(0.82)
Central Govt.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
State Govt (s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Bodies Corp.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Banks / FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Any Other...	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total (A) (1):	**6,03,00,000**	**Nil**	**6,03,00,000**	**33.88**	**6,03,00,000**	**Nil**	**6,03,00,000**	**33.60**	**(0.82)**
(2) **Foreign**									
NRIs – Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Other – Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Bodies Corp.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Banks / FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Any Other....	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total (A) (2):	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total shareholding of Promoter (A) = (A)(1) + (A)(2)	**6,03,00,000**	**Nil**	**6,03,00,000**	**33.88**	**6,03,00,000**	**Nil**	**6,03,00,000**	**33.60**	**(0.82)**
B. Public Shareholding									
Institutions									
Mutual Funds	2,89,80,980	2,000	2,89,82,980	16.28	3,09,50,275	2,000	3,09,52,275	17.25	5.91
Banks / FI	61,32,887	Nil	61,32,887	3.45	56,21,060	Nil	56,21,060	3.13	(9.10)
Central Govt. & State Govt. (s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Insurance Companies	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
FIIs	1,10,46,701	Nil	1,10,46,701	6.21	1,76,27,745	Nil	1,76,27,745	9.82	58.27
Foreign Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Others (specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total (B)(1):	**4,61,60,568**	**2,000**	**4,61,62,568**	**25.94**	**5,41,99,080**	**2,000**	**5,42,01,080**	**30.20**	**0.16**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Non-Institutions									
Bodies Corp.									
Indian	2,26,56,256	7,000	2,26,63,256	12.73	2,01,51,574	7,000	2,01,58,574	11.23	(11.78)
Overseas	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Individuals									
Individual shareholders holding nominal share capital upto ₹ 1 lakh	3,44,92,940	3,53,092	3,48,46,032	19.59	3,39,05,224	3,44,662	3,42,49,886	19.09	(2.52)
Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	77,32,315	Nil	77,32,315	4.34	65,84,103	Nil	65,84,103	3.67	(15.55)
c) Others (specify)									
Trusts	3,100	Nil	3,100	0.00	3,600	Nil	3,600	0.00	15.18
Hindu Undivided Family	13,79,767	Nil	13,79,767	0.78	14,73,150	Nil	14,73,150	0.83	5.89
Non Resident Indians	48,85,071	Nil	48,85,071	2.74	24,72,580	Nil	24,72,580	1.38	(49.80)
Foreign Nationals	300	Nil	300	0.00	1,215	Nil	1,215	0.00	301.68
Sub-total (B)(2):	**7,11,49,749**	**3,60,092**	**7,15,09,841**	**40.18**	**6,45,91,446**	**3,51,662**	**6,49,43,108**	**36.20**	**(9.93)**
Total Public Shareholding (B)=(B)(1) + (B)(2)	11,73,10,317	3,62,092	11,76,72,409	66.12	11,87,90,526	3,53,662	11,91,44,188	66.40	0.42
C. Shares held by Custodian for GDRs & ADRs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Grand Total (A+B+C)	**17,76,10,317**	**3,62,092**	**17,79,72,409**	**100.00**	**17,90,90,526**	**3,53,662**	**17,94,44,188**	**100.00**	**Nil**

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	% change in share holding during the year
1	Mr. Pramod Madhukar Chaudhari	3,87,00,000	21.74	Nil	3,87,00,000	21.56	Nil	Nil
2	Ms. Parimal Pramod Chaudhari	1,44,00,000	8.09	Nil	1,44,00,000	8.02	Nil	Nil
3	Ms. Parimal Praomd Chaudhari (A/c Moriyaset Trust)	72,00,000	4.05	Nil	72,00,000	4.01	Nil	Nil
	Total	**6,03,00,000**	**33.88**	**Nil**	**6,03,00,000**	**33.60**	**Nil**	**Nil**

(iii) Change in Promoters' Shareholding

Sl. No.	Name	Shareholding		Date	Increase/Decrease in shareholding	Reason	Cumulative Shareholding during the year (01.04.2016 to 31.03.2017)	
		No. of shares at the beginning (01.04.2016)/ end of the year (31.03.2017)	% of total shares of the Company				No. of Shares	% of total shares of the Company
1	Mr. Pramod Madhukar Chaudhari	3,87,00,000 3,87,00,000	21.74 21.56	01.04.2016 31.03.2017	Nil	No Change during the year	3,87,00,000	21.56
2	Ms. Parimal Pramod Chaudhari	1,44,00,000 1,44,00,000	8.09 8.02	01.04.2016 31.03.2017	Nil	No Change during the year	1,44,00,000	8.02
3	Ms. Parimal Pramod Chaudhari (A/c Moriyaset Trust)	72,00,000 72,00,000	4.05 4.01	01.04.2016 31.03.2017	Nil	No Change during the year	72,00,000	4.01

(iv) Shareholding Pattern of Top Ten shareholders (other than Directors, Promoters and holders of GDRs and ADRs)

Sl. No.	Name	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01.04.2016 to 31.03.2017)	
		No. of shares at the beginning (01.04.2016)/ end of the year (31.03.2017)	% of total shares of the Company				No. of Shares	% of total shares of the Company
1	HDFC TRUSTEE COMPANY LIMITED	1,60,10,366	8.99	01.04.2016	Nil	No Change during the year	1,60,10,366	
		1,60,10,366	8.92	31.03.2017			1,60,10,366	
2	TATA CAPITAL FINANCIAL SERVICES LTD	1,34,22,400	7.54	01.04.2016	Nil	No Change during the year	1,34,22,400	
		1,34,22,400	7.48	31.03.2017			1,34,22,400	
3	SUNDARAM MUTUAL FUND	66,79,717	3.75	01.04.2016	Nil		66,79,717	
				06.05.2016	(622)	Transfer	66,79,095	3.75
				22.07.2016	3,34,828	Transfer	70,13,923	3.94
				26.08.2016	(50,354)	Transfer	69,63,569	3.91
				28.10.2016	1,50,000	Transfer	71,13,569	3.98
				18.11.2016	1,20,000	Transfer	72,33,569	4.05
				25.11.2016	10,000	Transfer	72,43,569	4.05
				09.12.2016	79,945	Transfer	73,23,514	4.10
				16.12.2016	1,51,655	Transfer	74,75,169	4.18
				23.12.2016	2,18,698	Transfer	76,93,867	4.30
				30.12.2016	1,95,689	Transfer	78,89,556	4.41
				01.01.2017	29,034	Transfer	79,18,590	4.43
				20.01.2017	2,43,966	Transfer	81,62,556	4.56
				27.01.2017	62,000	Transfer	82,24,556	4.60
				17.03.2017	37,374	Transfer	82,61,930	4.61
				24.03.2017	1,06,349	Transfer	83,68,279	4.66
		87,39,173	4.87	31.03.2017	3,70,894	Transfer	87,39,173	4.87
4	LIC OF INDIA	57,24,713	3.22	01.04.2016	Nil		57,24,713	
				08.07.2016	(39,385)	Transfer	56,85,328	3.19
				26.08.2016	(3,92,948)	Transfer	52,92,380	2.97
				02.09.2016	(43,578)	Transfer	52,48,802	2.94
				09.09.2016	(22,929)	Transfer	52,25,873	2.93
				16.09.2016	1,66,111	Transfer	50,59,762	2.84
		50,59,762	2.82	31.03.2017				
5	CANARA ROBECO MUTUAL FUND	34,46,139	1.94	01.04.2016	Nil		34,46,139	
				08.04.2016	50,000	Transfer	34,96,139	1.96
				22.04.2016	50,000	Transfer	35,46,139	1.99
				13.05.2016	1,00,000	Transfer	36,46,139	2.05
				10.06.2016	(20,000)	Transfer	36,26,139	2.04
				30.06.2016	(10,000)	Transfer	36,16,139	2.04
				08.07.2016	(3,50,000)	Transfer	32,66,139	1.83
				29.07.2016	75,000	Transfer	33,41,139	1.87
				12.08.2016	11,00,000	Transfer	44,41,139	2.49
				30.09.2016	2,00,000	Transfer	46,41,139	2.60
				07.10.2016	30,000	Transfer	46,71,139	2.62
				14.10.2016	1,25,000	Transfer	47,96,139	2.69
				28.10.2016	3,00,000	Transfer	50,96,139	2.85
				30.12.2016	45,000	Transfer	51,41,139	2.87
				24.03.2017	(1,00,000)	Transfer	50,41,139	2.81
		50,41,139	2.81	31.03.2017				
6	MATTHEWS EMERGING ASIA FUND	10,17,703	0.57	01.04.2016			10,17,703	
				17.06.2016	4,72,829	Transfer	14,90,532	0.84
				24.06.2016	1,88,956	Transfer	16,79,488	0.94
				26.08.2016	10,80,279	Transfer	27,59,767	1.55
				23.09.2016	3,54,730	Transfer	31,14,497	1.75
				30.09.2016	4,80,000	Transfer	35,94,497	2.01
		35,94,497	2.00	31.03.2017				

Sl. No.	Name	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01.04.2016 to 31.03.2017)	
		No. of shares at the beginning (01.04.2016)/ end of the year (31.03.2017)	% of total shares of the Company				No. of Shares	% of total shares of the Company
7	GHI LTP LTD	Nil	Nil	01.04.2016			Nil	
				07.10.2016	2,20,000	Transfer	2,20,000	2.20
				14.10.2016	1,20,000	Transfer	3,40,000	0.12
				21.10.2016	2,00,000	Transfer	5,40,000	0.68
				28.10.2016	1,25,000	Transfer	6,65,000	0.37
				04.11.2016	2,25,000	Transfer	8,90,000	0.49
				11.11.2016	4,15,000	Transfer	13,05,000	0.73
				20.01.2017	1,60,000	Transfer	14,65,000	0.82
				10.02.2017	2,797	Transfer	14,67,797	0.82
				17.02.2017	1,01,000	Transfer	15,68,797	0.88
				03.03.2017	1,31,956	Transfer	17,00,753	0.95
				10.03.2017	7,23,000	Transfer	24,23,753	1.35
				24.03.2017	1,44,375	Transfer	25,68,128	1.43
		26,43,128	1.47	31.03.2017	75,000	Transfer	26,43,128	1.47
8	ATYANT CAPITAL INDIA FUND I	Nil	Nil	01.04.2016			Nil	
				02.09.2016	20,133	Transfer	20,133	0.01
				14.10.2016	1,20,000	Transfer	1,40,133	0.08
				28.10.2016	1,00,000	Transfer	2,40,133	0.13
				11.11.2016	1,00,000	Transfer	3,40,133	0.19
				20.01.2017	3,00,000	Transfer	6,40,133	0.36
				03.02.2017	5,60,495	Transfer	12,00,628	0.67
				24.02.2017	22,562	Transfer	12,23,190	0.68
				03.03.2017	75,000	Transfer	12,98,190	0.72
				10.03.2017	1,50,000	Transfer	14,48,190	0.81
				24.03.2017	66,469	Transfer	15,14,659	0.84
		20,47,974	1.14	31.03.2017	5,33,315	Transfer	20,47,974	1.14
9	VANDERBILT UNIVERSITY	Nil	Nil	01.04.2016			Nil	
				07.10.2016	20,000	Transfer	20,000	0.01
				28.10.2016	6,20,000	Transfer	6,20,000	0.35
				04.11.2016	50,000	Transfer	6,70,000	0.37
				24.02.2017	67,226	Transfer	7,37,226	0.41
				10.03.2017	2,25,000	Transfer	9,62,226	0.54
				24.03.2017	62,645	Transfer	10,24,871	0.57
		13,63,476	0.76	31.03.2017	3,38,605	Transfer	13,63,476	0.76
10	DIMENSIONAL EMERGING MARKETS VALUE FUND	16,96,196	0.95	01.04.2016			16,96,196	
				08.07.2016	(65,647)	Transfer	16,30,549	0.92
				15.07.2016	(1,41,363)	Transfer	14,89,186	0.84
				22.07.2016	(72,861)	Transfer	14,16,225	0.79
				04.11.2016	(80,188)	Transfer	13,36,037	0.75
				11.11.2016	(20,000)	Transfer	13,16,350	0.74
				24.03.2017	(35,147)	Transfer	12,81,203	0.71
		12,70,499	0.71	31.03.2017	(10,704)	Transfer	12,70,499	0.71

(V) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Name	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01.04.2016 to 31.03.2017)	
		No. of shares at the beginning (01.04.2016)/ end of the year (31.03.2017)	% of total shares of the Company				No. of Shares	% of total shares of the Company
A	**DIRECTORS :**							
1	Mr. Pramod Chaudhari Executive Chairman	3,87,00,000	21.81	01.04.2016	Nil	No Change during the year	3,87,00,000	21.74
		3,87,00,000	21.74	31.03.2017				
2	Mr. Sachin Raole CFO and Director – Finance & Accounts (Appointed as Director with effect from 16.01.2017)	Nil	Nil	01.04.2016	Nil	No Change during the year	Nil	Nil
		Nil	Nil	31.03.2017				
3	Mr. Berjis Desai Non-Executive, Independent Director	14,81,450	0.83	01.04.2016	Nil	No Change during the year	14,81,450	0.83
		14,81,450	0.83	31.03.2017				
4	Mr. Kishor Chaukar Non-Executive, Independent Director	Nil	Nil	01.04.2016	Nil	No Change during the year	Nil	Nil
		Nil	Nil	31.03.2017				
5	Ms. Parimal Chaudhari Non-Executive Promoter Director	1,44,00,000	8.09	01.04.2016	Nil	No Change during the year	1,44,00,000	8.09
		1,44,00,000	8.02	31.03.2017				
6	Mr. Prakash Kulkarni Non-Executive, Independent Director	5,000	0.00	01.04.2016	Nil	No Change during the year	5,000	0.00
		5,000	0.00	31.03.2017				
7	Mr. Rajiv Maliwal Non-Executive, Independent Director	Nil	Nil	01.04.2016	Nil	No Change during the year	Nil	Nil
		Nil	Nil	31.03.2017				
8	Mr. Sivaramakrishnan Iyer Non-Executive, Independent Director	1,80,000	0.10	01.04.2016	Nil	No Change during the year	1,80,000	0.10
		1,80,000	0.10	31.03.2017				
9	Mr. Daljit Mirchandani Non-Executive, Non-Independent Director	1,200	0.00	01.04.2016	Nil	No Change during the year	1,200	0.00
		1,200	0.00	31.03.2017				
B	**Key Managerial Personnel (KMP's)**							
1	Mr. Dattatraya Nimbolkar (Chief Internal Auditor & Company Secretary)	920	0.00	01.04.2016				
				11.07.2016	33,330	ESOP	34,250	0.02
				19.08.2016	(33,330)	Transfer	920	0.00
				20.10.2016	33,330	ESOP	34,250	0.02
				07.11.2016	(33,330)	Transfer	920	0.00
		920	0.00	31.03.2017				

Note : The percentile change in the share holding without any change in number of shares is due to increase in Paid up Share Capital during the year on account of exercise of ESOPs.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	Nil	1.639	Nil	1.639
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i + ii + iii)	**Nil**	**1.639**	**Nil**	**1.639**
Change in Indebtedness during the financial year				
• Addition	Nil	Nil	Nil	Nil
• Reduction	Nil	0.410	Nil	0.410
Net Change	Nil	0.410	Nil	0.410
Indebtedness at the end of the financial year				
i) Principal Amount	Nil	1.229	Nil	1.229
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i + ii + iii)	**Nil**	**1.229**	**Nil**	**1.229**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount
		Pramod Chaudhari Executive Chairman	Gajanan Nabar CEO & MD*	Sachin Raole CFO and Director – Finance & Commercial*	
1	Gross Salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income-Tax Act, 1961	51.292 0.580 0.000	12.525 0.269 0.000	2.157 0.000 0.000	65.974 0.849 0.000
	(b) Value of perquisites u/s 17(2)of the Income-Tax Act, 1961				
	(c) Profits in lieu of salary under Section 17(3) of the Income-Tax Act, 1961.				
2	Stock Option	0.000	0.000	0.000	0.000
3	Sweat Equity	0.000	0.000	0.000	0.000
4	Commission - as % of profit	0.000	0.000	0.000	0.000
5	Others, please specify Variable Pay	0.000	0.000	0.590	0.590
	Total (A)	**51.872**	**12.794**	**2.747**	**67.413**
		Ceiling as per the Act			73.483

B. Remuneration to other directors:

Sl. No.	Particulars of Remuneration	Name of Directors							
		Berjis Desai	Kishor Chaukar	Parimal Chaudhari	Prakash Kulkarni	Rajiv Maliwal	Sivaramakrishnan Iyer	Daljit Michandni	Total Amount
1.	**Independent Directors**								
	Fee for attending board / committee meetings	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Commission	1.350	0.550	Nil	1.600	0.450	1.350	Nil	5.300
	Others, please specify	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Total (1)	**1.350**	**0.550**	**Nil**	**1.600**	**0.450**	**1.350**	**Nil**	**5.300**
2.	**Other Non-Executive Directors**								
	Fee for attending board / committee meetings	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Commission	Nil	Nil	1.000	Nil	Nil	Nil	Nil	1.000
	Others, please specify	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Total (2)	**Nil**	**Nil**	**1.000**	**Nil**	**Nil**	**Nil**	**Nil**	**1.000**
	Total (B)= (1 + 2)	**1.350**	**0.550**	**1.000**	**1.600**	**0.450**	**1.350**	**Nil**	**6.300**
	TOTAL MANAGERIAL REMUNERATION *								**73.713**

*Total remuneration to Managing Director, Wholetime Director and other Directors (being the total of A and B)

C. Remuneration to Key Managerial Personnel other than MD/MANAGER/WTD

Sl. No.	Particulars of Remuneration	Key managerial personnel * Dattatraya Nimbolkar Chief Internal Auditor & Company Secretary
1	Gross Salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income-Tax Act, 1961	6.971
	(b) Value of perquisites u/s 17(2) of the Income-Tax Act, 1961	Nil
	(c) Profits in lieu of salary under Section 17(3) of the Income-Tax Act, 1961.	Nil
2	Stock Option	2.161
3	Sweat Equity	Nil
4	Commission	
	- as % of profit	Nil
	- others, specify...	
	TOTAL	**9.132**

*Remuneration to CFO is already covered in Part A i.e. Remuneration to Managing Director, Whole-time Directors and/or Manager.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type		Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees impose	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A.	**COMPANY**					
	Penalty	Nil	Nil	Nil	N.A.	N.A.
	Punishment	Nil	Nil	Nil	N.A.	N.A.
	Compounding	Nil	Nil	Nil	N.A.	N.A.
B.	**DIRECTORS**					
	Penalty	Nil	Nil	Nil	N.A.	N.A.
	Punishment	Nil	Nil	Nil	N.A.	N.A.
	Compounding	Nil	Nil	Nil	N.A.	N.A.
C.	**OTHER OFFICERS IN DEFAULT**					
	Penalty	Nil	Nil	Nil	N.A.	N.A.
	Punishment	Nil	Nil	Nil	N.A.	N.A.
	Compounding	Nil	Nil	Nil	N.A.	N.A.

ANNEXURE 6

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
Praj Industries Limited,
"Praj Towers",
S. No. 274 and 275/2, Bhumkar Chowk-Hinjewadi Road
Hinjewadi,
Pune 411 057

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Praj Industries Limited (hereinafter called the company). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2017substantially complied with the statutory provisions listed hereunder and also that the company has proper board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2017 according to the provisions of:

i. The Companies Act, 2013 (the Act) and the rules made there under;

ii. The Securities Contracts (Regulation) Act, 1956 and the rules made thereunder;

iii. The Depositories Act, 1996 and the Regulations and bye-laws framed thereunder;

iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment;

v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

   a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (*Not Applicable during the audit period*)

   d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

   e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (*Not Applicable during the audit period*)

   f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

   g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (*Not Applicable during the audit period*)

   h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (*Not Applicable during the audit period*)

vi. the following other laws as applicable specifically to the company

   a. the Narcotic Drugs and Psychotropic Substances Act, 1985

   b. the Atomic Energy Act, 1962

We have also examined compliance with the applicable clauses of the following:

i. Secretarial Standards issued by the Institute of Company Secretaries of India as are applicable to the company,

ii. The Listing Agreements entered into by the Company with BSE Limited / National Stock Exchange of India Limited read with SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015.

During the period under review the Company has substantially complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and as explained to us, a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meeting all the decisions were taken unanimously in as much as there were no dissenting views appearing in the minutes of the meetings.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period as per the information provided and to the best of our knowledge there were no specific events / actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, and the Secretarial Standards.

For **KANJ & ASSOCIATES**
Company Secretaries

Vikas Y. Khare
FCS No. 3541
C P No.: 2107

Place : Pune
Date: 24th May, 2017

To,
The Members,
Praj Industries Limited,
"Praj Tower",
S. No. 274 and 275/2
Bhumkar Chowk-Hinjewadi Road
Hinjewadi,
Pune 411 057

Our report of even date provided in Form MR-3 to Praj Industries Limited (the company) for the year ended on 31st March, 2017 is to be read along with this letter.

1. Maintenance of Secretarial records and complying with the provisions of the various laws as applicable including the laws specifically applicable to the company is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records and legal compliances based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain responsible assurance about the correctness of the contents of secretarial records and the records of legal compliances. The verification was done on test basis to ensure that correct facts are reflected in secretarial and other relevant records. We believe that the processes and practices, we follow provide a responsible basis for our opinion.
3. We are not required to verify the correctness and appropriateness of financial records and books of accounts of the company as it is part of financial audit as per the provisions of the Companies Act, 2013.
4. Wherever required, we have obtained the management representation about the practices followed, compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provision of corporate and other applicable laws, rules, regulations, secretarial standards is the responsibility of management. Our examination was limited to verification of procedures on test basis.
6. The secretarial audit report is neither an assurance as to the future viability of the company nor the efficacy or effectiveness with which the management has conducted the affairs of the company.

For **KANJ & ASSOCIATES**
Company Secretaries

Vikas Y. Khare
FCS No. 3541
C P No.: 2107

Place : Pune
Date: 24th May, 2017

ANNEXURE 7

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

Salient Features of Financial Statements of Subsidiaries Pusuant Section 129 (3) Read With Rule 5 of Companies (Accounts) Rules, 2014

	NAME OF THE SUBSIDIARY COMPANY	Praj Far East Philippinnes Ltd. Inc., Philippinnes	Praj Industries (Africa) Pty. Ltd., South Africa	Praj Americas Inc. USA	Praj Far East Co. Ltd., Thailand	Praj Industries (Namibia) Pty. Ltd., Namibia	Praj HiPurity Systems Ltd., India.	Praj Engineering and Infra Ltd., India*
1	FINANCIAL PERIOD OF THE SUBSIDIARY ENDED ON	3/31/2017	3/31/2017	3/31/2017	3/31/2017	3/31/2017	3/31/2017	3/31/2017
2	% OF SHAREHOLDING	100% of Equity Capital	100% of Equity capital	100% of Equity Capital	100% of Equity Capital	100% of Equity Capital	100% of Equity Capital	99.65% of Equity Capital
3	SHARE CAPITAL	11166984.000	104558376.000	9281000.000	5006878.000	627.000	50000000.000	3098200.000
4	RESERVES AND SURPLUS	33822647.953	(88860530.984)	(15745698.049)	(5940332.953)	(10833435.997)	860169353.042	64875110.391
5	TOTAL ASSETS	93874636.322	17499059.795	4221178.528	10294433.004	14513766.872	1482115479.548	397819167.683
6	TOTAL LIABILITIES (EXCLUDING SHARE CAPITAL AND RESERVES AND SURPLUS	48885004.369	1801214.779	10685876.577	11227887.958	25346575.869	571946126.506	329845857.292
7	INVESTMENTS	NIL	NIL	NIL	NIL	NIL	NIL	114500.000
8	TURNOVER	35826864.403	5270156.520	13436298.663	55914584.976	39141.996	1593872706.800	321222895.168
9	PROFIT /(LOSS) FOR THE CURRENT YEAR (BEFORE TAXES)	7623578.405	(51717618.929)	(13883275.898)	(9058445.477)	(408812.069)	115278378.440	(15546598.228)
10	PROVISION FOR TAXATION (INCLUDING DEFERRED TAXES)	1956721.543	-	-	-	-	39716843.131	(7249839.931)
11	PROFIT /(LOSS) FOR THE CURRENT YEAR (AFTER TAXES)	5666856.862	(51717618.929)	(13883275.898)	(9058445.477)	(408812.069)	75561535.309	(8296758.297)
12	OTHER COMPREHENSIVE INCOME	-	-	-	-	-	(557991.000)	34368.958
13	TOTAL COMPREHENSIVE INCOME	5666856.862	(51717618.929)	(13883275.898)	(9058445.477)	(408812.069)	75003544.309	(8262389.339)
14	ORIGINAL CURRENCY	PESO	ZAR	US DOLLAR	THAI BAHT	NAMIBIAN DOLLAR	INR	INR
15	EXCHANGE RATE AS ON 31ST MARCH,2017 IN INR-CLOSING RATE	1.29	4.82	64.39	1.88	4.82	1.00	1.00
16	EXCHANGE RATE FROM 1ST APRIL 16, 2016 TO 31ST MARCH, 2017 IN INR-AVERAGE RATE	1.39	4.77	66.97	1.90	4.77	1.00	1.00

* Formerly Pacecon Engineering Projects Limited

For and on behalf of the Board of Directors of Praj Industries Limited

Pramod Chaudhari
Executive chairman

Sachin Raole
CFO and Director-Finance & Commercial

Dattatraya Nimbolkar
Chief Internal Auditor
and Company Secretary

Sivaramakrishnan S Iyer
Director

Place: Pune
Date: 24th May 2017

You reap the harvest...

ANNEXURE 8

Nomination & Remuneration Policy

The Board of Directors of Praj Industries Limited ("the Company"), in view of enforcement of Companies Act, 2013 read with rules framed there under and amendment to Clause 49 of the Listing Agreement, re-designated the Remuneration Committee as "Nomination and Remuneration Committee" at the Meeting held on May 26, 2014 with immediate effect.

Further, this policy stands amended pursuant to Regulation 19(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 which have came into effect from 1st December, 2015.

The Nomination and Remuneration Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Regulation 19(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as may be amended from time to time).

1. DEFINITIONS

a) **Board** means Board of Directors of the Company.

b) **Key Managerial Personnel** shall have the same meaning as given in Section 203 of the Companies Act, 2013 read with rules framed there under.

c) "Senior Management" shall mean personnel of the company (which include persons engaged as retainer or on contractual basis) who are members of its core management team excluding Board of Directors, comprising all members of management one level below the executive directors i.e. Level L4. Also any appointment or cessation of the functional head, shall be placed for noting by the Nomination & Remuneration Committee."

Explanation 1: In case of any dispute whether a person is member of Senior Management or not, decision of concerned Executive Director shall be final.

Explanation 2: Considering the criticality of a particular function, even if a person is not covered in the above definition, the Chairman will have discretion to treat him/ her as member of Senior Management for the purpose of this Policy.

Explanation 3: The term "Functional Head" shall mean the person, other than those in Level L4 and includes a person who is in an independent charge of any function.

d) The words and definitions not described herein above shall have the respective meanings under the Acts and legislations governing the same.

2. TERMS OF REFERENCE/ROLE OF COMMITTEE

The Terms of Reference of the Committee shall be:

a) To identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down, recommend to the Board their appointment and removal and to carry out evaluation of every Director's performance.

b) To ensure that the level and composition of remuneration is reasonable and is sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully.

c) To ensure that relationship of remuneration to performance in respect of Directors, Key Managerial Personnel and employees of Senior Management is clear and meets appropriate performance benchmarks.

d) To ensure that remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and variable pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

e) To formulate the criteria for determining qualifications of Directors, Key Managerial Personnel and employees of Senior Management, and also to determine criteria for positive attributes and Independence of Directors.

f) To formulate criteria for evaluation of every Director including Independent Director and the Board.

g) To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation by the Board.

h) To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and employees of Senior Management.

i) To provide to Key Managerial Personnel and Senior Management, reward linked directly to their efforts, performance, dedication and achievement relating to the Company's operations.

j) To devise a policy on Board diversity from time to time.

k) To develop a succession plan for the Board and to regularly review the plan;

3. RETIREMENT AGE OF DIRECTORS, KMP AND SENIOR MANAGEMENT PERSONNEL

The KMP and Senior Management Personnel shall retire as per the prevailing HR policy of the Company.

As decided by the Board of Directors in its meeting held on 24.05.2011 the retirement age for Executive Directors shall be 65 years and for Non-Executive Directors shall be 70 years. The Board of Directors shall be at liberty to grant any extension as and when required on case to case basis.

4. STATUTORY POWERS OF THE COMMITTEE

a) The committee shall have a power to express opinion whether the Director possesses the requisite qualification for the practice of the profession, when remuneration is proposed to be paid for the services to be rendered in any other capacity and such services to be rendered are of a professional nature.

b) Where in any financial year during the currency of tenure of a managerial person, a company has no profits or its profits are inadequate, the Committee may approve the payment of remuneration as per Section II of Part II of Schedule V to the Companies Act, 2013.

5. COMPOSITION OF COMMITTEE

The Committee shall comprise of at least three Non-Executive Directors, at least half of whom shall be independent Directors. The Board may appoint the Chairperson of the Company whether executive or non-executive as member of this committee.

6. CHAIRPERSON

a) The Chairperson of the Committee shall be an Independent Director.

b) In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one of the Independent Directors amongst them to act as Chairperson.

c) The Chairperson of the Nomination and Remuneration Committee shall endeavour to be present at the Annual General Meeting.

7. MISCELLANEOUS

a) A member of the Committee is not entitled to be present when his or her own or his or her relative(s) remuneration is discussed at a meeting or when his or her or his or her relative(s) performance is being evaluated.

b) The Committee may invite Executive Directors, functional heads and outside experts, as it considers appropriate, to be present at the meetings of the Committee.

c) The Company Secretary of the Company shall act as Secretary of the Committee.

ANNEXURE 9

Information as per Section 197(12) of the Companies Act, 2013, read with the Companies (Particulars of employees) Amendment Rules, 2011
(Financial Year 2016-2017)

Sr. No.	Employee Name	Designation	Gross Remuneration (₹)	Nature of employment	Qualification	Total experience (Years)	Date of commencement	Age	Last employment held
1	Pramod Chaudhari	Executive Chairman	51,871,501	Contractual	B.Tech.(Mech)	46	8-Nov-1985	67	Rapicut Carbides Ltd.
2	Sanjay Chaturvedi	President	17,714,680	Contractual	PhD. Chemistry	25	1-Sep-2015	47	Aurobindo Pharma Ltd.
3	Sanjay Sapru	Executive Vice President	11,749,809	Regular	B.E.(Mech)	22	20-Nov-2014	45	SAB Miller India Ltd.
4	Ghanshyam Deshpande	President	11,101,259	Regular	M.E. (Chemical)	30	1-Feb-1990	53	Aker Solutions
5	Sachin Raole*	CFO and Director- Finance & Commercial	10,839,041	Contractual	B.Com ,CA ,CMA	23	13-Jul-2016	46	RPG Life Sciences Ltd.
6	S.Suresh Kumar	Executive Vice President	10,551,704	Regular	B.Tech (Mech)	31	1-Jun-2011	53	Marg Ltd.
7	Veena Apte	President- PLDI	10,441,160	Contractual	PhD. Psychology	28	11-May-2015	58	SKF Group Sweden
8	Pramod Kumbhar	Chief Technology Officer	10,137,287	Regular	M.Chem, PhD. in Chemical Engineering	27	7-May-2012	53	SI Group-India Ltd.
9	Mallikarjun Navalgund	Executive Vice President	9,984,833	Contractual	B.Tech (Chemical)	35	17-Aug-1987	58	Dhake Dyes & Chemicals Pvt. Ltd.
10	Rajiv Agarwal	Executive Vice President	9,137,382	Regular	B.Tech.(Chemical), PGD(Mgmt.)	33	16-Nov-2015	58	DSM India Pvt. Ltd.
11	Dattatraya Nimbolkar	Chief Internal Auditor & Company Secretary	9,131,692	Contractual	B.Com. (Hons.), ACA, ACS, ACMA	36	29-Nov-2007	58	Crompton Greaves Ltd.
12	Atul Mulay	President	8,474,434	Regular	D.M.E., D.M.M.	30	1-Jan-1985	53	N.A.
13	Vikram Pandit	President-Chairmans Office	8,113,683	Contractual	M.Tech.- Chemical Engineering	36	1-Dec-2014	60	P.T.Bukaka Kujang Prima,Jakarta, Indonesia
14	Anant Patil	Executive Vice President	7,625,481	Regular	M.Tech.- Chemical Engineering	29	29-Jul-2002	53	Aquatech Systems Asia Pvt. Ltd.
15	Gajanan Nabar*	CEO & MD	12,793,631	Contractual	Master Degree in Organic Chemistry and Master Degree in Management	27	15-Nov-2010	53	Praxair India Pvt. Ltd.
16	Ravichandran Selvaraj*	Executive Vice President	4,440,590	Regular	B.E.(Mech), MBA	32	10-Nov-2014	56	Nalco Pacific Pte. Ltd.

Notes : None of the above employees is related to any Director of the Company, except Mr.Pramod Chaudhari who is a husband of Ms. Parimal Chaudhari.
None of the employees, except Mr. Pramod Chaudhari, holds more than 2% of the outstanding shares of the Company as on 31st March 2017.
* Indicates earnings for part of the year

For Praj Industries Limited

Dattatraya Nimbolkar
Chief Internal Auditor & Company Secretary

We reap the agri-waste.
praj

ANNEXURE 10

BUSINESS RESPONSIBILITY REPORT

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number (CIN) of the Company : L27101PN1985PLC038031
2. Name of the Company : Praj Industries Ltd.
3. Registered address :“ Praj Tower”, S. No. 274 & 275/2, Bhumkar Chowk- Hinjewadi Road, Hinjewadi, Pune – 411 057.
4. Website :www.praj.net
5. E-mail id :info@ praj.net
6. Financial Year reported: 01.04.2016- 31.03.2017
7. Sector(s) that the Company is engaged in (industrial activity code-wise)

   Manufacture of other Special- Purpose Machinery n.e.c.

   NIC Code of the Product / Service: 28299
8. Three key products/services that the Company manufactures/provides (as in balance sheet)
   a. Equipments and technology required for Distilleries, Breweries and Pharma
   b. Critical process Equipments
   c. Water and Waste water plants
   d. Bio Products
9. Total number of locations where business activity is undertaken by the Company
   (a) Number of International Locations:

   Praj Industries Limited has business activity undertaken in 9 international locations.

   The major ones are Thailand, USA, South Africa, Philippines and Uganda.

   (b) Number of National Locations

   Praj Industries Limited has its engineering and manufacturing facilities located at Pune at the following places;

   1. S. No. 748, Sanaswadi, Pune- 412 307, Maharashtra, India
   2. Plot No. E-20 & E-21 additional MIDC area, Jejuri Tal. Purandar, Pune – 412 203, Maharashtra, India

   Further, it carries out manufacturing at EOU at Kandla SEZ Unit I Plot No. 307 to 314 and Unit II at Plot No. 282 to 286 and 294 to 298, Sector IV Gandhidham, Kutch, 370230, Gujarat. India.
10. Markets served by the Company – Local/State/National/International

    The Company serves both national and international markets.

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. Paid up Capital (INR Mn.) : 358.888
2. Total Turnover (INR Mn.) : 7592.192
3. Total Profit After Taxes & OCI (INR Mn.) : 470.130
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of Profit After Tax & OCI (%) : 4.18%
5. List of activities in which expenditure in 4 above has been incurred:-
   (a) eradicating hunger, poverty, promoting preventive health care etc.
   (b) promoting education
   (c) promoting gender equality, setting up old age home etc.
   (d) ensuring environmental sustainability, conservation of natural resources etc.

SECTION C: OTHER DETAILS

1. Does the Company have any Subsidiary Company/ Companies?

   Yes. The Company has 7 subsidiaries as on 31st March, 2017.

2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s).

   Praj Industries Limited encourages its subsidiaries to participate in its group- wide BR initiatives.

3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]

   Praj Industries Limited encourages its other entities/associates to participate in the BR initiatives of the Company. The percentage of the same is less than 30.

   Praj Industries Limited encourages its Supply Chain Management (SCM) associates to participate in the BR initiatives of the Company.

   - **Approvals and Registration** - Praj SCM Approves and Registers all vendors except those in Category 4 which are essentially those insisted upon by Customers. Sustainability program is applicable to all [approx. 600] vendors other than Category 4 .
   - **Sustainability Criteria**- We have developed sustainability assessment criteria in addition to the conventional Quality–Cost-Delivery base for major Vendors. On this basis, we carry out evaluation of vendors at the time of their approval and re-evaluation every three years. Thus over a period of 3 years all major vendors will go through the sustainability assessment. Presently 86 out of 416 major Vendors have been assessed as per Sustainability Criteria.
   - **Green Purchase Initiative**- So far, out of 416 major Vendors, 40 vendors underwent capacity building program under BSI, a specialized International third party agency's guidance leading to green certification.
   - **Basic Accreditation** – Praj encourages their SCM partners to avail ISO qualifications. Out of 416 major Vendors, 268 have ISO 9001, 84 have ISO 14001 and 70 have OSHAS 18001

     Thus 20% of the SCM members have joined in our BR initiatives.

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for BR

   (a) Details of the Director/Director responsible for implementation of the BR policy/policies:

   1. DIN Number: 00431438
   2. Name: Mr. Sachin Raole
   3. Designation: CFO and Director – Finance & Commercial

   (b) Details of the BR head

No.	Particulars	Details
1	DIN Number (if applicable)	00431438
2	Name	Mr. Sachin Raole
3	Designation	CFO and Director – Finance & Commercial
4	Telephone number	020- 71802000
5	e-mail id	sachinraole@praj.net

Principle-wise (as per NVGs) BR Policy/policies

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These are as follows:

P1	Business should conduct and govern themselves with Ethics, Transparency and Accountability.
P2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle
P3	Businesses should promote the well-being of all employees
P4	Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised
P5	Businesses should respect and promote human rights
P6	Business should respect, protect and make efforts to restore the environment
P7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner
P8	Businesses should support inclusive growth and equitable development
P9	Businesses should engage with and provide value to their customers and consumers in a responsible manner

(a) Details of compliance (Reply in Y/N)

No.	Principle wise polices	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	Do you have a policy/ policies for....	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Y	Y	Y	Y	Y	Y	Y		Y
		All applicable national and international regulations as well as international behavioural norms and conventions are captured in the policies articulated by Praj. In addition, they reflect the purpose and intent of the international standards and guidelines such as ISO 26000, GRI G4, TfS –Together for Sustainability and RSB – Roundtable on Sustainable Bio Materials. The certification by Internal Standards Organization for ISO 9001, ISO 14000 and OHSAS 18001 and its updation is satisfactorily carried out over a period of decade. This demonstrates the seriousness of purpose behind the formation of the policies.								
4	Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5	Does the company have a specified Committee of the Board/ Director/ Official to oversee the implementation of the policy?	N	N	Y	Y	N	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online.	http://www.praj.net/policies.html								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8	Does the company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

3. Governance related to BR

(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assesses the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year, Annually

(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

The Company publishes Sustainability Report every year. The same can be accessed at www. Praj.net

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1 - Business should conduct and govern themselves with Ethics, Transparency and Accountability

1. Does the policy relating to ethics, bribery and corruption cover only the company? (Yes/no). Does it extend to the Group/Joint Ventures/ Suppliers/ Contractors/ NGOs/Others?

   Yes. The Code of Conduct available on www.praj.net serves as the ethical roadmap for all Praj Companies and business associates. All suppliers, partners and associates are expected to adopt and follow Praj Code of Conduct.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

   There were no complaints received during the year.

Principle 2 - Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.
   (a) EcoSmart – Molecular Sieve Dehydration based System leading to lower energy and water consumption.
   (b) EcoSmart ED – Evaporative Distillation System leading to lower energy, water consumption and GHG emissions.
   (c) Agitated Thin Film Dryer leading to Zero Liquid Discharge.
2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):
   1. EcoSmart: Steam consumption is 2.05 kg/litre of product.
   2. EcoSmart ED: Steam consumption is 2.1 kg/litre of product.
   3. Agitated Thin Film Dryer ensures Zero Liquid Discharge as against 12 liters/litre (in conventional system) of alcohol produced.

   The above technologies have collectively helped in reduction in energy consumption, water consumption, liquid effluents .
3. Does the company have procedures in place for sustainable sourcing (including Transportation)?
   (a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

   The Company carries out evaluation of vendors using sustainability norms at initial stage as well after every three years.

   (Approximately 45%) required in the Company's plant, are sourced from the reputed suppliers who comply with the sustainability norms.
4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

   The nature of Company's business is such that the sourcing has to be compulsorily done from supply chain partners with specific technical competencies and makes as specified by customers.

   (a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

   N.A
5. Does the Company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

   As bulk of the manufacturing activity uses various metals as raw material, % of non-recyclable material is nil. Most of the material is converted in to functional shapes. Basic properties of the raw material does not change. In the process, the scrap generation is around 5 to 6% which is sold to recycling vendors. The percentage of recycling of scrap is 100%.

Principle 3 - Businesses should promote the well-being of all employees

1. Total number of permanent employees: 901
2. Total number of employees on temporary/contractual/casual basis: 551
3. Number of permanent women employees: 79
4. Number of permanent employees with disabilities: 6
5. Do you have an employee association that is recognized by management.: No
6. Percentage of permanent employees who are members of recognized employee association? Not Applicable
7. Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

   During the year, one complaint under Sexual harassment was received however, the same was resolved during the year. During the year, there were no cases of Child labour/ forced labour/ involuntary labour, Discriminatory employment reported.
8. Following is the Percentage of under mentioned employees who were given safety & skill up-gradation training in the last year:
   (a) Permanent Employees Safety: 100% & Skill: 90%
   (b) Permanent Women Employees Safety: 100% & Skill: 92%
   (c) Casual/Temporary/Contractual Employees: Safety: 100% & Skill: 90%
   (d) Employees with Disabilities Safety: 100% & Skill: 96%

Principle 4 - Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised

1. Has the company mapped its internal and external stakeholders?

   Yes - Company has mapped such stakeholders with in its sphere of influence

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?

   Yes - Company has identified certain of groups of disadvantaged, vulnerable & marginalized stakeholders with the help of certain reputed NGOs .

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.

   Praj has been implementing specific community development initiatives around our manufacturing and R&D units. These projects are based on the needs of the community. The selected interventions are sustainable, innovative and replicable. Some of the initiatives include Preventive Healthcare, Education and Skills development, Water resources Development & Biodiversity conservation.

Principle 5 - Businesses should respect and promote human rights

1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/ Contractors/ NGOs/ Others?

   Yes. The policy extends to the Company and its Subsidiaries. Efforts are extended to implement the policy with company's Suppliers, Contractors, our own and associated Foundations and others with in our sphere of influence.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

   There were no complaints received during the year.

Principle 6 - Business should respect, protect and make efforts to restore the environment

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/ NGOs/others.

   Policy related to Environment applies to the Group and its Subsidiaries. As part of ISO 14001, it is subjected to rigorous assessment at our large engineering units. It is extended to Contractors working at our premises where we have ISO 14001 certification. Indirectly, the Company extends this policy to its Suppliers through Green Purchase Initiative and NGOs through environment support projects.

2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

   a. Large part of company's business is related to Ethanol which is used as additive to petrol thus reducing the CO^2 emissions. Praj has supplied plants globally which are instrumental in reducing CO^2 emissions.

   b. Also, water & waste water division of the Company deals with manufacture of systems for water recycling.

3. Does the company identify and assess potential environmental risks? Y/N

   Yes.

   Risks, mitigation strategies and contingency measures are reviewed and revised every year. Health, Safety and Environment team organizes multiple workshops for various functions.

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

   No.

5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

   The company constantly endeavours to reduce its carbon footprints through advancement in the areas of clean technology, energy efficiency and renewable energy.

   This is aptly spelt out in the vision statement of the Company which is as follows: “To make the world a better place”.

We are process designers and engineers for ethanol and brewery industry. Company's endeavors to reduce its carbon footprints through advancement in the areas of clean technology, energy efficiency.

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?

   The Emissions/Waste generated by the Company are within the permissible limits given by State / Central Pollution Control Boards for the financial year being reported.

7. Number of show cause / legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

During the financial year, the Company received a notice from Maharashtra Pollution Control Board. The Company is in the process of resolving the same.

Principle 7 - Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

   (a) ePure : An association of stakeholders of fuel ethanol industry in European Union

   (b) CII National Bioenergy Committee: Committee of Stakeholders for promotion of Bioenergy in India

   (c) Petrofed: Association of Petroleum Companies

   (d) Association of Bio Technology led Enterprises

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas.

   Yes. As member of CII National Bioenergy Committee, the Company advocates use of bioenergy to mitigate GHG emissions. A policy document called Report on Bioenergy Sector was also prepared enabling Sustainable Energy Access for India.

   As a member of CII Affirmative Action Committee (Pune Zonal council) the Company and other Committee members have taken initiative to create awareness regarding the importance of Affirmative Actions to enhance social stability and cohesion, which are necessary for business. As a result of this, many companies have embedded affirmative actions in their HR and business processes under four heads: **Employability, Entrepreneurship, Education and Employment**.

   The CII Affirmative Actions Committee facilitates organising SC/ST vendor meet in collaboration with Dalit Chamber of Commerce & Industries (DCCI). Some of the vendors are part of our vendor community.

Principle 8 - Businesses should support inclusive growth and equitable development

1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

   Yes Praj has specific projects which support inclusive growth and equitable development.

   These projects are based on the needs of the community. The selected interventions are sustainable, innovative and replicable. In fact many of the projects selected are complimentary to overall national agenda like Preventive Healthcare, Drinking Water & Sanitation, Education and Skills development, Water Resources Development, Protection of Environment and Biodiversity conservation.

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?

   The projects are undertaken through our own foundation as well as local NGO's.

3. Have you done any impact assessment of your initiative?

   Yes, the impact assessment is periodically done for the long term projects where substantial impact on the community can be measured.

4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.

   ₹ 19.671 Mn. Refer page No. 19 of Annual Report 2016-17 .

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

   Yes.

   Company's project interventions were need based, cost effective leading to positive results in a short span. Extensive involvement of community in planning and implementation helped in capacity building as well as created ownership of the project. Through regular interaction with the community, positive impact created was shared with them to further enhance adoption level.

Principle 9 - Businesses should engage with and provide value to their customers and consumers in a responsible manner

1. What percentage of customer complaints/consumer cases are pending as on the end of Financial year. : 10%
2. Does the company display product information on the product label, over and above what is mandated as per local laws

   N.A.

   Majority of your Company's products are customised and hence, it is not possible. However, for Bio products, the Company displays product information on the product label as is mandated as per local laws.

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

   No.

4. Did your company carry out any consumer survey/ consumer satisfaction trends?

   The Company does not have a connect with the end users of the product (s) produced in the plants supplied. However, the Company carries out the Customer Satisfaction Survey on an annual basis.

ANNEXURE 11

DIVIDEND DISTRIBUTION POLICY

The equity shares of Praj Industries Limited (the 'Company') are listed on the BSE Ltd. (BSE) and National Stock Exchange of India limited (NSE), Mumbai. As per notification No. SEBI/ LAD-NRO/GN/2016-17/008, dtd. 8th July, 2016, SEBI has amended SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 by insertion of Regulation 43(A) which mandates that the top five hundred listed entities based on market capitalization (calculated as on March 31 of every financial year) shall formulate a dividend distribution policy which shall be disclosed in their annual reports and on their websites.

Accordingly, the Board of Directors of the Company ("the Board"), in its meeting held on 20th October, 2016 has approved the Dividend Distribution Policy of the Company ('the Policy") which endeavors for fairness, consistency and sustainability while distributing profits to the shareholders.

The factors considered while arriving at the quantum of dividend(s) are:

- Current year profits and outlook in line with the development of internal and external environment.
- Operating cash flows and treasury position.
- Possibilities of alternate usage of cash, e.g. capital expenditure etc., with potential to create greater value for shareholders.
- Providing for unforeseen events and contingencies with financial implications.

The Board may declare interim dividend(s) as and when they consider it fit, and recommend final dividend to the shareholders for their approval in the general meeting of the Company.

In case the Board proposes not to distribute the profit; the grounds thereof and information on utilization of the undistributed profit, if any, shall be disclosed to the shareholders in the Annual Report of the Company.

The dividend distribution shall be in accordance with the applicable provisions of the Companies Act, 2013, Rules framed thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other legislations governing dividends and the Articles of Association of the Company, as in force and as amended from time to time.

Important Communication to Shareholders

Green Initiative

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to send e-mail at investorsfeedback@praj.net to update their e-mail address.

The Company provides e-voting facility to all its members to enable them to cast their votes electronically on all resolutions set forth in the Notice. This is pursuant to Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Amendment Rules, 2015. The instructions for e-voting are provided in the Notice.

Demat Your Shares

Members are requested to convert their physical holding to demat form through any of the nearest depository participant (DPs) to avoid hassles involved with physical shares such as possibility of loss, mutilation, and to ensure safe and speedy transaction in securities.

Register Your National Electronic Clearing Services (NECS) Mandate

RBI has initiated NECS for credit of Dividend directly to the Bank Account of shareholders. Members holding shares in electronic mode are requested to register their latest Bank Account details (Core Banking Solutions enabled account number, 9 digit MICR and 11 digit IFS Code details) with their Depository Participant. Members holding shares in physical form are requested to register their latest Bank Account details (Core Banking Solutions enabled account number, 9 digit MICR and 11 digit IFS Code details) to the Company's R & T Agent.

Independent Auditors' Report

TO THE MEMBERS OF PRAJ INDUSTRIES LIMITED

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Praj Industries Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the state of affairs, profit (including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed 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 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs of the Company as at 31st March, 2017, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Other Matters

The comparative financial information of the Company for the year ended 31st March, 2016 and the transition date opening balance sheet as at 1st April 2015 included in these standalone Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 which were audited by us and the predecessor auditor respectively. The report for the year ended 31st March, 2016 dated 20th May, 2016 and report for the year ended 31st March, 2015 dated 28th May, 2015 expressed an unmodified opinion on those financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

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, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.

f) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section164(2) of the Act.

g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

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 standalone Ind AS financial statements – Refer Note 28 to the standalone Ind AS financial statements.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

iv. The company has provided the disclosure regarding Specified Bank Notes (SBN) in Note 38 of the standalone Ind AS financial statements as per notification no. G.S.R. 308(E), dated 30th March 2017 issued by the Ministry of Corporate Affairs. However, we are not in a position to comment on the details of SBN's as the necessary evidence is not available for our verification as on the date of our audit report.

For **M/s P.G.BHAGWAT**
Chartered Accountants
Firm's Registration No.: 101118W

Sandeep Rao
Partner
Membership No.: 47235

Pune, 24th May, 2017

Annexure A

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

i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets are been physically verified by the management at regular intervals based on the programme of verification which in our opinion is reasonable. All the major fixed assets have been verified by the management in the current year and discrepancies noticed on such physical verification were not material and the same have been properly dealt with in the books of account.

(c) The title deeds of immovable properties are held in the name of the company.

ii. Physical verification of inventory has been conducted by the management during the current year. In our opinion, the interval of such verification is reasonable. Discrepancies noticed on physical verification were not material and the same have been properly dealt with in the books of account.

iii. The company has not granted any loans, secured or unsecured to Companies, Firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Therefore, clause (iii) a, b and c of the Order are not applicable to the Company.

iv. According to the information and explanations provided to us, in respect of loans, investments, guarantees, and security; provisions of section 185 and 186 of the Companies Act, 2013 have been complied with wherever applicable.

v. According to information and explanation provided to us, the Company has not accepted deposits, hence the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under, are not applicable to the Company. According to information and explanation provided to us, no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal.

vi. We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not however made a detailed examination of records with a view to determine whether they are accurate and complete.

vii. (a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities. According to the information and explanation provided to us, no undisputed amounts payable in respect of statutory dues were in arrears as at 31st March, 2017, for a period more than six months from the date they became payable.

(b) According to the information and explanation provided to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax or cess which have not been deposited on account of any dispute except those mentioned below:

Name of Statute	Nature of Dues	Amount in Million (₹)	Period to which amount relates	Forum where dispute is pending
Sales Tax Laws	Demand as per Sales Tax Assessment and Show Cause Notice	20.17	F.Y. 2010-11	Joint Commissioner (Appeals)
	Demand as per Sales Tax Assessment and Show Cause Notice	167.62	FY 2006-07, 2007-08, 2008-09, 2009-10 and 2011-12	Maharashtra Sales Tax Tribunal, Mumbai

viii. Based on our audit procedures and according to the information and explanation provided to us, the Company has not defaulted in repayment of dues to a financial institution, bank or government. The Company does not have any debenture holders.

ix. According to information and explanation provided to us, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments). The Company has not raised any term loans during the year.

x. Based upon the audit procedures performed by us and according to the information and explanations provided to us by the management, no fraud by the Company or any fraud on the Company by its officers or employees has been noticed or reported to us during the year.

xi. According to the information and explanation provided to us, the managerial remuneration has been paid and provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.

xii. The Company is not a Nidhi Company and accordingly, Clause (xii) of the Order is not applicable to the Company.

xiii. According to the information and explanation provided to us, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 wherever applicable and the details have been disclosed in the standalone Ind AS financial statements as required by the applicable Indian Accounting Standards.

xiv. According to the information and explanation provided to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.

xv. According to the information and explanation provided to us, the Company has not entered into any non-cash transactions with directors or persons connected with him.

xvi. According to the information and explanation provided to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **M/s P.G.BHAGWAT**
Chartered Accountants
Firm's Registration No.: 101118W

Sandeep Rao
Partner
Membership No.: 47235

Pune, 24th May, 2017

Annexure B: To the Independent Auditors' Report of even date on the standalone Ind AS financial statements of Praj Industries Limited

Report on the Internal Financial Controls

Under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Praj Industries Limited ("the Company") as of 31st March, 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has maintained, in all material respects, adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as of 31st March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **M/s P.G.BHAGWAT**
Chartered Accountants
Firm's Registration No.: 101118W

Sandeep Rao
Partner
Membership No.: 47235

Pune, 24th May, 2017

Balance Sheet as at 31st March, 2017

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

Particulars	Note no.	31 March 2017	31 March 2016	1 April 2015
ASSETS				
Non-current assets				
Property, plant and equipment	3	**1721.110**	1857.166	1999.749
Capital work-in-progress	3	**314.564**	7.435	13.891
Investment property	3	**136.928**	136.928	136.928
Intangible assets	3	**18.188**	27.113	24.331
Financial assets				
Investments	4	**1669.563**	1769.596	1412.15
Loans	5	**37.696**	36.542	44.793
Others	6	**100.020**	0.020	0.020
Deferred tax assets (net)	26	**-**	46.886	-
Other assets	7	**103.251**	103.226	46.442
		4101.320	3984.912	3678.304
Current assets				
Inventories	8	**636.165**	713.950	703.059
Financial assets				
Investments	4	**1343.289**	1216.520	1515.773
Trade receivables	9	**2181.597**	2909.676	2030.304
Cash and cash equivalents	10	**568.914**	437.689	619.028
Other bank balances	11	**43.828**	157.633	109.526
Loans	5	**0.179**	10.564	9.900
Others	6	**45.430**	29.619	54.550
Current tax asset (net)		**73.086**	56.499	-
Other assets	7	**1955.953**	1168.389	1648.541
		6848.441	6700.539	6690.681
TOTAL ASSETS		**10949.761**	10685.451	10368.985
EQUITY AND LIABILITIES				
EQUITY				
Equity share capital	12	**358.888**	355.945	354.930
Other equity	13	**6789.936**	6218.898	6186.657
TOTAL EQUITY		**7148.824**	6574.843	6541.587
LIABILITIES				
Non-current liabilities				
Financial liabilities				
Borrowings	14	**0.819**	1.229	2.049
Provisions	15	**150.826**	125.151	117.848
Deferred tax liabilities (net)	26	**19.913**	-	11.380
		171.558	126.380	131.277
Current liabilities				
Financial liabilities				
Trade payables	16	**1600.946**	1666.135	1461.053
Other financial liabilities	17	**53.155**	63.296	66.138
Other current liabilities	18	**1803.468**	2097.247	2026.796
Provisions	15	**171.810**	157.550	109.557
Current tax liabilities (net)		**-**	-	32.577
		3629.379	3984.228	3696.121
TOTAL LIABILITIES		**3800.937**	4110.608	3827.398
TOTAL EQUITY AND LIABILITIES		**10949.761**	10685.451	10368.985
Summary of significant accounting policies	2			

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

As per our report of even date.
For **M/s P.G. Bhagwat**
Chartered Accountants
Firm Regn. No: 101118W

Sandeep Rao
Partner
Membership No.: 47235

Place: Pune
Date: 24 May 2017

For and on behalf of the Board of Directors of **Praj Industries Limited**

Pramod Chaudhari
Executive Chairman

Sachin Raole
CFO and Director- Finance & Commercial

Dattatraya Nimbolkar
Chief Internal Auditor & Company Secretary

Sivaramakrishnan S Iyer
Director

Statement of Profit and Loss for the year ended 31st March, 2017

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

Particulars	Note no.	31 March 2017	31 March 2016
INCOME			
Revenue from operations	19	**7592.191**	8579.795
Other income	20	**194.481**	169.912
Total income		**7786.672**	8749.707
EXPENSES			
Cost of materials consumed	21	**3879.351**	3923.173
Changes in inventories of finished goods and work-in-progress	22	**(36.945)**	(5.114)
Employee benefits expense	23	**1213.080**	1303.344
Finance costs	24	**7.303**	7.026
Depreciation and amortisation expense	3	**191.303**	214.979
Excise duty expense		**297.863**	340.016
Other expenses	25	**1560.394**	2191.715
Total expenses		**7112.349**	7975.139
Profit before tax		**674.323**	774.568
Tax expense	26		
Current tax		**135.684**	182.834
Deferred tax		**66.011**	(58.487)
Adjustments of tax relating to earlier periods		**3.986**	(3.841)
Total tax expense		**205.681**	120.506
Profit for the year		**468.642**	654.062
Other comprehensive income			
Items that will not be reclassified to profit and loss:			
Re-measurement of defined benefit plans		**2.277**	0.635
Income tax effect		**(0.788)**	(0.220)
Other comprehensive income		**1.489**	0.415
Total comprehensive income for the year		**470.131**	654.477
Earnings per equity share (Nominal value per share INR 2 each)	27		
Basic		**2.63**	3.68
Diluted		**2.62**	3.66
Summary of significant accounting policies	2		
The accompanying notes are an integral part of the financial statements.			

As per our report of even date.
For **M/s P.G. Bhagwat**
Chartered Accountants
Firm Regn. No: 101118W

For and on behalf of the Board of Directors of **Praj Industries Limited**

Sandeep Rao
Partner
Membership No.: 47235

Pramod Chaudhari
Executive Chairman

Sachin Raole
CFO and Director- Finance & Commercial

Place: Pune
Date: 24 May 2017

Dattatraya Nimbolkar
Chief Internal Auditor & Company Secretary

Sivaramakrishnan S Iyer
Director

Cash Flow Statement for the year ended 31st March, 2017

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

	Particulars	31 March 2017	31 March 2016
A.	**Cash flow from operating activities**		
	Net profit before tax	**674.323**	774.568
	Adjustments for:		
	Loss / (profit) on sale of property, plant and equipment	**0.033**	(0.137)
	Gain on redemption of mutual fund investments	**(8.586)**	(16.699)
	Gain on redemption of bonds	**(2.603)**	-
	Bad debts / provision for doubtful debts and advances	**50.091**	148.176
	Excess provision / creditors written back (including advances)	**(20.777)**	(25.356)
	Unrealised foreign exchange (gain) / loss (net)	**3.595**	(20.319)
	Depreciation and amortisation	**191.303**	214.979
	Interest earned	**(22.894)**	(30.275)
	Unrealised gain on mutual fund investments	**(56.080)**	(22.287)
	Dividend from mutual fund investments	**(43.366)**	(48.545)
	Interest expense	**0.118**	0.086
	Equity-settled share-based payment transactions	**14.828**	36.186
	Operating profit before working capital changes	**779.985**	1010.377
	Changes in working capital		
	Decrease/ (increase) in trade receivables	**660.966**	(1017.763)
	(Increase)/decrease in inventories (including contracts in progress)	**(739.514)**	468.673
	(Increase)/decrease in non-current loans	**(1.154)**	8.251
	(Increase)/decrease in other non-current financial assets	**(100.000)**	-
	Decrease/(increase) in other non-current assets	**0.168**	(7.229)
	Decrease/(increase) in current loans	**10.385**	(0.664)
	(Increase)/decrease in current financial assets-others	**(13.319)**	6.742
	Decrease/(increase) in other current assets	**34.928**	(0.563)
	(Decrease)/increase in trade payables	**(41.367)**	230.877
	(Decrease) in other current financial liabilities	**(5.019)**	(8.198)
	(Decrease)/increase in other current liabilities	**(293.779)**	70.453
	Increase in long term provisions	**27.952**	7.938
	Increase in short term provisions	**14.261**	47.995
	Cash generated from operations	**334.493**	816.889
	Direct taxes paid (including taxes deducted at source), net of refunds	**(156.258)**	(271.910)
	NET CASH FROM OPERATING ACTIVITIES	**178.235**	544.979
B.	**Cash flow from investing activities**		
	Purchase of property, plant and equipment and intangible assets	**(354.018)**	(119.400)
	Investments:		
	- in subsidiaries	**-**	(357.446)
	- in mutual funds	**(670.491)**	(989.209)
	Sale of investments		
	- in mutual funds	**608.389**	1327.447
	- in debentures and bonds	**102.633**	-
	Proceeds from sale of property, plant and equipment	**0.341**	1.258
	Interest received on investments	**26.729**	28.187
	Dividend received on investments	**43.366**	48.545
	Investment /(redemption) in fixed deposits	**108.615**	(43.115)
	NET CASH FROM / (USED) IN INVESTING ACTIVITIES	**(134.436)**	(103.733)

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

	Particulars	31 March 2017	31 March 2016
C.	**Cash flow from financing activities**		
	Proceeds from exercise of employee stock options	**89.021**	35.572
	(Decrease) in long term borrowings	**(0.410)**	(0.410)
	Dividend paid including dividend distribution tax	**(5.122)**	(688.033)
	Interest paid	**(0.118)**	(0.086)
	NET CASH FROM / (USED) IN FINANCING ACTIVITIES	**83.371**	(652.957)
	Net increase/(decrease) in cash and cash equivalents (A+B+C)	**127.170**	(211.711)
	Cash and cash equivalents at the beginning of the year (Refer Note 10)	**437.689**	619.028
	Add: effect of exchange rate changes on cash and cash equivalents	**4.055**	30.372
	Cash and cash equivalents at the end of the year (Refer Note 10)	**568.914**	437.689

Notes:

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

The accompanying notes are an integral part of the cash flow statement

As per our report of even date.
For **M/s P.G. Bhagwat**
Chartered Accountants
Firm Regn. No: 101118W

Sandeep Rao
Partner
Membership No.: 47235

Place: Pune
Date: 24 May 2017

For and on behalf of the Board of Directors of **Praj Industries Limited**

Pramod Chaudhari
Executive Chairman

Sachin Raole
CFO and Director- Finance & Commercial

Dattatraya Nimbolkar
Chief Internal Auditor & Company Secretary

Sivaramakrishnan S Iyer
Director

Statement of changes in equity for the period ended 31 March 2017

(Amounts in Indian Rupees million unless otherwise stated)

A. Equity share capital

Balance as on 1 April 2015	Changes in equity share capital during the year	Balance as on 31 March 2016
354.930	1.015	355.945
Balance as on 1 April 2016	**Changes in equity share capital during the year**	**Balance as on 31 March 2017**
355.945	2.943	358.888

B. Other equity

Particulars	Reserves and Surplus							Total
	Capital Reserve	Securities Premium Reserve	Other Reserves			General reserve	Retained earnings	
			Capital redemption reserve	Amalgamation reserve	Share option outstanding account			
Balance at the beginning of the reporting period as at 1 April 2015	**0.033**	**570.015**	**14.627**	**3.063**	**23.585**	**889.511**	**4685.823**	**6186.657**
Profit for the year							654.062	654.062
Other comprehensive income							0.415	0.415
Dividends (including dividend distribution tax)							(692.979)	(692.979)
Transfer to retained earnings						67.000	(67.000)	-
Employee stock options exercised during the year		35.591			(1.034)			34.557
Equity settled share based payment to employees					36.186			36.186
Balance as at 31 March 2016	**0.033**	**605.606**	**14.627**	**3.063**	**58.737**	**956.511**	**4580.321**	**6218.898**
Profit for the year							468.642	468.642
Other comprehensive income							1.489	1.489
Dividends (including dividend distribution tax)								-
Employee stock options exercised during the year		104.706			(18.628)			86.078
Equity settled share based payment to employees					14.829			14.829
Employee stock options expired and transferred to/ from statement of profit and loss					(16.823)		16.823	-
Balance as at 31 March 2017	**0.033**	**710.312**	**14.627**	**3.063**	**38.115**	**956.511**	**5067.275**	**6789.936**

You reap the harvest...

Notes to the Financial Statements for the year ended 31st March, 2017

1 The corporate overview

Praj Industries Limited ('PIL' or 'the company') is a public company domiciled in India and incorporated under the provisions of Indian Companies Act. The company's registered office is "Praj Tower", S. No. 274 and 275/2, Bhumkar Chowk-Hinjewadi road, Hinjewadi, Pune – 411057, Maharashtra, India. The company's ordinary shares are listed on the Bombay Stock Exchange and National Stock Exchange in India.

The company is engaged in the business of process and project engineering. The company caters to both domestic and international markets. Further, the company also provides design and engineering services.

2 Significant accounting policies

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

2.1 Basis of preparation

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

The financial statements up to the year ended 31 March 2016 were prepared in accordance with the Companies (Accounting Standards) Rules, 2006, notified under section 133 of the Act and other relevant provisions of the Act.

These are the company's first financial statements prepared in accordance with Ind AS and 'Ind AS 101 - First-time Adoption of Indian Accounting Standards' (Ind AS 101) has been applied. The transition has been carried out from Indian GAAP which is considered as the Previous GAAP, as defined in Ind AS 101. An explanation of how the transition to Ind AS has affected the reported balance sheet, profit or loss and cash flows of the company is provided in note 42.

The financial statements were authorised for issue by the Board of Directors on 24 May 2017.

2.2 Basis of measurement

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

Items	Measurement basis
Derivative financial instruments at fair value through profit or loss	Fair value
Certain non-derivative financial instruments at fair value through profit or loss	Fair value
Equity-settled share based payment transactions	Grant date fair value
Defined benefit plan assets	Fair value

2.3 Functional and presentation currency

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

2.4 Significant accounting judgments, estimates and assumptions

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

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

The areas involving critical estimates and judgements are:

- Estimation of current tax expense and payable – Note 26
- Estimation of defined benefit obligation – Note 33
- Recognition of revenue – Note 29
- Recognition of deferred tax assets for carried forward tax losses – Note 26
- Impairment of trade receivables – Note 40

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

2.5 Current versus non-current classification

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

An asset as current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

All other liabilities are classified as non-current.

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

2.6 Property, plant and equipment

- **Recognition and measurement**

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

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

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

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

- **Subsequent costs**

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

- **Disposal**

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

- **Depreciation**

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

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

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

Asset	Useful life (in years)
Buildings	30-60
Plant and machinery	7.5-15
Computers and office equipment	3-5
Vehicles	8
Furniture and fixtures	10

2.7 Intangible assets

- **Recognition and measurement**

Intangible assets are recognised when the asset is identifiable, is within the control of the company, it is probable that the future economic benefits that are attributable to the asset will flow to the company and cost of the asset can be reliably measured.

Expenditure on research activities is recognised in the statement of profit and loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the company intends to and has sufficient resources to complete development and to use or sell the asset.

Intangible assets acquired by the company that have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level.

- **Subsequent measurement**

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

- **Amortisation**

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value. Amortisation is recognised in statement of profit and loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for current and comparative periods are as follows:

Asset	Useful life
Technical know-how	5 - 10 years
Software	5 years

2.8 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the company, is classified as investment property.

Investment property is initially measured at cost, including related transaction costs. The cost of investment property includes its purchase price and directly attributable expenditure, if any. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with expenditure will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

Subsequent to the initial recognition, investment property is stated at cost less accumulated depreciation and accumulated impairment loss, if any. Depreciation on investment property has been provided in a manner that amortises the cost of the assets over their estimated useful lives on straight line method as per the useful life prescribed under Schedule II to the Act. Investment property in the form of land is not depreciated.

Investment property is derecognised either when it is disposed off or permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statement of profit and loss in the period of derecognition.

Notes to the Financial Statements for the year ended 31st March, 2017

2.9 Impairment of non-financial assets

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

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

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

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

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

2.10 Inventories

Raw materials, components, stores and spares, work-in-progress and finished goods are valued at lower of cost and net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

Cost of raw materials, components, stores and spares comprises cost of purchases. Cost of work-in-progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated based on normal operating capacity. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Costs are assigned to individual items of inventory based on weighted average basis.

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

2.11 Cash and cash equivalents

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

2.12 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured, regardless of when the payment is being made.

Revenue is measured at the fair value of the consideration received or receivable. Amounts included in revenue are inclusive of excise duty and net of returns, trade allowances, rebates, value added taxes and amounts collected on behalf of third parties.

- **Contract revenue**

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

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

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

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

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

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

- **Sale of goods and rendering of services**

  Revenue from sale of goods in the course of ordinary activities is recognised when property in the goods or all significant risks and rewards of their ownership are transferred to the customer and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of the goods and regarding its collection.

  Revenue from services is recognised as the related services are performed.

2.13 Other income

- **Interest income**

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

- **Dividends**

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

- **Export benefits**

  Export benefits in the form of Duty Draw Back / Focus Market Scheme (FMS) / Focus Product Scheme (FPS) / Merchandise Exports Incentive Scheme (MEIS) claims are recognised in the statement of profit and loss on receipts basis.

2.14 Foreign currency transactions and balances

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

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

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

2.15 Employee benefits

- **Short-term employee benefits**

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

- **Post-employment benefits**

  Defined contribution plans

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

  Defined benefit plans

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

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

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

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

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

Other long-term employee benefits

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

Termination benefits

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

2.16 Share-based payments

The grant fair value of equity settled share based payment awards granted to employees is recognised as employee benefit expense with corresponding increase in equity. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are required to be satisfied. At the end of each reporting period, the company revises its estimates of the number of options that are expected to vest based on the service and non-vesting conditions. It recognises the impact of the revision to original estimates, if any, in the statement of profit and loss, with a corresponding adjustment to equity.

2.17 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

- **Company as a lessee**

  A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the company is classified as a finance lease.

  Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss.

  A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term unless the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases or another systematic basis is available.

- **Company as lessor**

  Leases in which the company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease unless the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases or another systematic basis is available. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

  Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the company's net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

2.18 Borrowing costs

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

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

2.19 Income tax

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

- **Current tax**

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

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

- **Deferred tax**

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

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

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

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

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

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

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

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

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

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

2.20 Provisions and contingencies

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

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

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

Contingent liability is disclosed in case of

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

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

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

2.21 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit for the year attributable to equity holders of the company by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

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

- The after-income tax effect of interest and other financing costs associated with dilutive potential equity shares, and

- The weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

2.22 Fair value measurement

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

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

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

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

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

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

2.23 Financial instruments

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

Financial assets

Classification

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

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

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

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

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

Measurement

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

Debt instruments

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

Debt instruments at amortised cost

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

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

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

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

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

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

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

Equity investments

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

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

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

Derecognition

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

Impairment of financial assets

The company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the assets carried at amortised cost and FVTOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 40 details how the company determines whether there has been a significant increase in credit risk.

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

Non-derivative financial liabilities

Recognition

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

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

Measurement

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

Derecognition

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

Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with 'Ind AS 37 - Provisions, contingent liabilities and contingent assets' and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Offsetting of financial instruments

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

2.24 Cash dividend to equity holders

The company recognises a liability to make cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

2.25 Government grant

Government grants are recognised at their fair value when there is a reasonable assurance that the grant will be received and company will comply with all attached conditions.

Government grants relating to income are deferred and recognised in the statement of profit and loss over the period necessary to match them with costs that they are intended to compensate and presented within other income.

Government grants relating to purchase of property, plant and equipment are initially recognised as deferred income at fair value and subsequently recognised in the statement of profit and loss on a systematic basis over the useful life of the asset.

2.26 Recent accounting pronouncements

Standards issued but not yet effective

On March 30, 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows' and IFRS 2, 'Share-based payment,' respectively.

Amendment to Ind AS 7: Statement of cash flows

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. These amendments are effective for annual periods beginning on or after April 1, 2017. Application of the amendments will result in additional disclosures provided by the company.

Amendment to Ind AS 102: Share-based payment

The amendment to Ind AS 102 address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

The amendments are effective for annual periods beginning on or after April 1, 2017. These amendments are not expected to have any impact on the company.

Notes to the Financial Statements for the year ended 31st March, 2017

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

3 Property, plant and equipment, capital work-in-progress, investment property and intangible assets

	Property, plant and equipment								Intangible Assets			Investment property	
	Land (Leasehold) Refer note 1	Land (Freehold)	Buildings	Plant and machinery	Computers and office equipment	Vehicles	Furniture and fixtures	Total	Technical knowhow	Software	Total	Land (Freehold)	Grand total
Gross block													
As at 1 April 2015	11.000	223.641	1213.752	970.112	244.129	42.845	221.469	2926.948	91.050	80.033	171.083	136.928	3234.959
Additions during the year	-	-	0.242	51.367	5.877	6.520	0.744	64.750	-	11.550	11.550	-	76.300
Deletions during the year	-	-	-	-	-	6.984	-	6.984	-	-	-	-	6.984
As at 31 March 2016	**11.000**	**223.641**	**1213.994**	**1021.479**	**250.006**	**42.381**	**222.213**	**2984.714**	**91.050**	**91.583**	**182.633**	**136.928**	**3304.275**
Additions during the year	-	-	7.136	36.016	2.775	-	0.769	46.696	-	-	-	-	46.696
Deletions during the year	-	-	-	-	0.136	0.835	-	0.971	-	-	-	-	0.971
As at 31 March 2017	**11.000**	**223.641**	**1221.130**	**1057.495**	**252.645**	**41.546**	**222.982**	**3030.439**	**91.050**	**91.583**	**182.633**	**136.928**	**3350.000**
Accumulated depreciation and amortisation													
As at 1 April 2015	0.270	-	148.797	498.297	163.732	15.891	100.212	927.199	71.614	75.138	146.752	-	1073.951
Charge for the year	0.122	-	32.138	116.371	32.100	4.423	21.058	206.212	6.189	2.579	8.768	-	214.980
Depreciation on deletions	-	-	-	-	-	5.863	-	5.863	-	-	-	-	5.863
As at 31 March 2016	**0.392**	**-**	**180.935**	**614.668**	**195.832**	**14.451**	**121.270**	**1127.548**	**77.803**	**77.717**	**155.520**	**-**	**1283.068**
Charge for the year	0.123	-	32.420	102.838	21.584	4.525	20.888	182.378	5.250	3.675	8.925	-	191.303
Depreciation on deletions	-	-	-	-	0.042	0.555	-	0.597	-	-	-	-	0.597
As at 31 March 2017	**0.515**	**-**	**213.355**	**717.506**	**217.374**	**18.421**	**142.158**	**1309.329**	**83.053**	**81.392**	**164.445**	**-**	**1473.774**
Net carrying value													
As at 31 March 2017	**10.485**	**223.641**	**1007.775**	**339.989**	**35.271**	**23.125**	**80.824**	**1721.110**	**7.997**	**10.191**	**18.188**	**136.928**	**1876.226**
As at 31 March 2016	10.608	223.641	1033.059	406.811	54.174	27.930	100.943	1857.166	13.247	13.866	27.113	136.928	2021.207
As at 1 April 2015	10.730	223.641	1064.955	471.815	80.397	26.954	121.257	1999.749	19.436	4.895	24.331	136.928	2161.008

Note:

1. The land has been taken on a long term lease i.e. for 99 years.
2. Refer Note 28 for contractual commitments for the acquisition of property plant and equipment.

You reap the harvest...

3 Property, plant and equipment, capital work-in-progress, investment property and intangible assets

Details of capital work-in-progress

Particulars	31 March 2017	31 March 2016
Balance at start of the year	**7.435**	13.891
Add: Additions during the year	**312.188**	1.121
Less: Capitalised during the year	**5.059**	7.577
Balance at the end of the year	**314.564**	7.435

Capital work-in-progress (CWIP) comprises of:

a. Building INR 28.146 million (31 March 2016 INR 5.528 million)

b. Integrated Bio-refinery 2nd Generation Demonstration Plant engineered, developed and constructed in house ("Demo Plant") INR 284.000 million (31 March 2016 Nil) which includes employee benefit expenses of INR 72.146 million.

c. Machinery INR 2.418 million (31 March 2016 INR 1.907 million)

Investment property: Reconciliation of Fair Value

Particulars	Land
Fair value as at 1 April 2015	298.908
Fair value difference	15.732
Fair value as at 31 March 2016	314.640
Fair value difference	16.560
Fair value as at 31 March 2017	331.200

The Company has obtained independent valuation for its investment property from a government approved valuer who is a specialist in valuing these types of investment properties.

The valuation has been made with reference to the prevailing market rates and using the approved valuation method.

All resulting fair value estimates for investment property are considered as Level 3.

Notes to the Financial Statements for the year ended 31st March, 2017

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

	Particulars	31 March 2017	31 March 2016	1 April 2015
4	**Investments**			
	Non-current investments			
	(i) Trade investments			
	Unquoted equity investments			
	Investments in subsidiaries (valued at cost)			
	Praj Engineering & Infra Limited (Formerly Pacecon Engineering Projects Limited)	**5.359**	5.359	5.359
	308,750 (31 March, 2016 : 308,750 ; 1 April 2015 : 308,750) equity shares of INR 10 each fully paid			
	Praj Far East Co., Limited	**2.454**	2.454	2.454
	19,598 (31 March, 2016 : 19,598 ; 1 April 2015 : 19,598) equity shares of Thai Baht 100 each fully paid			
	Praj Americas Inc.	**9.281**	9.281	9.281
	40,000 (31 March, 2016 : 40,000 ; 1 April 2015 : 40,000) equity shares of US Dollar 5 each fully paid			
	Praj HiPurity Systems Limited	**1536.743**	1536.743	1179.297
	5,000,000 (31 March, 2016 : 5,000,000 ; 1 April 2015 : 4,000,000) equity shares of INR 10 each fully paid			
	Praj Industries (Africa) Pty Limited	**104.558**	104.558	104.558
	125 equity shares at no par value (31 March, 2016 : 125 ; 1 April 2015 : 125)			
	Praj Far East Philippines Ltd Inc.	**11.167**	11.167	11.167
	8,313,281 equity shares of 1PHP each (31 March, 2016 : 8,313,281; 1 April 2015 : 8,313,281)			
	Praj Sur America S.R.L.	**-**	0.003	0.003
	Praj Industries Namibia	**0.001**	0.001	0.001
	100 equity shares of 1 Namibian Dollar each (31 March, 2016 : 100; 1 April 2015 : 100)			
	Total	**1669.563**	1669.566	1312.120
	(ii) Investments at amortised cost			
	Quoted investments in non-convertible debentures / bonds:			
	Bonds issued by Power Grid Corporation of India Limited SR-XLVIII Coupon 8.20% - Nil (31 March, 2016 : 100 ; 1 April,2015 : 100)	**-**	100.030	100.030
	Total	**-**	100.030	100.030
	Total non-current	**1669.563**	1769.596	1412.150
	Current investments			
	(i) Investments at fair value through profit and loss (FVTPL)			
	Quoted mutual funds			
	BSL Treasury Optimizer Plan - Quarterly Dividend - Regular Plan - 1,096,960 units (31 March 2016 : 1,033,467 units ; 1 April 2015 : 973,483 units)	**114.914**	107.222	101.666
	ICICI Prudential FMP SR 74 - 369 days -10,000,000 units (31 March 2016 : 10,000,000 units ; 1 April 2015 : 10,000,000 units)	**126.521**	116.879	107.577
	ICICI Prudential Dynamic Bond Fund - Regular P-MD - 5,373,946 units (31 March 2016 : 5,033,450 units ; 1 April 2015 : 4,773,573 units)	**58.510**	54.376	51.628
	ICICI Prudential Short Term - Regular Plan - Fortnight - 4,658,957 units (31 March 2016 : 4,426,439 units ; 1 April 2015 : 4,211,739 units)	**57.796**	53.768	50.963
	Kotak FMP Series 154 Direct - GW - 5,000,000 units (31 March 2016 : 5,000,000 units ; 1 April 2015 : 5,000,000 units)	**64.477**	59.775	55.185
	Reliance Medium Term Fund -Direct Growth Plan - 1,612,139 units (31 March 2016 : 1,612,139 units ; 1 April 2015 : Nil)	**55.925**	51.161	-

Notes to the Financial Statements for the year ended 31st March, 2017

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

Particulars	31 March 2017	31 March 2016	1 April 2015
Invesco FMP SR 23 Plan L - Regular Plan Growth - 5,000,000 units (31 March 2016 : 5,000,000 units ; 1 April 2015 : 5,000,000 units)	**63.220**	58.790	54.181
Invesco India Annual Interval Fund - Plan B - 5,000,000 units (31 March 2016 : 5,000,000 units ; 1 April 2015 : 5,000,000 units)	**58.440**	54.520	50.254
Templeton India Low Duration Fund - Monthly Dividend - 11,430,519 units (31 March 2016 : 10,753,127 units ; 1 April 2015 : 10,151,223 units)	**120.841**	113.005	106.590
Templeton India Ultra Short Bond Fund - Weekly Dividend - 11,960,649 units (31 March 2016 : 11,256,705 units ; 1 April 2015 : 10,595,863 units)	**120.990**	113.821	106.979
Tata Short Term Bond Fund Plan A - Fortnight - 3,880,396 units (31 March 2016 : 3,792,284 units ; 1 April 2015 : 3,667,842 units)	**57.499**	53.573	50.487
UTI - Short Term Income Fund - Insti Option - GW - 6,120,700 units (31 March 2016 : 6,120,700 units ; 1 April 2015 : 6,120,700 units)	**122.038**	111.193	102.973
HSBC Cash Fund - Daily Dividend - 1791 units (31 March 2016 : nil units ; 1 April 2015 : 16,418 units)	**1.792**	-	16.427
BSL Savings Fund - Weekly Dividend - Regular Plan - 516,196 units (March 31, 2016 : nil units ; April 1st, 2015 : nil units)	**51.772**	-	-
ICICI Banking and PSU Debt Fund-Weekly Dividend - 5,071,037 units (March 31, 2016 : nil units ; April 1st, 2015 : nil units)	**51.978**	-	-
Kotak Low Duration Fund - 26,285 units (March 31, 2016 : nil units ; April 1st, 2015 : nil units)	**52.109**	-	-
IDFC Dynamic Bond Fund Plan B-growth - 2,871,725 units (March 31, 2016 : nil units ; April 1st, 2015 : nil units)	**60.166**	-	-
Reliance Fixed Horizon Fund-XXXI-SR9 - 5,000,000 units (March 31, 2016 : nil units ; April 1st, 2015 : nil units)	**52.548**	-	-
DSP Blackrock Banking and PSU Debt Fund-Weekly Dividend - 5,088,457 units (March 31, 2016 : nil units ; April 1st, 2015 : nil units)	**51.753**	-	-
HDFC High Interest Fund - Dynamic Plan - Quarterly Dividend - nil units (31 March 2016 : 8,941,551 units ; 1 April 2015 : 8,646,983 units)	**-**	106.176	102.060
L&T Ultra Short Term Fund - Monthly Dividend - nil units (31 March 2016 : 4,217,941 units ; 1 April 2015 : 4,029,629 units)	**-**	53.527	50.490
IDFC Dynamic Bond Fund - Annual Dividend - nil units (31 March 2016 : 4,994,073 units ; 1 April 2015 : 4,856,092 units)	**-**	52.903	51.017
Reliance Dynamic Bond Fund - Quarterly Dividend - nil units (31 March 2016 : 4,990,205 units ; 1 April 2015 : 4,881,832 units)	**-**	52.650	50.412
Taurus Liquid Fund - Existing Plan - Super Inst - Weekly Dividend - nil units (31 March 2016 : 3,176 units ; 1 April 2015 : 100,717 units)	**-**	3.181	100.854
BSL Floating Rate Fund - Long Term - Weekly Dividend - Regular Plan - nil units (31 March 2016 : nil units ; 1 April 2015 : 528,111 units)	**-**	-	53.067
DWS Ultra Short Term Fund - Weekly Dividend - nil units (31 March 2016 : nil units ; 1 April 2015 : 4,998,266 units)	**-**	-	50.481
ICICI Prudential Flexible Income - Regular Plan - Weekly Dividend - nil units (31 March 2016 : nil units ; 1 April 2015 : 525,832 units)	**-**	-	55.513
JP Morgan India Treasury Fund Super Inst Weekly Dividend - nil units (31 March 2016 : nil units ;1 April 2015 : 5,275,534 units)	**-**	-	53.256
Sundaram Money Bonus Principal Units - nil units (31 March 2016 : nil units ; 1 April 2015 : 8,893,418 units)	**-**	-	93.713
Total current	**1343.289**	1216.520	1515.773
Total	**3012.852**	2986.116	2927.923
Aggregate book value of quoted investments	**1343.289**	1316.550	1615.803
Aggregate market value of quoted investments	**1343.289**	1317.602	1616.841
Aggregate book value of unquoted investments	**1669.563**	1669.566	1312.120

Notes to the Financial Statements for the year ended 31st March, 2017

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

	Particulars	31 March 2017	31 March 2016	1 April 2015
5	**Loans**			
	Non-current			
	Security deposits			
	Unsecured considered good	**37.696**	36.542	44.793
		37.696	36.542	44.793
	Current			
	Security deposits			
	Unsecured considered good	**0.179**	10.564	9.900
		0.179	10.564	9.900
	Total Loans	**37.875**	47.106	54.693
	No loans are due from directors or other officers of the Company either severally or jointly with any other person. Nor any loans are due from firms or private companies respectively in which any director is a partner, a director or a member.			
6	**Other financial assets**			
	Non-current			
	Financial assets at amortised cost			
	Deposits with banks with an original maturity of more than 12 months	**100.020**	0.020	0.020
		100.020	0.020	0.020
	Current			
	Financial assets at amortised cost			
	Advances to subsidiaries	**16.699**	3.380	10.122
	Foreign exchange forward contracts	**20.601**	14.274	34.551
	Interest accrued on fixed deposits	**8.130**	11.965	9.877
		45.430	29.619	54.550
	Total other financial assets	**145.450**	29.639	54.570
7	**Other assets**			
	Non-current			
	Capital advances	**88.917**	88.724	39.169
	Prepaid expenses	**3.300**	3.468	3.872
	Others	**11.034**	11.034	3.401
		103.251	103.226	46.442
	Current			
	Contracts in progress	**1604.471**	787.172	1266.736
	Advances to suppliers	**133.062**	137.732	163.699
	Balances with central excise, customs and Value added tax authorities	**93.721**	78.240	96.174
	Prepaid expenses	**60.318**	33.641	85.524
	Amounts receivable in cash or kind	**64.381**	131.604	36.408
		1955.953	1168.389	1648.541
	Total Other assets	**2059.204**	1271.615	1694.983
8	**Inventories (valued at lower of cost and net realisable value)**			
	Raw materials	**507.830**	622.560	616.783
	Work in progress	**77.656**	47.503	45.079
	Finished goods	**50.679**	43.887	41.197
		636.165	713.950	703.059

Notes to the Financial Statements for the year ended 31st March, 2017

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

	Particulars	31 March 2017	31 March 2016	1 April 2015
9	**Trade Receivables**			
	Current			
	-From related parties			
	Unsecured, considered good	**17.609**	92.818	25.232
	-From others			
	Unsecured, considered good	**2163.988**	2816.858	2005.072
	Unsecured, considered doubtful	**521.534**	530.527	414.763
		2703.131	3440.203	2445.067
	Less: Impairment allowance (allowance for bad and doubtful debts)	**521.534**	530.527	414.763
		2181.597	2909.676	2030.304
	No trade receivables are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade receivables are due from firms or private companies respectively in which any director is a partner, a director or a member. Trade receivables are non-interest bearing and generally on credit terms of 60 to 90 days			
10	**Cash and cash equivalents**			
	Balances with banks			
	On current accounts	**198.377**	346.462	337.367
	Deposits with original maturity of less than 3 months	**349.793**	66.124	279.710
	Cheques, drafts on hand	**20.000**	23.485	-
	Cash on hand	**0.744**	1.618	1.951
		568.914	437.689	619.028
11	**Other bank balances**			
	Unclaimed dividend account	**8.828**	14.018	9.026
	Deposits with maturity for more than 3 months but less than 12 months	**35.000**	143.615	100.500
		43.828	157.633	109.526

Notes to the Financial Statements for the year ended 31st March, 2017

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

	Particulars	31 March 2017		31 March 2016		1 April 2015	
12	**Equity Share Capital**						
	Authorised shares						
	450,000,000 (31 March 2016: 450,000,000; 1 April 2015: 450,000,00) equity shares of INR 2 each		**900.000**		900.000		900.000
	Issued, subscribed and fully paid-up shares						
	179,444,188 (31 March 2016: 177,972,409; 1 April 2015: 177,465,079) equity shares of INR 2 each		**358.888**		355.945		354.930
	Total		**358.888**		355.945		354.930

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period:

	No.	**Amount**	No.	Amount	No.	Amount
At the beginning of the period	**177,972,409**	**355.945**	177,465,079	354.930	177,465,079	354.930
Add: Allotted during the period pursuant to exercise of employees stock options (Refer note 34)	**1,471,779**	**2.943**	507,330	1.015	-	-
Outstanding at the end of the period	**179,444,188**	**358.888**	177,972,409	355.945	177,465,079	354.930

b. Terms/ Rights attached to equity shares:

The Company has only one class of equity shares having a par value of INR 2 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.

The Board of Directors proposed a final dividend of INR 1.62 per equity share for the financial year ended 31 March 2015 and the same was approved by the shareholders at the Annual General Meeting held on 6 August 2015. The amount was recognised as distributions to equity shareholders during the year ended 31 March 2016. This event is considered as non-adjusting event.

The Board of Directors declared an interim dividend of INR 1.62 per equity share during the financial year 2015-16. The amount was recognised as distributions to equity shareholders during the year ended 31 March 2016.

The Board of Directors proposed a final dividend of INR 1.62 per equity share for the financial year ended 31 March 2017. The proposal is subject to the approval of shareholders at the Annual General Meeting to be held and if approved, will be recognised as distributions to equity shareholders during the year ended 31 March 2018.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company after distributing all preferential amounts.

c. Shares held by holding/ultimate holding company and/or their subsidiaries/associates:

The company does not have any holding or ultimate holding company.

d. Details of shareholders holding more than 5% shares in the company:

Equity shares of INR 2 each fully paid	31 March 2017		31 March 2016		1 April 2015	
	No.	% of holding	No.	% of holding	No.	% of holding
Pramod Chaudhari (Promoter)	**38,700,000**	**21.57%**	38,700,000	21.74%	38,700,000	21.81%
Parimal Chaudhari (Promoter)	**21,600,000**	**12.04%**	21,600,000	12.14%	21,600,000	12.17%
Tata Capital Financial Services Limited	**13,422,400**	**7.48%**	13,422,400	7.54%	13,422,400	7.56%
HDFC Trustee Company Limited - HDFC Equity Fund	**15,971,366**	**8.90%**	15,971,366	8.97%	15,971,366	9.00%

e. Shares reserved for issue under options:

Shares reserved for issue under the Employee Stock Option Plan (ESOP) please refer note 34.

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

	31 March 2017	31 March 2016	1 April 2015
Equity shares bought back by the Company	**2,083,013**	7,313,644	7,313,644

Notes to the Financial Statements for the year ended 31st March, 2017

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

	Particulars	31 March 2017	31 March 2016
13	**Other Equity**		
	Capital Reserve	**0.033**	0.033
	Amalgamation Reserve	**3.063**	3.063
	Capital Redemption Reserve	**14.627**	14.627
	Securities Premium		
	Balance as at the beginning of the year	**605.606**	570.015
	Add : Employee stock options exercised	**86.078**	34.557
	Add : Transfer from Share option outstanding account on exercise of options	**18.628**	1.034
	Balance at the end of the year	**710.312**	605.606
	Share option outstanding account		
	Balance as at the beginning of the year	**58.737**	23.585
	Add : Employee stock option expense	**14.829**	36.186
	Less: Employee stock options expired and transferred to the statement of profit and loss	**16.823**	-
	Less : Transfer to Securities Premium on exercise of options	**18.628**	1.034
	Balance at the end of the year	**38.115**	58.737
	General Reserve		
	Balance as at the beginning of the year	**956.511**	889.511
	Add : Amounts transferred from surplus balance in statement of profit and loss	**-**	67.000
	Balance at the end of the year	**956.511**	956.511
	Surplus in the Statement of Profit and Loss		
	Balance as at the beginning of the year	**4580.321**	4685.823
	Profit as per statement of profit and loss	**468.642**	654.062
	Other comprehensive income	**1.489**	0.415
	Less: Appropriations		
	Interim equity dividend	**-**	288.273
	Tax on interim equity dividend	**-**	58.686
	Final equity dividend	**-**	287.493
	Tax on final equity dividend	**-**	58.527
	Transfer to general reserve	**-**	67.000
	Employee stock options expired and transferred from share option outstanding account	**16.823**	-
	Net Surplus in Statement of profit and loss	**5067.275**	4580.321
	Total Other Equity	**6789.936**	6218.898

Notes to the Financial Statements for the year ended 31st March, 2017

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

	Particulars	31 March 2017	31 March 2016	1 April 2015
14	**Borrowings**			
	Unsecured loan			
	Government loan	**1.229**	1.639	2.049
	Less: Current maturities of non-current borrowings disclosed under the head 'other financial liabilities - current' (Refer note 17)	**0.410**	0.410	-
		0.819	1.229	2.049
	Loan received from Department of Biotechnology (DBT) carrying interest at the rate of 2%. (Refer note 40B)			
	Repayment schedule is as below:			
	i. Repayable within 1 to 2 years	**0.410**	0.410	0.410
	ii. Repayable within 2 to 3 years	**0.410**	0.410	0.410
	iii. Repayable after 3 years	**-**	0.410	1.229
15	**Provisions**			
	Non-current			
	Provision for employee benefits			
	Compensated absences	**54.473**	28.542	23.870
	Gratuity	**96.353**	96.609	93.978
		150.826	125.151	117.848
	Current			
	Provision for employee benefits			
	Compensated absences	**29.474**	50.853	43.679
	Gratuity	**10.000**	7.500	2.000
	Performance incentive	**132.336**	99.197	63.878
		171.810	157.550	109.557
	Total provisions	**322.636**	282.701	227.405
16	**Trade payables**			
	Current			
	-To related parties	**0.774**	10.956	12.270
	-To others			
	Total outstanding dues of micro enterprises and small enterprises (Refer note ii)	**205.672**	67.821	99.386
	Total outstanding dues of creditors other than micro enterprises and small enterprises (MSMED)	**1394.500**	1587.358	1349.397
		1600.946	1666.135	1461.053
	Notes:			
	i. Trade payables are non-interest bearing and are normally settled on 30-90 days terms			
	ii. No interest is due/payable to parties registered under MSMED Act, 2006			
17	**Other financial liabilities**			
	Current			
	Current maturities of long term borrowings	**0.410**	0.410	-
	Unclaimed dividends	**8.748**	13.870	8.924
	Financial guarantee contracts	**2.162**	1.211	1.768
	Employee benefits payable	**35.033**	40.469	43.907
	Other payables	**6.802**	7.336	11.539
		53.155	63.296	66.138
18	**Other liabilities**			
	Current			
	Advances received from customers	**1538.815**	1578.908	1759.428
	Dues to customers relating to contracts in progress (Refer Note 29)	**225.814**	483.394	243.940
	Statutory dues payable	**38.839**	34.945	23.428
		1803.468	2097.247	2026.796

Notes to the Financial Statements for the year ended 31st March, 2017

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

	Particulars		31 March 2017	31 March 2016
19	**Revenue from operations**			
	Sale of Products and Projects (including excise duty)		**5947.291**	8653.203
	Add: Closing Contracts in progress		**1378.657**	303.778
	Less: Opening Contracts in progress		**303.778**	1022.796
		(a)	**7022.170**	7934.185
	Sale of Services	(b)	**478.463**	557.632
	Other Operating Revenue			
	Scrap Sales		**91.558**	71.288
	Sale of Licenses		**-**	16.690
		(c)	**91.558**	87.978
	Total Revenue from operations		**7592.191**	8579.795
20	**Other income**			
	Foreign Exchange fluctuation gain (net)		**33.547**	19.844
	Dividend from mutual fund investments-Current Investment		**43.366**	48.545
	Gain on redemption of investments (net)		**11.189**	16.699
	Investment In Mutual Fund-Fair Valuation Gain/(Loss)		**56.080**	22.287
	Interest			
	- on fixed deposits		**17.269**	22.000
	- others		**5.625**	8.275
	(Loss) / profit on sale of property,plant and equipment (net)		**(0.033)**	0.137
	Excess provision / creditors written back (including advances)		**20.777**	25.356
	Other non-operating income		**6.661**	6.769
			194.481	169.912
21	**Cost of materials consumed**			
	Raw material consumed		**3879.351**	3923.173
			3879.351	3923.173
22	**(Increase) / Decrease in inventories of Finished Goods and Work in Progress**			
	Inventories at the end of the year			
	Work in progress		**77.656**	47.503
	Finished goods		**50.679**	43.887
			128.335	91.390
	Inventories at the beginning of the year			
	Work in progress		**47.503**	45.079
	Finished goods		**43.887**	41.197
			91.390	86.276
	(Increase) / Decrease in inventories		**(36.945)**	(5.114)

Notes to the Financial Statements for the year ended 31st March, 2017

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

	Particulars	31 March 2017	31 March 2016
23	**Employee Benefit Expenses**		
	Salaries, wages and bonus	**1093.664**	1150.127
	Contributions to provident and other funds (Refer note 33 a)	**40.895**	42.474
	Gratuity expense (Refer note 33 b)	**15.851**	15.814
	Employee stock option expense	**14.828**	36.186
	Staff welfare	**47.842**	58.743
		1213.080	1303.344
24	**Finance costs**		
	Interest expense	**0.118**	0.086
	Net interest on defined benefit plan	**7.185**	6.940
		7.303	7.026
25	**Other Expenses**		
	Consumption of Stores and spares	**98.769**	102.745
	Site expenses and labour charges	**399.684**	414.400
	Freight and transport	**161.791**	304.883
	Bad debts written off / Provision for doubtful debts and advances	**50.091**	148.176
	Sales commission	**64.454**	271.918
	Travel and conveyance	**177.303**	204.978
	Professional consultancy charges	**147.809**	211.141
	Insurance	**31.712**	29.174
	Rent (Refer note 32)	**47.493**	44.334
	Power and fuel	**50.208**	60.945
	Advertising and exhibition expenses	**19.777**	29.757
	Communication expenses	**21.021**	23.932
	Testing charges	**23.114**	37.109
	Repairs and maintenance:		
	Building	**3.895**	5.789
	Plant and Machinery	**15.992**	18.027
	Others	**16.261**	20.585
	Auditors' remuneration		
	for audit services	**3.281**	3.248
	for taxation services	**0.623**	0.603
	out of pocket expenses	**0.047**	0.042
	Rates and taxes	**2.797**	2.722
	Miscellaneous expenses	**224.272**	257.207
		1560.394	2191.715

Notes to the Financial Statements for the year ended 31st March, 2017

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

	Particulars	31 March 2017	31 March 2016
26	**Income tax**		
A	**Statement of profit and loss:**		
	Current income tax:		
	Current income tax charge	**135.684**	182.834
	Tax relating to earlier periods	**3.986**	(3.841)
	Deferred tax:		
	Relating to origination and reversal of temporary differences	**66.011**	(58.487)
	Income tax expense reported in the statement of profit and loss	**205.681**	120.506
B	**Statement of other comprehensive income:**		
	Deferred tax:		
	Remeasurements gains and losses on post employment benefits	**0.788**	0.220
	Income tax expense reported in the statement of other comprehensive income	**0.788**	0.220
C	**Reconciliation of effective tax rate**		
	Accounting profit before tax	**674.323**	774.568
	Tax using the Company's domestic tax rate (34.608%)	**233.370**	268.062
	Adjustments in respect of current income tax of previous years	**3.986**	(3.841)
	Less: Tax effect of:		
	Tax rate difference on book profit as per Minimum Alternate Tax	**(84.344)**	-
	Tax effect on exempt income dividend	**(15.008)**	-
	Tax exempt income	**-**	(56.638)
	Accelerated deduction for research and development expenses	**-**	(68.276)
	Deduction availed on payment under section 43B	**-**	(0.190)
	Utilisation of previously unrecognised MAT credit	**-**	(40.381)
	Add: Tax effect of		
	Tax liability on IND AS adjustment to Retained earnings	**1.752**	-
	Tax liability on permanent Difference 14A Disallowance	**1.556**	-
	Effect on deduction claimed in MAT for Doubtful debt provision written back	**(2.430)**	-
	Deferred Tax expenses accounted as no effect of Timing differences on MAT liability	**66.799**	-
	Non-deductible expenses	**-**	17.305
	Deferred tax created on differences reversed after tax holiday period	**-**	2.198
	Deletion allowed for tax purposes in 14-15 and considered for deferred tax purpose in 15-16	**-**	2.171
	Difference between TDS 40(a) disallowed as per tax audit 14-15 and considered for deferred tax purposes	**-**	0.096
	Total	**205.681**	120.506
	Income tax expense reported in the statement of profit and loss	**205.681**	120.506

Notes to the Financial Statements for the year ended 31st March, 2017

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

D Deferred tax

Deferred tax relates to the following: Deferred tax asset / (liability)	Balance sheet			Statement of profit and loss & other comprehensive income	
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016
Deferred tax asset					
Provision for doubtful debts and advances	**184.336**	186.766	146.703	2.430	(40.063)
Gratuity	**36.806**	36.030	33.216	(0.776)	(2.814)
Long term capital losses	**27.939**	27.939	27.939	-	-
Carry forward business loss	**22.838**	-	-	(22.838)	-
Compensated absences	**29.052**	27.477	23.377	(1.575)	(4.100)
Others	**7.933**	9.180	9.108	1.247	(0.072)
Total	**308.904**	287.392	240.343	(21.512)	(47.049)
Deferred tax liability					
Property, plant & equipment and intangible assets	**(325.814)**	(237.170)	(248.053)	88.644	(10.883)
Amortisation of prepaid lease rentals / others	**(3.003)**	(3.336)	(3.670)	(0.333)	(0.335)
Total	**(328.817)**	(240.506)	(251.723)	88.311	(11.218)
Net deferred tax asset / (liability)	**(19.913)**	46.886	(11.380)		
Deferred tax expense/(income)				66.799	(58.267)
- Recognised in the statement of profit and loss				66.011	(58.487)
- Recognised in the statement of other comprehensive income				0.788	0.220

27 Earnings per share

Particulars	31 March 2017	31 March 2016
Reconciliation of basic and diluted shares used in computing earnings per share		
Weighted average number of basic equity shares	**178,470,172**	177,724,313
Add: effect of dilutive potential equity shares:		
- Employee stock options	**706,477**	1,114,078
Weighted average number of diluted equity shares	**179,176,649**	178,838,391
Computation of basic and diluted earnings per share		
Net profit after tax attributable to equity shareholders	**468.642**	654.062
Basic earnings per equity share of INR 2 each	**2.63**	3.68
Diluted earnings per equity share of INR 2 each	**2.62**	3.66

28 Capital commitments and contingent liabilities

Particulars	31 March 2017	31 March 2016
Capital commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	**51.189**	119.060
Contingent liabilities		
Claims against Company not acknowledged as debts (primarily relating to performance related claims filed by customers)	**39.979**	35.679
Disputed demands in appeal towards income tax, service tax & sales tax	**197.884**	200.086
Guarantee issued in respect of obligations of a subsidiary	**703.650**	571.537

Notes to the Financial Statements for the year ended 31st March, 2017

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

29 Disclosures pursuant to Ind AS 11 – Construction contracts

Particulars	31 March 2017	31 March 2016
Contract revenue recognised during the year (excluding taxes)	**6809.883**	7986.103
Aggregate amount of contract costs incurred and recognised profits (less recognised losses)	**11867.345**	11853.508
Customer advances outstanding for contracts in progress	**1357.011**	1180.893
Retention money due from customers for contracts in progress	**606.499**	721.763
Gross amount due from customers for contract work (presented as contracts in progress)	**1604.471**	787.172
Gross amount due to customers for contract work (presented as dues to customers relating to contracts in progress)	**(225.814)**	(483.394)

30 Segment reporting

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

31 Related party transactions

a) Parties where control exists

Subsidiaries

Praj Engineering & Infra Limited (Formerly Pacecon Engineering Projects Limited)
Praj Far East Co. Limited
Praj Americas Inc.
Praj Industries (Africa) Pty Limited
Praj HiPurity Systems Limited
Praj Industries (Namibia) Pty Limited
Praj Sur America S.R.L. (upto 31 August 2016)
Praj Far East Philippines Ltd. Inc.

Step down subsidiaries

Praj Industries (Tanzania) Limited
Praj Industries (Sierra Leone) Limited

b) Key management personnel and their close members of family

Executive Chairman	Mr. Pramod Chaudhari
CEO & Managing Director (Ceased to be a Director w.e.f 16 January 2017)	Mr. Gajanan Nabar
CFO and Director-Finance & Commercial	Mr. Sachin Raole
Chief Internal Auditor & Company Secretary	Mr. Dattatraya Nimbolkar
Non-executive directors	Mr. Berjis Desai
	Mr. Daljit Mirchandani
	Mr. Kishor Chaukar
	Mr. Parimal Chaudhari
	Mr. Prakash Kulkarni
	Mr. Rajiv Maliwal
	Mr. Sivaramakrishnan S. Iyer
Close members of family of key management personnel	Mrs. Parimal Chaudhari (Director)
	Mr. Parth Chaudhari

c) Entity controlled or jointly controlled by a person identified in b)

Praj Foundation

Notes to the Financial Statements for the year ended 31st March, 2017

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

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

Particulars	31 March 2017	31 March 2016
Praj Engineering & Infra Limited (Formerly Pacecon Engineering Projects Limited)		
Advances provided & recovered during the year	**9.769**	5.500
Expenses incurred and reimbursed by the Company	**2.108**	2.134
Expenses incurred and reimbursed by subsidiary	**14.197**	18.172
Rent received	**0.060**	0.060
Receivable	**10.301**	1.271
Praj Far East Co. Ltd		
Sales commission	**4.299**	24.027
Expenses incurred and reimbursed by the Company	**0.629**	1.121
Expenses incurred and reimbursed by subsidiary	**-**	12.761
Financial guarantee given on behlaf of subsidiary (income)	**0.132**	0.124
Waiver of receivable in respect of financial guarantee	**0.132**	-
Waiver of receivable in respect of financial guarantee transferred to retained earnings	**-**	0.124
Payable	**1.059**	12.138
Receivable	**6.899**	13.632
Praj Americas Inc.		
Sales commission	**12.692**	24.881
Payable	**0.695**	8.104
Expenses incurred and reimbursed by the Company	**0.146**	-
Praj Industries (Tanzania) Limited		
Sales commission	**4.826**	-
Payable	**-**	1.721
Praj HiPurity Systems Limited		
Sales of goods and services	**0.239**	0.869
Purchase of goods & services (without taxes)	**0.199**	1.480
Purchase of capital goods & services (without taxes)	**17.939**	-
Expenses incurred and reimbursed by the Company	**1.276**	3.097
Expenses incurred and reimbursed by subsidiary	**11.462**	6.498
Financial guarantee given on behlaf of subsidiary (income)	**2.094**	2.264
Waiver of receivable in respect of financial guarantee	**3.045**	2.205
Payable	**0.052**	1.131
Receivable	**2.664**	2.587
Praj Industries (Namibia) Limited		
Purchase of capital goods	**-**	7.034
Receivable	**17.496**	16.434
Praj Industries Philippines Limited		
Sales of services	**-**	115.257
Financial guarantee given on behlaf of subsidiary (income)	**0.395**	0.373
Waiver of receivable in respect of financial guarantee	**0.395**	-
Waiver of receivable in respect of financial guarantee transferred to retained earnings	**-**	0.373
Receivable	**-**	73.707
Praj Sur America S.R.L.		
Expenses incurred and reimbursed by the Company	**-**	0.297
Receivable	**-**	0.043

Notes to the Financial Statements for the year ended 31st March, 2017

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

Particulars	31 March 2017	31 March 2016
Praj Foundation		
Donation paid	**18.531**	16.131
Pramod Chaudhari		
Short term employee benefits	**49.280**	59.559
Post employment benefits	**4.392**	4.392
Other long term employee benefits	**1.500**	1.380
Dividend	**-**	125.388
Payable	**0.100**	10.440
Gajanan Nabar		
Short term employee benefits	**12.148**	34.200
Post employment benefits	**0.646**	1.736
Other long term employee benefits	**-**	0.249
Share based payment*	**-**	4.701
Dividend	**-**	0.923
Payable	**0.100**	4.222
*Reversal of employee stock option expense for FY 2016-17 on account of resignation INR 0.175		
Sachin Raole		
Short term employee benefits	**2.668**	-
Post employment benefits	**0.185**	-
Other long term employee benefit	**0.166**	-
Share based payment	**1.352**	-
Payable	**0.655**	-
Dattatraya Nimbolkar		
Short term employee benefits	**6.754**	6.587
Post employment benefits	**0.382**	0.335
Other long term employee benefit	**0.181**	0.070
Share based payment	**0.355**	0.880
Payable	**1.440**	1.581
Parimal Chaudhari		
Commission on profit	**1.000**	1.170
Dividend	**-**	46.656
Payable	**1.000**	1.170
Parth Chaudhari		
Remuneration	**2.700**	2.700

32 Leases

The Company has entered into operating lease arrangements for office space, equipment and residential premises for its employees. Certain lease arrangements provide for cancellation by either party and also contain a clause for renewal of the lease agreement. Lease payments on cancellable and non-cancellable operating lease arrangements debited to the statement of profit and loss and the future minimum lease payments in respect of non-cancellable operating leases are summarised below:

Particulars	**31 March 2017**	31 March 2016
Future minimum lease payments in respect of non-cancellable leases		
- amount due within one year from the balance sheet date	**37.164**	38.286
- amount due in the period between one year and five years	**162.928**	150.657
- amount due after five years	**126.357**	167.816
Lease payments debited to statement of profit and loss		
- cancellable leases	**6.980**	5.307
- non cancellable leases	**40.513**	39.027

Notes to the Financial Statements for the year ended 31st March, 2017

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

33 Employee benefits

a) Defined contribution plans

The Company has recognised INR 40.895 (31 March 2016: INR 42.474) towards post-employment defined contribution plans comprising of provident and superannuation fund in the statement of profit and loss.

b) Defined benefit plan

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

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

Particulars	31 March 2017	31 March 2016
Present value of obligation as at the beginning of the period	**179.827**	158.596
Interest cost	**13.297**	12.094
Current service cost	**16.472**	15.814
Benefits paid	**(9.739)**	(7.103)
Remeasurements on obligation - (gain) / loss	**(2.691)**	0.426
Present value of obligation as at the end of the period	**197.166**	179.827

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

Particulars	31 March 2017	31 March 2016
Fair value of plan assets at the beginning of the period	**75.718**	62.618
Interest income	**6.112**	5.153
Contributions	**9.397**	6.886
Return on plan assets, excluding amount recognized in interest income - gain / (loss)	**(0.414)**	1.061
Fair value of plan assets as at the end of the period	**90.813**	75.718

Amounts recognised in the balance sheet are as follows:

Particulars	31 March 2017	31 March 2016
Present value of obligation as at the end of the period	**197.166**	179.827
Fair value of plan assets as at the end of the period	**90.813**	75.718
Surplus / (deficit)	**(106.353)**	(104.109)

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

Particulars	31 March 2017	31 March 2016
Current service cost	**16.472**	15.814
Net interest (income) / expense	**7.185**	6.940
Net periodic benefit cost recognised in the statement of profit and loss at the end of the period	**23.657**	22.754

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

Particulars	31 March 2017	31 March 2016
Remeasurement for the year - obligation (gain) / loss	**(2.691)**	0.426
Remeasurement for the year - plan assets (gain) / loss	**0.414**	(1.061)
Total remeasurements cost / (credit) for the year	**(2.277)**	(0.635)

Notes to the Financial Statements for the year ended 31st March, 2017

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

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

Particulars	31 March 2017	31 March 2016
Interest (income) / expense - obligation	**13.297**	12.093
Interest (income) / expense - plan assets	**(6.112)**	(5.153)
Net interest (income) / expense for the year	**7.185**	6.940

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

Particulars	31 March 2017	31 March 2016
Funds managed by insurer	**100%**	100%

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

Particulars	31 March 2017	31 March 2016
Discount rate	**7.10%**	7.60%
Rate of increase in compensation levels	**8.00%**	8.00%
Expected rate of return on plan assets	**7.60%**	7.80%
Expected average remaining working lives of employees (in years)	**9.89**	10.21
Withdrawal rate		
Age upto 30 years	**7.00%**	7.00%
Age 31 - 40 years	**7.00%**	7.00%
Age 41 - 50 years	**7.00%**	7.00%
Age above 50 years	**7.00%**	7.00%

A quantitative sensitivity analysis for significant assumptions 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 2017	31 March 2016
Decrease by 1%	**207.434**	189.125
Increase by 1%	**188.112**	171.619

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 2017	31 March 2016
Decrease by 1%	**189.248**	172.64
Increase by 1%	**205.945**	187.793

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 2017	31 March 2016
Decrease by 1%	**197.704**	180.048
Increase by 1%	**196.680**	179.627

Notes to the Financial Statements for the year ended 31st March, 2017

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

34 Employee Stock Option Plan (ESOP)

In the meeting of the Compensation and Share Allotment Committee held on 16 November, 2010 it was decided to utilise the surrendered and lapsed options out of earlier grant and 1,250,000 options (Plan A) were granted to CEO & MD with vesting period of 5 years in terms of his appointment at the relevant market price as Grant IV. In the Annual General Meeting of the Company held on 22 July 2011, total of 9,238,936 stock options were approved under the scheme "Employee Stock Option Plan 2011". In the Meeting of the Compensation and Share Allotment Committee held on 27 January 2015 it was decided to grant options to CEO & MD and senior executives of the Company at the relevant market price as ESOP 2011 – Grant I. The total options granted under ESOP 2011 - Grant I are 3,750,000 options out of which 250,000 options (Plan A) were granted to CEO & MD and 3,500,000 options (Plan B) were granted to senior executives of the Company. During the year 2015-16 390,000 options were granted to senior executives of the Company as ESOP 2011 – Grant II to V. During the year 2016-17 100,000 options were granted to senior executive of the Company as ESOP 2011 – Grant VI. The stock options vest in a graded manner equally over the period of vesting, each vesting taking effect as per the terms of the grant. The stock options granted are exercisable at 100% of the fair market value of the underlying equity shares of the Company as on the date of grant.

Amount of employee compensation expense recognised for employee services received during the year:

Particulars	31 March 2017	31 March 2016
Expense arising from equity-settled share-based payment transactions	**14.828**	36.186

There were no cancellations or modifications to the awards in 31 March 2017 or 31 March 2016.

Movements during the year

I. ESOP 2005 Grant IV (Plan A)

Particulars	31 March 2017		31 March 2016	
	Options	**Weighted average exercise price INR**	Options	Weighted average exercise price INR
Options outstanding at the beginning of the year	**820,000**	**72.70**	1,250,000	72.70
Options granted during the year	**-**	**-**	-	-
Options exercised during the year	**(411,179)**	**72.70**	(430,000)	72.70
Options cancelled during the year	**(408,821)**	**72.70**	-	-
Options outstanding at the end of the year	**-**	**-**	820,000	72.70
Options exercisable at the end of the year	**-**	**-**	570,000	72.70
Range of exercise price of options outstanding at the end of the year	**NA**		INR 72.70	
Average share price during the year	**INR 84.95**		INR 63.91	
Weighted average remaining contractual life of options outstanding at the end of the year	**NA**		1.33 years	
Weighted average fair value of option as on date of grant	**16 Nov 2010**	**38.19**	16 Nov 2010	38.19

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

II. ESOP 2011 Grant I to VI

Particulars	31 March 2017		31 March 2016	
	Options	**Weighted average exercise price INR**	Options	Weighted average exercise price INR
Number of options outstanding at the beginning of the year	**3,767,670**	**58.49**	3,750,000	55.75
Number of options granted during the year	**100,000**	**85.25**	390,000	93.23
Number of options exercised during the year	**(1,060,600)**	**55.75**	(77,330)	55.75
Number of options forfeited during the year	**(305,010)**	**55.75**	(295,000)	70.30
Number of options outstanding at the end of the year	**2,502,060**	**61.06**	3,767,670	58.49
Number of options exercisable at the end of the year	**1,230,195**	**59.90**	1,027,669	55.75
Range of exercise price of options outstanding at the end of the year	**INR 55.75 to 114.32**		INR 55.75 to INR 114.32	
Average share price during the year	**INR 84.95**		INR 63.91	
Weighted average remaining contractual life of options outstanding at the end of the year	**1.32 years**		2.24 years	
Weighted average fair value of option as on date of grant (granted during the year)	**22-Jul-2016**	**27.75**	6-Aug-2015	32.71
			31-Aug-2015	26.22
			14-Oct-2015	23.80
			16-Nov-2015	26.93

Method used for calculating fair value of option – Black Scholes Option Valuation Model

Significant assumptions used in arriving at the fair value of options under Black Scholes model are stated as follows:

Particulars	FY 2016-17	FY 2015-16			
Grant date	22-Jul-2016	6-Aug-2015	31-Aug-2015	14-Oct-2015	16-Nov-2015
Risk-free interest rate	6.74%	7.80%	7.80%	7.56%	7.68%
Expected life	1-2 years	1-2 years	1-3 years	1-2 years	1-2 years
Expected volatility*	59.43%	57.55%	59.90%	59.08%	58.95%
Expected dividend yield	3.26%	3.08%	3.08%	3.08%	3.08%
Price of the underlying share in market at the time of grant of option (INR)	90.50	113.75	84.45	81.50	85.30

* Expected volatility has been determined based on closing price of the share of the Company for immediately past 2 years.

35 Expenditure on research & development activities

Revenue expenditure on research and development is charged under respective heads of account in the year in which it is incurred. Capital expenditure on research and development is included as part of property, plant and equipment and depreciated on the same basis as other property, plant and equipment.

Particulars	31 March 2017	31 March 2016
Capital expenditure (including capital work-in-progress and excluding advances)	289.497	9.002
Revenue expenditure	94.552	187.684

36 Taxes

The company has not recognised MAT credit entitlement to the extent of INR 296.768 till 31st March, 2017 in respect of Income Tax paid in view of uncertainty of its utilisation for payment of tax in foreseeable future.

Notes to the Financial Statements for the year ended 31st March, 2017

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

37 Corporate Social Responsibility (CSR) expenditure

The Company was required to spend INR 18.031 as expenditure on CSR as per requirements of the Companies Act, 2013. During the year, the Company has incurred CSR expenses of INR 19.641 as follows:

Amount spent on	Amounts paid	Yet to be paid	Total
Construction/acquisition of asset	Nil	Nil	Nil
On other purposes covered under Schedule VII to Companies Act, 2013	19.641*	Nil	19.641

*Includes INR 18.531 given to Praj Foundation which is a related party.

The above expenditure includes contribution/donation of INR 19.531 to trusts / institute which are engaged in activities eligible under section 135 of Companies Act, 2013 read with Schedule VII thereto.

38 Disclosure of details of Specified Bank Notes (SBN) held and transacted during the period 8 November 2016 to 30 December 2016 has been provided in the table below:

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 8 November 2016	**3.431**	**1.459**	**4.890**
(+) Permitted receipts	-	2.174	2.174
(-) Permitted payments	-	2.530	2.530
(-) Amount deposited in Banks	3.431	-	3.431
Closing cash in hand as on 30 December 2016	**-**	**1.103**	**1.103**

Note: The above disclosure is made for denomination in Indian currency notes.

39 Fair value measurements

As per assessments made by the management, fair values of all financial instruments carried at amortised cost (except as specified below) are not materially different from their carrying amounts since they are either short term nature or the interest rates applicable are equal to the current market rate of interest. The Company has performed a fair valuation of its investment in mutual funds which are classified as FVTPL using quoted prices

Sr. No.	Particulars	Carrying value		
		31 March 2017	31 March 2016	1 April 2015
	Financial asset			
	Levelled at level 2			
a)	**Carried at amortised cost**			
	Investment in quoted non-convertible debentures*	**-**	100.030	100.030
	Security deposits	**37.875**	47.106	54.693
	Trade receivable	**2181.597**	2909.676	2030.304
	Deposits with banks	**100.020**	0.020	0.020
	Advances to subsidiaries	**16.699**	3.380	10.122
	Other receivables	**8.130**	11.965	9.877
	Cash and cash equivalents	**612.742**	595.322	728.554
b)	**Carried at fair value through profit and loss (FVTPL)**			
	Foreign exchange forward contracts	**20.601**	14.274	34.551
	Levelled at level 1			
a)	**Investments in mutual funds**	**1343.289**	1216.520	1515.773
	Financial liabilities	**-**	-	-
	Levelled at level 2			
a)	**Carried at amortised cost**			
	Borrowings	**1.229**	1.639	2.049
	Trade payables	**1600.946**	1666.135	1461.053
	Unclaimed dividends	**8.748**	13.870	8.924
	Financial guarantee contracts	**2.162**	1.211	1.768
	Other payables	**41.835**	47.805	55.446
*	Fair value of investment in quoted non-convertible debentures	**-**	101.082	101.068

40 Financial risk management policy and objectives

Company's principal financial liabilities, comprise loans and borrowings, 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 advances to subsidiaries, trade and other receivables, security deposits and cash and cash equivalents, that derive directly from its operations. In order to minimise any adverse effects on the financial performance of the company, it has taken various measures. This note explains the source of risk which the entity is exposed to and how the entity manages the risk and impact of the same in the financial statements.

Risk	Exposure arising from	Measurement	Management
Credit	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost.	Aging analysis, external credit rating (wherever available)	Diversification of bank deposits, credit limits and letters of credit
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
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 risk management is carried out by management, under policies approved by the board of directors. Company's treasury identifies, evaluates and hedges financial risks in close cooperation with the company's operating units. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, credit risk, and investment of excess liquidity.

(A) Credit risk

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

Credit risk management

Credit risk arises from the possibility that counter party may not be able to settle their obligations as agreed. To manage this, the Company periodically assesses the reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of accounts receivable. Individual risk limits are set accordingly. The company considers the probability of default upon intial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers reasonable and supportive forward looking information such as:

(i) Actual or expected significant adverse changes in business,

(ii) Actual or expected significant changes in the operating results of the counterparty,

(iii) Financial or economic conditions that are expected to cause a significant change to counterparty's ability to meet its obligations,

(iv) Significant increases in credit risk on other financial instruments of the same counterparty,

(v) Significant changes in the value of collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements.

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

Notes to the Financial Statements for the year ended 31st March, 2017

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

Provision for expected credit loss

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

Exposure to risk	31 March 2017	31 March 2016	1 April 2015
Trade receivables	**2703.131**	3440.203	2445.067
Less : expected loss	**521.534**	530.527	414.763
	2181.597	2909.676	2030.304

	31 March 2017	31 March 2016	1 April 2015
Trade receivables			
Neither past due nor impaired	**1248.427**	1302.559	1051.333
Less than 180 days	**599.205**	1363.963	656.947
181 - 365 days	**77.817**	99.678	110.723
More than 365 days	**256.148**	143.476	211.301
Total	**2181.597**	**2909.676**	**2030.304**

Reconciliation of loss provision

	Trade receivables
Loss allowance as at 1 April 2015	414.763
Changes in loss allowance	115.764
Loss allowance as at 31 March 2016	530.527
Changes in loss allowance	(8.993)
Loss allowance as at 31 March 2017	521.534

B) Liquidity risk

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

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

Exposure to risk	31 March 2017	31 March 2016	1 April 2015
Interest bearing borrowings			
On demand	**-**	-	-
Less than 180 days	**0.205**	0.205	-
181 - 365 days	**0.205**	0.205	-
More than 365 days	**0.819**	1.229	2.049
Total	**1.229**	1.639	2.049
Other liabilities			
On demand	**8.748**	13.870	8.924
Less than 180 days	**43.997**	49.016	57.214
181 - 365 days	**-**	-	-
More than 365 days	**-**	-	-
Total	**52.745**	62.886	66.138
Trade payables			
On demand	**-**	-	-
Less than 180 days	**1600.946**	1666.135	1461.053
181 - 365 days	**-**	-	-
More than 365 days	**-**	-	-
Total	**1600.946**	1666.135	1461.053

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

The company has access to following undrawn facilities at the end of the reporting period (Interest rates 9.00% to 10.00%)

	31 March 2017	31 March 2016	1 April 2015
Expiring within one year	**560.000**	560.000	560.000
Expiring beyond one year	**-**	-	-

(C) Foreign currency risk

The company is exposed to foreign exchange risk mainly through its sales to overseas customers and purchases from overseas suppliers in various foreign currencies. The company evaluates exchange rate exposure arising from foreign currency transactions and the company follows established risk management policies, including use of derivatives like foreign exchange forward contracts to hedge exposure to foreign currency risk, where the economic conditions match the company's policy.

Foreign currency exposure :

Financial assets	Currency	Amount in foreign currency			Amount in INR		
		31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
Trade receivables	EUR	**0.869**	1.085	0.250	59.537	80.546	16.698
	USD	**10.566**	18.143	11.461	680.339	1193.980	712.638
	GBP	**0.180**	0.285	0.309	14.417	26.824	28.329
Bank accounts	EUR	**-**	0.007	0.038	-	0.540	2.551
	USD	**2.769**	2.575	2.401	178.281	169.435	149.312
Foreign exchange	EUR	**0.285**	0.200	1.000	19.528	14.850	66.890
forward contracts	USD	**4.850**	9.200	26.850	312.292	605.452	1669.533

Financial liabilities	Currency	Amount in foreign currency			Amount in INR		
		31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
Trade payables	EUR	**0.427**	0.623	0.238	29.852	47.220	14.984
	USD	**0.860**	2.588	2.377	56.174	172.665	162.238
	GBP	**0.006**	0.002	0.008	0.514	0.165	0.749

Currency wise net exposure (assets -liabilities)

Particulars	Amount in foreign currency			Amount in INR		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
EUR	**0.727**	0.669	1.050	49.213	48.715	71.155
USD	**17.325**	27.330	38.335	1114.737	1796.202	2369.246
GBP	**0.174**	0.283	0.301	13.903	26.659	27.579

Sensitivity analysis

Currency	Amount in INR		Sensitivity %	Impact on profit (strengthen)		Impact on profit (weakening)	
	2017	2016		2017	2016	2017	2016
EUR	**49.213**	48.715	2.55%	(1.256)	(1.243)	1.256	1.243
GBP	**1114.737**	1796.202	5.01%	(55.797)	(89.907)	55.797	89.907
USD	**13.903**	26.659	7.56%	(1.051)	(2.015)	1.051	2.015
Total	**1177.853**	1871.576		(58.103)	(93.165)	58.103	93.165

(GBP - Great Britain Pound, EUR- Euro, USD - US Dollar)

Notes to the Financial Statements for the year ended 31st March, 2017

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

41 Capital management

Risk management

The company's objectives when managing capital are to

-safeguard it's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and

-Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry, the company monitors capital on the basis of the following gearing ratio: Net debt (total borrowings net of cash and cash equivalents) divided by total 'equity' (as shown in the balance sheet).

The company's strategy is to maintain a gearing ratio of 0%. The gearing ratios were as follows:

	31 March 2017	31 March 2016
Loans and borrowings	**0.819**	1.229
Less: cash and cash equivalents	**612.742**	595.322
Net debt	**-**	-
Equity	**7148.824**	6574.843
Capital and net debt	**7148.824**	6574.843
Gearing ratio	**0%**	0%

42 Explanation of transition to Ind AS

These are Company's first financial statements prepared in accordance with Indian Accounting Standards (Ind AS) as notified under Companies' (Indian Accounting Standards) Rules, 2015. In preparing the financial statements for the year ended 31 March 2016 and balance sheet as at 1 April 2015 (date of transition), the Company has adjusted amounts reported previously in financial statements prepared in accordance with Indian Generally Accepted Accounting Principles (Indian GAAP). This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2015 and the financial statements for the year ended 31 March 2016.

A. Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has elected to apply the following exemptions:

1. Property, plant and equipment, investment property and intangible assets

   Since, there is no change in the functional currency, the Company has elected to continue with the carrying value for all of its property, plant and equipment, investment property and intangible assets as recognised in its Indian GAAP financials as deemed cost at the transition date.

2. Share based payments

   Ind AS 102 share based payment has not been apllied to equity instruments in share based transactions that vested before 1 April 2015.

3. Investments in subsidiaries

   The Company has elected to continue with carrying value for all of its investment in subsidiaries as recognised in its Indian GAAP financials as deemed cost as at the transition date.

B. Exceptions applied

1. Government loans

The Company as a first-time adopter did not, under Indian GAAP, recognise and measure a government loan at a below-market rate of interest as a government grant. Accordingly, the Company has used its previous GAAP carrying amount of the loan at the date of transition.

2. Estimates

The estimates at 1 April 2015 and at 31 March 31 2016 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of Indian GAAP did not require estimation:

FVTOCI – unquoted equity shares

FVTPL – debt securities

Impairment of financial assets based on expected credit loss model

Fair valuation of financial instruments carried at FVTPL

Determination of the discounted value of financial instruments carried at amortised cost

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at 1 April 2015, the date of transition to Ind AS and as of 31 March 2016.

3. Derecognition of financial assets and liabilities

Ind AS 101, requires first time adopter to apply the derecognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements of Ind AS 109, retrospectively from a date of the company's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities de-recognised as a result of past transaction was obtained at the time of initially accounting of transactions. The Company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from date of transition to Ind AS.

Explanation of transition to Ind AS

An explanation of how the transition from Indian GAAP to Ind AS has affected the Company's financial position, financial performance and cash flow is set out in the following tables and notes that accompany the tables. The reconciliations include-

- equity reconciliation as at 1 April 2015;

- equity reconciliation as at 31 March 2016;

- profit reconciliation for the year ended 31 March 2016;

There are no material adjustments to the cash flow statements

Notes to the Financial Statements for the year ended 31st March, 2017

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

In the reconciliations mentioned above, certain reclassifications have been made from Indian GAAP financial information to align with the Ind AS presentation.

Reconciliation of equity as previously reported under Indian GAAP to Ind AS

Particulars	Notes	31 March 2016			1 April 2015		
		Indian GAAP	Effect of transition	Ind AS	Indian GAAP	Effect of transition	Ind AS
ASSETS							
Non-current assets							
Property, plant and equipment	e,j	1983.487	(126.321)	1857.166	2125.947	(126.198)	1999.749
Capital work-in-progress		7.435	-	7.435	13.891	-	13.891
Investment property	j	-	136.928	136.928	-	136.928	136.928
Intangible assets		27.113	-	27.113	24.331	-	24.331
Financial assets							
Investments		1769.596	-	1769.596	1412.150	-	1412.150
Loans	i	68.541	(31.999)	36.542	79.214	(34.421)	44.793
Others	e	0.020	-	0.020	2.220	(2.200)	0.020
Deferred tax assets (net)	l	50.995	(4.109)	46.886	-	-	-
Other assets	e,i	77.347	25.879	103.226	16.690	29.752	46.442
		3984.534	**0.378**	**3984.912**	**3674.443**	**3.861**	**3678.304**
Current assets							
Inventories		713.950	-	713.950	703.059	-	703.059
Financial assets							
Investments	g	1159.522	56.998	1216.520	1479.278	36.495	1515.773
Trade receivables		2909.676	-	2909.676	2030.304	-	2030.304
Cash and cash equivalents		437.689	-	437.689	619.028	-	619.028
Other bank balances		157.633	-	157.633	109.526	-	109.526
Loans	i	0.664	9.900	10.564	-	9.900	9.900
Others	e,f	34.745	(5.126)	29.619	62.610	(8.060)	54.550
Current tax asset (net)		56.499	-	56.499	-	-	-
Other assets	e,i	1164.566	3.823	1168.389	1644.718	3.823	1648.541
		6634.944	**65.595**	**6700.539**	**6648.523**	**42.158**	**6690.681**
TOTAL ASSETS		**10619.478**	**65.973**	**10685.451**	**10322.966**	**46.019**	**10368.985**
EQUITY AND LIABILITIES							
EQUITY							
Equity share capital		355.945	-	355.945	354.930	-	354.930
Other equity	b,e,f,g,h,i,k	6154.136	64.762	6218.898	5799.226	387.431	6186.657
		6510.081	**64.762**	**6574.843**	**6154.156**	**387.431**	**6541.587**
LIABILITIES							
Non-current liabilities							
Financial liabilities							
Borrowings		1.229	-	1.229	2.049	-	2.049
Provisions		125.151	-	125.151	117.848	-	117.848
Deferred tax liabilities (net)	l	-	-	-	8.540	2.840	11.380
		126.380	**-**	**126.380**	**128.437**	**2.840**	**131.277**
Current liabilities							
Financial liabilities							
Trade payables		1666.135	-	1666.135	1461.053	-	1461.053
Other financial liabilities		62.085	1.211	63.296	64.370	1.768	66.138
Other current liabilities	h	2097.247	-	2097.247	2026.796	-	2026.796
Provisions	k	157.550	-	157.550	455.577	(346.020)	109.557
Current tax liabilities (net)		-	-	-	32.577	-	32.577
		3983.017	**1.211**	**3984.228**	**4040.373**	**(344.252)**	**3696.121**
TOTAL LIABILITIES		**4109.397**	**1.211**	**4110.608**	**4168.810**	**(341.412)**	**3827.398**
TOTAL EQUITY AND LIABILITIES		**10619.478**	**65.973**	**10685.451**	**10322.966**	**46.019**	**10368.985**

Notes to the Financial Statements for the year ended 31st March, 2017

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

Reconciliation of profit as previously reported under Indian GAAP to Ind AS

Particulars	Notes	Year ended 31 March 2016		
		Indian GAAP	Effect of transition	Ind AS
INCOME				
Revenue from operations	a	8239.779	340.016	8579.795
Other income	g,h,i	142.441	27.471	169.912
Total income		**8382.220**	**367.487**	**8749.707**
EXPENSES				
Cost of materials consumed		3923.173	-	3923.173
Changes in inventories of finished goods and work-in-progress		(5.114)	-	(5.114)
Employee benefits expense	b,c,d	1273.462	29.882	1303.344
Finance costs	d	0.085	6.941	7.026
Depreciation and amortisation expense	e	214.857	0.122	214.979
Excise duty expense	a	-	340.016	340.016
Other expenses	e,f,g,h,i	2188.988	2.727	2191.715
Total expense		**7595.451**	**379.688**	**7975.139**
Profit before tax		**786.769**	**(12.201)**	**774.568**
Tax expenses				
Current tax		182.834	-	182.834
Deferred tax	l	(59.537)	1.050	(58.487)
Adjustments of tax relating to earlier periods		(3.841)	-	(3.841)
Total tax expense		**119.456**	**1.050**	**120.506**
Profit for the year		**667.313**	**(13.251)**	**654.062**
Other comprehensive income				
Items that will not be reclassified to profit and loss:				
Re-measurement of defined benefit plans	c	-	0.635	0.635
Income tax effect	l	-	(0.220)	(0.220)
Other comprehensive income		-	0.415	0.415
Total comprehensive income for the year		**667.313**	**(12.836)**	**654.477**

Notes to the reconciliations:

a) Excise duty

Under Indian GAAP, excise duty is reduced from gross revenues to report revenues net of excise duty. Under Ind AS, revenue includes gross inflows of economic benefits received by a company for its own account. Excise duty collected, which is a duty on manufacture and a primary obligation of the manufacturer is considered as revenue with the corresponding payments to government as expenditure. This adjustment does not have any impact on statement of profit and loss.

The impact arising from this change is summarised as follows:

Statement of profit and loss	31 March 2016
Revenue from operations	340.016
Excise duty expense	340.016

b) Share based payment transactions - Employee Stock Option Plan (ESOP)

Under Indian GAAP, a company uses intrinsic value approach to measure the cost of share based payments. Under this approach, if the exercise price for employee stock option is not less than the market price of the underlying shares on the date of the grant, no compensation cost is recorded. Under Ind AS, costs of share based payments are recorded based on the fair value of employee stock option. Under this approach, the instrument would have a value even if the exercise price is equal to the market price of the underlying shares on the date of grant.

Notes to the Financial Statements for the year ended 31st March, 2017

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

The impact arising from this change is summarised as follows:

Statement of profit and loss	31 March 2016
Employee benefits expense	36.188

Balance sheet	31 March 2016	1 April 2015
Other equity*		
Retained earnings	(59.773)	(23.585)
Share option outstanding account	58.739	23.585
Securities premium	1.034	-

* This adjustment does not have any impact on equity.

c) Employee benefit expenses - actuarial gains and losses and return on plan assets

Under Indian GAAP, actuarial gains and losses and return on plan assets on post-employment defined benefit plans are recognised immediately in statement of profit and loss. Under Ind AS, remeasurements which comprise of actuarial gains and losses, return on plan assets and changes in the effect of asset ceiling, if any, with respect to post-employment defined benefit plans are recognised immediately in other comprehensive income (OCI). Further, remeasurements recognised in OCI are never reclassified to statement of profit and loss.

The impact arising from this change is summarised as follows:

Statement of profit and loss	31 March 2016
Profit and loss	
Employee benefits expense	0.635
Other comprehensive income	
Items that will not be reclassified to profit or loss	
Re-measurement of defined benefit plan	0.635

Actuarial gains and losses are recognised in other comprehensive income and transferred to retained earnings. Accordingly, this adjustment does not have any impact on equity.

d) Employee benefit expenses - net interest income / expenses

Under Indian GAAP, net finance cost / income on post-employment defined benefit plans is recognised in statement of profit and loss under 'employee benefit expense'. Under Ind AS, net finance cost / income is recorded under 'finance cost / income'. This adjustment does not have any impact on statement of profit and loss.

The impact arising from this change is summarised as follows:

Statement of profit and loss	31 March 2016
Employee benefits expense	(6.941)
Finance costs	6.941

e) Reclassification of leases of land

Under Indian GAAP, there is no specific guidance for contracts that involve leases of land. Under Ind AS, lease of land is recognised as operating or finance lease as per definition and classification criteria stated in standard on leases. Accordingly, as on the date of transition, the leases of land have been classified as operating / finance lease as the case may be.

The impact arising from this change is summarised as follows:

Statement of profit and loss	31 March 2016
Depreciation and amortization expense	0.122
Other expenses	(1.234)

Balance sheet	31 March 2016	1 April 2015
Property, plant and equipment	10.607	10.730
Other non-current financial assets	-	(2.200)
Other non-current assets	8.676	9.642
Other current financial assets	(2.200)	(2.200)
Other current assets	0.963	0.963
Retained earnings	18.047	16.936

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

f) Foreign exchange forward derivative contracts

Under Indian GAAP, the premium or the discount on foreign exchange forward derivative contracts related to underlying receivables and payables are amortised over the period of the contracts. In case of foreign exchange forward derivative contracts entered into at highly probable future transactions or firm commitments, mark to market losses (gains are ignored), if any, are recognised in the statement of profit and loss at the reporting date. Under Ind AS, all the foreign exchange forward derivative contracts are recorded at fair value with the subsequent changes in fair value recognised in the statement of profit and loss.

The impact arising from this change is summarised as follows:

Statement of profit and loss		31 March 2016
Other expenses		(2.933)

Balance sheet	31 March 2016	1 April 2015
Other current financial assets	(2.927)	(5.860)
Retained earnings	(2.927)	(5.860)

g) Investment in mutual funds

Under Indian GAAP, current investments in mutual funds are measured at cost or net realisable value, whichever is lower. Under Ind AS, investments in mutual funds are classified as 'fair value through profit or loss' and are measured at fair value at each reporting date. The subsequent changes in the fair value of such investments are recognised in statement of profit and loss.

The impact arising from this change is summarised as follows:

Statement of profit and loss		31 March 2016
Other income		22.287
Other expenses		1.783

Balance sheet	31 March 2016	1 April 2015
Current investments	56.998	36.495
Retained earnings	56.998	36.495

h) Corporate guarantee

Under Indian GAAP, financial guarantee given by the parent on behalf of its subsidiaries is recognised as 'contingent liability'. Under Ind AS, corporate / financial guarantee is treated as financial liability and recognised at fair value on initial and subsequent recognition. The fair value of the guarantee recoverable from the subsidiary is treated as receivable from subsidiary. The fair value of the guarantee not recoverable from the subsidiary is written off as expenditure. Finance income is recognised over the term of the guarantee using effective interest method.

The impact arising from this change is summarised as follows:

Statement of profit and loss		31 March 2016
Other income		2.762
Other expenses		2.205

Balance sheet	31 March 2016	1 April 2015
Other current financial liabilities	1.211	1.768
Retained earnings	(1.211)	(1.768)

i) Interest-free security deposits paid

Under Indian GAAP, interest-free lease security deposits paid are reported at their transaction values. Under Ind AS, interest-free security deposits are measured at fair value on initial recognition and at amortised cost on subsequent recognition. The difference between the transaction value and fair value of the lease deposit at initial recognition is treated as prepaid rentals. This amount is recognised in statement of profit and loss on a straight line basis over the lease term.

The impact arising from this change is summarised as follows:

Statement of profit and loss	31 March 2016
Other expenses	2.906
Other income	2.422

Notes to the Financial Statements for the year ended 31st March, 2017

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

Balance sheet	31 March 2016	1 April 2015
Non-current financial assets - loans	(31.999)	(34.421)
Other non-current assets	17.203	20.110
Current financial assets - loans	9.900	9.900
Other current assets	2.860	2.860
Retained earnings	(2.036)	(1.552)

j) Investment property

Under Indian GAAP, there is limited guidance on investment property. Under Ind AS, investment property comprises of land or building held for earning rentals or for capital appreciation or both. Where a property is held for a currently undetermined future use, it is regarded as held for capital appreciation. Investment property is required to be measured at cost and is subsequently depreciated based on its useful life. Fair value of the investment property is to be disclosed at every reporting period end.

The impact arising from this change is summarised as follows:

Balance sheet	31 March 2016	1 April 2015
Property, plant and equipment	(136.928)	(136.928)
Investment property	136.928	136.928

(k) Proposed dividend

Under Indian GAAP, dividend proposed after the date of the financial statements but prior to the approval of financial statements is considered as an adjusting event, and a provision for dividend is recognised in the financial statements of the period to which the dividend relates. Under Ind AS, dividend declaration is considered as a non-adjusting event and provision for dividend is recognised only in the period when the dividend is approved by the shareholders in annual general meeting.

The impact arising from this change is summarised as follows:

Balance sheet	31 March 2016	1 April 2015
Retained earnings	-	346.020
Current provisions	-	(346.020)

l) Deferred tax

Under Indian GAAP, deferred taxes are recognised using income statement approach i.e. reflecting the tax effects of timing differences between accounting income and taxable income for the period. Under Ind AS, deferred taxes are recognised using balance sheet approach i.e. reflecting the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes using the income tax rates enacted or substantively enacted at reporting date. Also, deferred taxes are recognised on account of the above mentioned changes explained in notes (a) to (k), wherever applicable, are summarised below.

The impact arising from this change is summarised as follows:

Statement of profit and loss	31 March 2016
Deferred tax recognised in profit and loss	1.050
Deferred tax recognised in other comprehensive income	0.220

Balance sheet	31 March 2016	1 April 2015
Deferred tax asset	(4.109)	-
Deferred tax liability	-	2.840
Retained earnings	(4.109)	(2.840)

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

For and on behalf of the Board of Directors of Praj Industries Limited

Pramod Chaudhari
Executive Chairman

Sachin Raole
CFO and Director- Finance & Commercial

Dattatraya Nimbolkar
Chief Internal Auditor & Company Secretary

Sivaramakrishnan S Iyer
Director

Place: Pune
Date: 24 May 2017

Independent Auditors' Report

TO THE MEMBERS OF PRAJ INDUSTRIES LIMITED

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of Praj Industries Limited (hereinafter referred to as "the Holding Company"), and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") which comprise the Consolidated Balance Sheet as at 31st March, 2017, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these consolidated Ind AS financial statements that give a true and fair view of the consolidated state of affairs, consolidated profit (including other comprehensive income), consolidated cash flows and consolidated changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the 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 consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us, the audit evidence obtained by the other auditors and the information provided by the management in terms of their reports referred to in para (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the consolidated state of affairs of the Company as at 31st March, 2017, and its consolidated profit (including other comprehensive income), its consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Other Matters

a) We did not audit the financial statements of four subsidiaries whose financial statements reflect total assets of ₹ 136.18 Million as at 31st March, 2017, total revenues of ₹ 100.57 Million and net cash outflows amounting to ₹ 84.978 Million for the year ended on that date, as considered in the consolidated Ind AS financial statements. These financial statements have been audited by other auditors/ compiled by the management, whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries,

and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors/ management.

b) The comparative financial information of the Group for the year ended 31st March, 2016 and the transition date opening balance sheet as at 1st April 2015 included in these consolidated Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 which were audited by us and the predecessor auditor respectively. The report for the year ended 31st March, 2016 dated 20th May, 2016 and for the year ended 31st March, 2015 dated 28th May 2015 expressed an unmodified opinion on those consolidated financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

Our opinion on the Consolidated Ind AS Financial Statements and our report on Other Legal and Regulatory Requirements below, with respect to our reliance on the work done and the reports of the other auditors and the financial statements/ financial information certified by the Management and also with respect to the transition to Ind AS, is not modified.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable, 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 consolidated Ind AS financial statements.

   b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

   c) The consolidated Balance Sheet, the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.

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

   e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors/ management of its subsidiary companies, none of the directors of the Group companies is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate Report in “Annexure A”.

   g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer note 28 to the consolidated Ind AS financial statements.

      ii. The Group did not have any long term contracts including derivative contracts having material foreseeable losses for which provision was required.

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies, and jointly controlled company incorporated in India.

      iv. The company has provided the disclosure regarding Specified Bank Notes (SBN) in Note 38 of the consolidated Ind AS financial statements as per notification no. G.S.R. 308(E), dated 30th March 2017 issued by the Ministry of Corporate Affairs. However, we are not in a position to comment on the details of SBN's as the necessary evidence is not available for our verification as on the date of our audit report.

For **M/s P.G.BHAGWAT**
Chartered Accountants
Firm's Registration No.: 101118W

Sandeep Rao
Partner
Membership No.: 47235

Pune, 24th May, 2017

Annexure A: To the Independent Auditors' Report of even date on the consolidated Ind AS financial statements of Praj Industries Limited

Report on the Internal Financial Controls

Under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Praj Industries Limited (hereinafter referred to as "the Holding Company"), and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") as of 31st March, 2016 in conjunction with our audit of the consolidated Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Holding Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Group considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Group's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 consolidated Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Group's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Group has maintained, in all material respects, adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as of 31st March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

We did not audit the internal financial controls over financial reporting of 4 subsidiaries, which are located outside India and are not companies registered under The Companies Act, 2013.

For **M/s P.G.BHAGWAT**
Chartered Accountants
Firm's Registration No.: 101118W

Sandeep Rao
Partner
Membership No.: 47235

Pune, 24th May, 2017

Consolidated Balance Sheet as at 31st March, 2017

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

Particulars	Note no.	31 March 2017	31 March 2016	1 April 2015
ASSETS				
Non-current assets				
Property, plant and equipment	3	**1915.277**	2069.595	2242.087
Capital work-in-progress	3	**314.564**	7.638	13.891
Investment property	3	**136.928**	136.928	136.928
Goodwill	3	**626.150**	626.150	626.150
Intangible assets	3	**20.209**	27.575	24.493
Intangible assets under development		**-**	0.700	-
Financial assets				
Investments	4	**0.115**	100.145	100.145
Loans	5	**61.493**	61.143	68.489
Others	6	**232.515**	107.320	0.020
Deferred tax assets (net)	26	**25.797**	73.851	38.442
Other assets	7	**189.264**	165.164	88.810
		3522.312	3376.209	3339.455
Current assets				
Inventories	8	**1045.254**	1008.135	976.117
Financial assets				
Investments	4	**1343.287**	1216.519	1515.771
Trade receivables	9	**2948.786**	3671.029	2804.840
Cash and cash equivalents	10	**691.832**	604.782	754.984
Other bank balances	11	**43.828**	213.697	244.526
Loans	5	**0.179**	10.564	9.900
Others	6	**33.005**	29.787	49.824
Current tax asset (net)		**83.235**	59.851	-
Other assets	7	**2162.369**	1377.031	1710.719
		8351.775	8191.395	8066.681
TOTAL ASSETS		**11874.087**	11567.604	11406.136
EQUITY AND LIABILITIES				
EQUITY				
Equity share capital	12	**358.888**	355.945	354.930
Other equity	13	**6737.453**	6196.902	6199.421
Sub-total - total equity attributable to parent		**7096.341**	6552.847	6554.351
Non-controlling interests		**2.791**	2.820	148.416
Total equity		**7099.132**	6555.667	6702.767
LIABILITIES				
Non-current liabilities				
Financial liabilities				
Borrowings	14	**0.819**	1.229	2.049
Provisions	15	**157.767**	130.209	120.547
		158.586	131.438	122.596
Current liabilities				
Financial liabilities				
Borrowings	14	**42.592**	159.089	170.663
Trade payables	16	**2134.398**	2071.536	1772.442
Other financial liabilities	17	**64.478**	74.444	77.608
Other current liabilities	18	**2196.347**	2413.033	2412.132
Provisions	15	**178.554**	162.397	112.751
Current tax liabilities (net)		**-**	-	35.177
		4616.369	4880.499	4580.773
TOTAL LIABILITIES		**4774.955**	5011.937	4703.369
TOTAL EQUITY AND LIABILITIES		**11874.087**	11567.604	11406.136
Summary of significant accounting policies	2			

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

As per our report of even date.
For **M/s P.G. Bhagwat**
Chartered Accountants
Firm Regn No.: 101118W

For and on behalf of the Board of Directors of Praj Industries Limited

Sandeep Rao
Partner
Membership No.: 47235

Pramod Chaudhari
Executive Chairman

Sachin Raole
CFO and Director-Finance & Commercial

Dattatraya Nimbolkar
Chief Internal Auditor and
Company Secretary

Sivaramakrishnan S Iyer
Director

Place: Pune
Date: 24 May 2017

Consolidated Statement of Profit and Loss for the year ended 31st March, 2017

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

Particulars	Note no.	31 March 2017	31 March 2016
INCOME			
Revenue from operations	19	**9551.624**	10638.168
Other income	20	**222.781**	183.562
Total Income		**9774.405**	10821.730
EXPENSES			
Cost of materials consumed	21	**4770.073**	4671.862
Changes in inventories of finished goods, stock-in-trade and work-in-progress	22	**(98.665)**	(2.158)
Employee benefits expense	23	**1480.358**	1543.683
Finance costs	24	**13.078**	20.252
Depreciation and amortization expense	3	**221.243**	250.249
Excise duty expense		**401.712**	402.130
Other expenses	25	**2311.353**	2881.616
Total expenses		**9099.152**	9767.634
Profit before tax		**675.253**	1054.096
Tax expenses	26		
Current tax		**180.841**	265.771
Deferred tax		**47.546**	(35.635)
Adjustments of tax relating to earlier periods		**0.867**	(0.762)
Total tax expenses		**229.254**	229.374
Profit for the year		**445.999**	824.722
Attributable to :			
Non-controlling interests		**(0.029)**	0.099
Owners of the company		**446.028**	824.623
Other comprehensive income			
Items that will not be reclassified to profit and loss:			
Re-measurement of defined benefit plans		**1.473**	0.652
Income tax effect		**(0.508)**	(0.226)
		0.965	0.426
Items that will be reclassified to profit and loss:			
Exchange differences on translation of foreign operations		**(7.349)**	6.417
		(7.349)	6.417
Other comprehensive income		**(6.384)**	6.843
Total comprehensive income for the year		**439.615**	831.565
Attributable to :			
Non-controlling interests		**(0.029)**	0.099
Owners of the company		**439.644**	831.466
Earnings per equity share (Nominal value per share INR 2 each)	27		
(1) Basic		**2.50**	4.64
(2) Diluted		**2.49**	4.61
Summary of significant accounting policies	2		
The accompanying notes are an integral part of the financial statements.			

As per our report of even date.
For **M/s P.G. Bhagwat**
Chartered Accountants
Firm Regn No.: 101118W

For and on behalf of the Board of Directors of Praj Industries Limited

Sandeep Rao
Partner
Membership No.: 47235

Pramod Chaudhari
Executive Chairman

Sachin Raole
CFO and Director-Finance & Commercial

Dattatraya Nimbolkar
Chief Internal Auditor and
Company Secretary

Sivaramakrishnan S Iyer
Director

Place: Pune
Date: 24 May 2017

Consolidated Cash Flow Statement for the year ended 31st March, 2017

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

		31 March 2017	31 March 2016
A.	**Cash flow from operating activities**		
	Net profit before tax	**675.253**	1054.096
	Adjustments for:		
	Loss / (profit) on sale of property, plant and equipment	**0.021**	(0.178)
	Gain on redemption of mutual fund investments	**(8.586)**	(16.699)
	Gain on redemption of bonds	**(2.603)**	-
	Bad Debts / Provision for doubtful debts and advances	**109.428**	167.516
	Excess provision / creditors written back (including advances)	**(25.453)**	(32.884)
	Unrealised foreign exchange (gain) / loss (net)	**(3.754)**	(13.902)
	Depreciation and amortisation	**221.243**	250.249
	Interest earned	**(33.992)**	(45.604)
	Unrealised gain on mutual fund investments	**(56.080)**	(22.287)
	Dividend from mutual fund investments	**(43.374)**	(48.555)
	Interest charged	**5.564**	13.090
	Actuarial gains /(losses) routed through other comprehensive income	**1.473**	0.652
	Equity-settled share-based payment transactions	**14.828**	36.186
	Operating profit before working capital changes	**853.968**	1341.680
	Changes in working capital		
	(Increase) /decrease in trade receivables	**595.793**	(1023.920)
	(Increase)/decrease in inventories (including contracts in progress)	**(860.318)**	346.589
	(Increase)/decrease in non-current loans	**(0.350)**	7.346
	(Increase)/decrease in other non-current financial assets	**(125.195)**	(107.300)
	(Increase)/decrease in other non-current assets	**(23.907)**	(26.799)
	(Increase)/decrease in current loans	**10.385**	-
	(Increase)/decrease in other current assets	**43.051**	(49.911)
	Increase/(decrease) in trade payables	**91.360**	332.417
	Increase/(decrease) in other current financial liabilities	**(4.844)**	(8.520)
	Increase/(decrease) in other current liabilities	**(216.686)**	0.901
	Increase/(decrease) in long term provisions	**27.558**	9.662
	Increase/(decrease) in short term provisions	**16.157**	49.646
	Cash generated from operations	**406.972**	871.791
	Direct taxes paid (including taxes deducted at source), net of refunds	**(205.092)**	(360.799)
	NET CASH FROM OPERATING ACTIVITIES	**201.880**	510.992
B.	**Cash flow from investing activities**		
	Purchase of property, plant and equipment and intangible assets	**(367.213)**	(126.196)
	Investments:		
	- in subsidiaries	**-**	(357.446)
	- in mutual funds	**(670.491)**	(989.206)
	Sale of investments		
	- in mutual funds	**608.389**	1327.447
	- in debentures & bonds	**102.633**	-
	Proceeds from sale of property, plant and equipment	**1.216**	1.631
	Interest received on investments	**37.101**	45.364
	Dividend received on investments	**43.374**	48.555
	Investment /(redemption) in fixed deposits	**164.679**	35.821
	NET CASH FROM / (USED) IN INVESTING ACTIVITIES	**(80.312)**	(14.030)

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

		31 March 2017	31 March 2016
C.	**Cash flow from financing activities**		
	Proceeds from exercise of employee stock options	**89.021**	35.572
	Increase / (Decrease) in Long term borrowings	**(0.410)**	(0.410)
	Increase / (Decrease) in borrowings	**(116.497)**	(11.574)
	Dividend paid including dividend distribution tax	**(5.122)**	(688.033)
	Interest paid	**(5.564)**	(13.090)
	NET CASH FROM / (USED) IN FINANCING ACTIVITIES	**(38.573)**	(677.536)
	Net increase/(decrease) in cash and cash equivalents (A+B+C)	**82.995**	(180.574)
	Cash and cash equivalents at the beginning of the year (Refer Note 10)	**604.782**	754.984
	Add: effect of exchange rate changes on cash and cash equivalents	**4.055**	30.372
	Cash and cash equivalents at the end of the year (Refer Note 17)	**691.832**	604.782
	The accompanying notes are an integral part of the Cash Flow statement		

As per our report of even date.
For **M/s P.G. Bhagwat**
Chartered Accountants
Firm Regn No.: 101118W

Sandeep Rao
Partner
Membership No.: 47235

Place: Pune
Date: 24 May 2017

For and on behalf of the Board of Directors of Praj Industries Limited

Pramod Chaudhari
Executive Chairman

Sachin Raole
CFO and Director-Finance & Commercial

Dattatraya Nimbolkar
Chief Internal Auditor and
Company Secretary

Sivaramakrishnan S Iyer
Director

Statement of changes in equity for the year ended 31st March, 2017

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

A. Equity share capital

Balance as on 1 April 2015	Changes in equity share capital during the year	Balance as on 31 March 2016
354.930	1.015	355.945
Balance as on 1 April 2016	**Changes in equity share capital during the year**	**Balance as on 31 March 2017**
355.945	2.944	358.889

B. Other equity

Particulars	Reserves and Surplus								Total attributable to owners of the company	Non controlling interest	Total
	Capital Reserve	Securities Premium Reserve	Other Reserves			General reserve	Retained earnings	Exchange differences on translating the financial statements of a foreign operation			
			Capital redemption reserve	Amalgamation reserve	Share option outstanding account						
Balance at the beginning of the reporting period as at 1 April 2015	0.033	570.015	14.627	3.063	23.585	891.500	4679.507	17.091	6199.421	148.416	6347.837
Profit for the year							824.623		824.623	0.099	824.722
Other comprehensive income							0.426	6.417	6.843	-	6.843
Dividends (including dividend distribution tax)							(692.979)		(692.979)	-	(692.979)
Transfer to retained earnings						67.000	(67.000)		-	-	-
Goodwill on addition stake in Praj Hipurity Systems Limited							(211.749)		(211.749)	-	(211.749)
Employee stock options exercised during the year		35.591			(1.034)				34.557	-	34.557
Equity settled share based payment to employees					36.186				36.186	-	36.186
Chnages in non-controlling interest									-	(145.596)	(145.596)
Balance as on 31 March 2016	**0.033**	**605.606**	**14.627**	**3.063**	**58.737**	**958.500**	**4532.828**	**23.508**	**6196.902**	**2.919**	**6199.821**
Profit for the year							446.028		446.028	(0.029)	445.999
Other comprehensive income							0.965	(7.349)	(6.384)	-	(6.384)
Dividends (including dividend distribution tax)									-	-	-
Transfer to retained earnings									-	-	-
Employee stock options exercised during the year		104.706			(18.628)				86.078	-	86.078
Equity settled share based payment to employees					14.829				14.829	-	14.829
Employee stock options expired and transferred to/from statement of profit and loss					(16.823)		16.823		-	-	-
Balance as on 31 March 2017	**0.033**	**710.312**	**14.627**	**3.063**	**38.115**	**958.500**	**4996.644**	**16.159**	**6737.453**	**2.791**	**6740.244**

You reap the harvest...

Notes to the Consolidated Financial Statements for the year ended 31st March, 2017

1 The corporate overview

Praj Industries Limited ('PIL' or 'the holding company' or 'the company') is a public company domiciled in India and incorporated under the provisions of Indian Companies Act. The company's registered office is "Praj Tower", S. No. 274 and 275/2, Bhumkar Chowk-Hinjewadi road, Hinjewadi, Pune – 411057, Maharashtra, India. The company's ordinary shares are listed on the Bombay Stock Exchange and National Stock Exchange in India.

The consolidated financial statements comprise the financial statements of the company and its subsidiaries (together referred to as "the group").

The group is engaged in the business of process and project engineering. The group caters to both domestic and international markets. Further, the group also provides design and engineering services.

2 Significant accounting policies

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

2.1 Basis of preparation

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

The financial statements up to the year ended 31 March 2016 were prepared in accordance with the Companies (Accounting Standards) Rules, 2006, notified under section 133 of the Act and other relevant provisions of the Act.

These are the group's first financial statements prepared in accordance with Ind AS and 'Ind AS 101 - First-time Adoption of Indian Accounting Standards' (Ind AS 101) has been applied. The transition has been carried out from Indian GAAP which is considered as the Previous GAAP, as defined in Ind AS 101. An explanation of how the transition to Ind AS has affected the reported balance sheet, profit or loss and cash flows of the group is provided in note 43.

The consolidated financial statements were authorised for issue by the Board of Directors on 24 May 2017.

2.2 Basis of measurement

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

Items	Measurement basis
Derivative financial instruments at fair value through profit or loss	Fair value
Certain non-derivative financial instruments at fair value through profit or loss	Fair value
Equity-settled share based payment transactions	Grant date fair value
Defined benefit plan assets	Fair value

2.3 Functional and presentation currency

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

2.4 Significant accounting judgments, estimates and assumptions

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

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

The areas involving critical estimates and judgements are:

- Estimation of current tax expense and payable – Note 26
- Estimation of defined benefit obligation – Note 33
- Recognition of revenue – Note 29

- Recognition of deferred tax assets for carried forward tax losses – Note 26
- Impairment of trade receivables – Note 40

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

2.5 Current versus non-current classification

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

An asset as current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

All other liabilities are classified as non-current.

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

2.6 Principles of consolidation

The consolidated financial statements comprise the financial statements of the company and its subsidiaries as at 31 March 2017. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the holding company, i.e., year ended on 31 March. The subsidiaries considered in the consolidated financial statements are summarized below:

% of shareholding in equity shares

Name of the subsidiary	Country of incorporation	31 March 2017	31 March 2016
Praj Engineering & Infra Ltd. (Formerly known Pacecon Engineering Projects Ltd.)	India	**99.65%**	99.65%
Praj Far East Co Ltd.	Thailand	**100.00%**	100.00%
Praj Americas Inc	United States of America	**100.00%**	100.00%
Praj Industries Namibia Pty Ltd	Namibia	**100.00%**	100.00%
Praj HiPurity Systems Limited	India	**100.00%**	100.00%
Praj Industries (Africa) Pty. Ltd.	South Africa	**100.00%**	100.00%
Praj Far East Philippines Ltd. Inc.,	Philippines	**100.00%**	100.00%

In preparing the consolidated financial statements, the Group has used the following key consolidation procedures:

- Combine like items of assets, liabilities, equity, income, expenses and cash flows of the holding company with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of assets and liabilities recognised in the consolidated financial statements at the acquisition date.
- Offset (eliminate) the carrying amount of the holding company's investment in each subsidiary and the holding company's portion of equity of each subsidiary. Business combinations policy explains accounting for any related goodwill.
- Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group. Profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full. However, intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 - Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit and loss and each component of other comprehensive income ('OCI') are attributed to the equity holders of the holding company of the group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it deconsolidates the subsidiary from the date it ceases control.

2.7 Business combination and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed (including contingent liabilities) are recognised/ measured at their acquisition date fair values, except for certain cases.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in in OCI and accumulated in equity as capital reserve.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

2.8 Property, plant and equipment

- **Recognition and measurement**

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

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

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

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

- **Subsequent costs**

  The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the group and its cost can be measured

reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of profit and loss as incurred.

- **Disposal**

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

- **Depreciation**

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

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

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

Asset	Useful life (in years)
Buildings	30-60
Plant and machinery	7.5-15
Computers and office equipment	3-5
Vehicles	8
Furniture and fixtures	10

2.9 Intangible assets

- **Recognition and measurement**

  Intangible assets are recognised when the asset is identifiable, is within the control of the group, it is probable that the future economic benefits that are attributable to the asset will flow to the group and cost of the asset can be reliably measured.

  Expenditure on research activities is recognised in the statement of profit and loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the group intends to and has sufficient resources to complete development and to use or sell the asset.

  Intangible assets acquired by the group that have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level.

- **Subsequent measurement**

  Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

- **Amortisation**

  Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value. Amortisation is recognised in statement of profit and loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

  The estimated useful lives for current and comparative periods are as follows:

Asset	Useful life
Technical know-how	5 - 10 years
Software	5 years

2.10 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the group, is classified as investment property.

Investment property is initially measured at cost, including related transaction costs. The cost of investment property includes its purchase price and directly attributable expenditure, if any. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with expenditure will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

Subsequent to the initial recognition, investment property is stated at cost less accumulated depreciation and accumulated impairment loss, if any. Depreciation on investment property has been provided in a manner that amortise the cost of the assets over their estimated useful lives on straight line method as per the useful life prescribed under Schedule II to the Act. Investment property in the form of land is not depreciated.

Investment property is derecognised either when it is disposed off or permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statement profit and loss in the period of derecognition.

2.11 Impairment of non-financial assets

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

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

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

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

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

2.12 Inventories

Raw materials, components, stores and spares, work-in-progress and finished goods are valued at lower of cost and net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

Cost of raw materials, components, stores and spares comprises cost of purchases. Cost of work-in-progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated based on normal operating capacity. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Costs are assigned to individual items of inventory based on weighted average basis.

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

2.13 Cash and cash equivalents

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

2.14 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured, regardless of when the payment is being made.

Revenue is measured at the fair value of the consideration received or receivable. Amounts included in revenue are inclusive of excise duty and net of returns, trade allowances, rebates, value added taxes and amounts collected on behalf of third parties.

- **Contract revenue**

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

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

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

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

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

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

- **Sale of goods and rendering of services**

  Revenue from sale of goods in the course of ordinary activities is recognised when property in the goods or all significant risks and rewards of their ownership are transferred to the customer and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of the goods and regarding its collection.

  Revenue from services is recognised as the related services are performed.

2.15 Other income

- **Interest income**

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

- **Dividends**

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

- **Export benefits**

  Export benefits in the form of Duty Draw Back / Focus Market Scheme (FMS) / Focus Product Scheme (FPS) / Merchandise Exports Incentive Scheme (MEIS) claims are recognised in the statement of profit and loss on receipts basis.

2.16 Foreign currency transactions and balances

The Group's consolidated financial statements are presented in Indian Rupees, which is also the functional currency of the holding company. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

(i) Transaction and balances

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

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

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

(ii) Group companies

On consolidation, the assets and liabilities of the subsidiaries are translated into Indian Rupees at the rate of exchange prevailing at the reporting date and their statements of profit and loss are translated at average exchange rates. Equity items, other than retained earnings, are translated at the spot rate in effect on each related transaction date (specific identification). Retained earnings are translated at the weighted average exchange rate for the relevant year.

The exchange differences arising on translation for consolidation are recognised in other comprehensive income.

2.17 Employee benefits

- **Short-term employee benefits**

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

- **Post-employment benefits**

Defined contribution plans

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

Defined benefit plans

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

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

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

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

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

Other long-term employee benefits

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

Termination benefits

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

2.18 Share-based payments

The grant fair value of equity settled share based payment awards granted to employees is recognised as employee benefit expense with corresponding increase in equity. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are required to be satisfied. At the end of each reporting period, the group revises its estimates of the number of options that are expected to vest based on the service and non-vesting conditions. It recognises the impact of the revision to original estimates, if any, in the statement of profit and loss, with a corresponding adjustment to equity.

2.19 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

- **Group as a lessee**

  A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the group is classified as a finance lease.

  Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss.

  A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

  Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term unless the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases or another systematic basis is available.

- **Group as lessor**

  Leases in which the group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease unless the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases or another systematic basis is available. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

  Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the group to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the group's net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

2.20 Borrowing costs

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

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

2.21 Income tax

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

- **Current tax**

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

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

- **Deferred tax**

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

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

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

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

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

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

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

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

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

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

2.22 Provisions and contingencies

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

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

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

Contingent liability is disclosed in case of

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

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

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

2.23 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit for the year attributable to equity holders of the group by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

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

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

2.24 Fair value measurement

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

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

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

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

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

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

2.25 Financial instruments

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

Financial assets

Classification

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

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

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

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

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

Measurement

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

Debt instruments

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

Debt instruments at amortised cost

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

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

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

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

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

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

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

Equity investments

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

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

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

Derecognition

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

Impairment of financial assets

The group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the assets carried at amortised cost and FVTOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 40 details how the group determines whether there has been a significant increase in credit risk.

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

Non-derivative financial liabilities

Recognition

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

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

Measurement

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

Derecognition

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

Offsetting of financial instruments

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

2.26 Cash dividend to equity holders

The group recognises a liability to make cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the group. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

2.27 Government grant

Government grants are recognised at their fair value when there is a reasonable assurance that the grant will be received and group will comply with all attached conditions.

Government grants relating to income are deferred and recognised in the statement of profit and loss over the period necessary to match them with costs that they are intended to compensate and presented within other income.

Government grants relating to purchase of property, plant and equipment are initially recognised as deferred income at fair value and subsequently recognised in the statement of profit and loss on a systematic basis over the useful life of the asset.

2.28 Recent accounting pronouncements

Standards issued but not yet effective

On March 30, 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows' and IFRS 2, 'Share-based payment,' respectively.

Amendment to Ind AS 7: Statement of cash flows

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. These amendments are effective for annual periods beginning on or after April 1, 2017. Application of the amendments will result in additional disclosures provided by the group.

Amendment to Ind AS 102: Share-based payment

The amendment to Ind AS 102 address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

The amendments are effective for annual periods beginning on or after April 1, 2017. These amendments are not expected to have any impact on the group.

Notes to the Consolidated Financial Statements for the year ended 31st March, 2017

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

3 Property, plant and equipment, capital work-in-progress, investment property and intangible assets

	Tangible Assets								Intangible assets			Goodwill	Investment property	
	Land (Leasehold)	Land (Freehold)	Buildings	Plant and machinery	Computers & Office Equipment	Vehicles	Furniture and fixtures	Total	Technical Knowhow	Softwares	Total		Land (Freehold)	Grand Total
Gross Block														
As at 1 April 2015	11.000	230.308	1441.363	1129.321	261.922	47.490	241.034	3362.438	91.050	83.477	174.527	822.712	136.928	4496.605
Additions during the year	-	-	0.243	53.835	8.407	6.520	0.939	69.944	-	12.250	12.250	-	-	82.194
Deletions during the year	-	-	-	0.829	-	6.984	-	7.813	-	-	-	-	-	7.813
As at 31 March 2016	11.000	230.308	1441.606	1182.327	270.329	47.026	241.973	3424.569	91.050	95.727	186.777	822.712	136.928	4570.986
Additions / adjustments	-	-	7.670	45.394	4.082	0.282	1.292	58.720	-	2.074	2.074	-	-	60.794
Deletions	-	-	-	0.193	0.948	2.844	-	3.985	-	-	-	-	-	3.985
As at 31 March 2017	11.000	230.308	1449.276	1227.528	273.463	44.464	243.265	3479.304	91.050	97.801	188.851	822.712	136.928	4627.795
Accumulated depreciation and amortisation														
As at 1 April 2015	0.270	-	237.958	572.964	179.092	18.326	111.741	1120.351	71.614	78.420	150.034	196.562	-	1466.947
Charge for the year	0.123	-	45.359	132.776	34.218	5.134	23.471	241.081	6.189	2.979	9.168	-	-	250.249
Depreciation on deletions	-	-	-	0.586	0.024	5.863	(0.015)	6.458	-	-	-	-	-	6.458
As at 31 March 2016	0.393	-	283.317	705.154	213.286	17.597	135.227	1354.974	77.803	81.399	159.202	196.562	-	1710.738
Charge for the year	0.122	-	44.348	116.366	23.298	4.971	22.698	211.803	5.765	3.675	9.440	-	-	221.243
Deletions / Adjustments	-	-	-	0.177	0.809	1.764	-	2.750	-	-	-	-	-	2.750
As at 31 March 2017	0.515	-	327.665	821.343	235.775	20.804	157.925	1564.027	83.568	85.074	168.642	196.562	-	1929.231
Net Carrying value														
As at 31 March 2017	**10.485**	**230.308**	**1121.611**	**406.185**	**37.688**	**23.660**	**85.340**	**1915.277**	**7.482**	**12.727**	**20.209**	**626.150**	**136.928**	**2698.564**
As at 31 March 2016	10.607	230.308	1158.289	477.173	57.043	29.429	106.746	2069.595	13.247	14.328	27.575	626.150	136.928	2860.248
As at 1 April 2015	10.730	230.308	1203.405	556.357	82.830	29.164	129.293	2242.087	19.436	5.057	24.493	626.150	136.928	3029.658

Note:

1. The land has been taken on a long term lease i.e. for 99 years.
2. Refer Note 28 for contractual commitments for the acquisition of property plant and equipment.

You reap the harvest...

3 Property, plant and equipment, capital work-in-progress, investment property and intangible assets

Details of capital work-in-progress and intangible under development

Particulars	Capital work-in-progress		Intangible under development	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
Balance at start of the year	**7.638**	13.891	**0.700**	-
Add: Additions during the year	**312.188**	1.324	**-**	0.700
Less: Capitalised during the year	**5.262**	7.577	**0.700**	-
Balance at the end of the year	**314.564**	7.638	**-**	0.700

Capital work-in-progress (CWIP) comprises of:

a. Building INR 28.146 million (31 March 2016 INR 5.528 million)

b. Integrated Bio-refinery 2nd Generation Demonstration Plant engineered, developed and constructed in house ("Demo Plant") INR 284.000 million (31 March 2016 Nil) which includes employee benefit expenses of INR 72.146 million.

c. Machinery INR 2.418 million (31 March 2016 INR 1.907 million)

Investment property: reconciliation of fair value

Particulars	Land
Fair value as at 1 April 2015	298.908
Fair value difference	15.732
Fair value as at 31 March 2016	314.640
Fair value difference	16.560
Fair value as at 31 March 2017	331.200

The Company has obtained independent valuation for its investment property from a government approved valuer who is a specialist in valuing these types of investment properties.

The valuation has been made with reference to the prevailing market rates and using the approved valuation method.

All resulting fair value estimates for investment property are considered as Level 3.

Notes to the Consolidated Financial Statements for the year ended 31st March, 2017

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

	31 March 2017	31 March 2016	1 April 2015
4 Investments			
Unquoted Investments:			
Investment in Shares	**0.102**	0.102	0.102
5100 (31 March 2016 : 5100, 1 April 2015 : 5100) shares of INR 20 each fully paid of The Cosmos Co-operative Bank Limited.			
	0.102	0.102	0.102
Investment in National saving certificate	**0.013**	0.013	0.013
	0.115	0.115	0.115
Quoted investments in non-convertible debentures / bonds:			
Bonds issued by Power Grid Corporation of India Limited SR-XLVIII Coupon 8.20% - Nil (31 March 2016 : 100 ; 1 April 2015 : 100)	**-**	100.030	100.03
	-	100.030	100.030
	0.115	100.145	100.145
Current investments			
(i) Investments at fair value through profit and loss (FVTPL)			
Quoted mutual funds			
BSL treasury optimizer plan - quarterly dividend - regular plan - 1,096,960 units (31 March 2016 : 1,033,467 units ; 1 April 2015 : 973,483 units)	**114.914**	107.222	101.666
ICICI Prudential FMP SR 74 - 369 days -10,000,000 units (31 March 2016 : 10,000,000 units ; 1 April 2015 : 10,000,000 units)	**126.521**	116.879	107.577
ICICI Prudential dynamic bond fund - regular P-MD - 5,373,946 Units (31 March 2016 : 5,033,450 units ; 1 April 2015 : 4,773,573 units)	**58.510**	54.376	51.628
ICICI Pudential short term - regular plan - fortnight - 4,658,957 units (31 March 2016 : 4,426,439 units ; 1 April 2015 : 4,211,739 units)	**57.796**	53.768	50.963
Kotak FMP series 154 direct - GW - 5,000,000 units (31 March 2016 : 5,000,000 units ; 1 April 2015 : 5,000,000 units)	**64.477**	59.775	55.185
Reliance medium term fund -direct growth plan - 1,612,139 units (31 March 2016 : 1,612,139 units ; 1 April 2015 : Nil)	**55.925**	51.161	-
Invesco FMP SR 23 plan L - regular plan growth - 5,000,000 units (31 March 2016 : 5,000,000 units ; 1 April 2015 : 5,000,000 units)	**63.220**	58.790	54.181
Invesco India annual interval fund - plan B - 5,000,000 units (31 March 2016 : 5,000,000 units ; 1 April 2015 : 5,000,000 units)	**58.440**	54.520	50.254
Templeton India low duration fund - monthly dividend - 11,430,519 units (31 March 2016 : 10,753,127 units ; 1 April 2015 : 10,151,223 units)	**120.841**	113.005	106.590
Templeton India ultra short bond fund - weekly dividend - 11,960,649 units (31 March 2016 : 11,256,705 units ; 1 April 2015 : 10,595,863 units)	**120.990**	113.821	106.979
Tata short term bond fund plan A - fortnight - 3,880,396 units (31 March 2016 : 3,792,284 units ; 1 April 2015 : 3,667,842 units)	**57.499**	53.573	50.487
UTI - short term income fund - insti option - GW - 6,120,700 units (31 March 2016 : 6,120,700 units ; 1 April 2015 : 6,120,700 units)	**122.038**	111.193	102.973
HSBC cash fund - daily dividend - 1791 units (31 March 2016 : nil units ; 1 April 2015 : 16,418 units)	**1.792**	-	16.427
BSL savings fund - weekly dividend - regular plan - 516,196 units (March 31, 2016 : nil units ; April 1st, 2015 : nil units)	**51.772**	-	-
ICICI banking and PSU debt fund-weekly dividend - 5,071,037 units (March 31, 2016 : nil units ; April 1st, 2015 : nil units)	**51.978**	-	-
Kotak low duration fund - 26,285 units (March 31, 2016 : nil units ; April 1st, 2015 : nil units)	**52.109**	-	-

Notes to the Consolidated Financial Statements for the year ended 31st March, 2017

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

	31 March 2017	31 March 2016	1 April 2015
IDFC dynamic bond fund plan B-growth - 2,871,725 units (March 31, 2016 : nil units ; April 1st, 2015 : nil units)	**60.166**	-	-
RELIANCE fixed horizon fund-XXXI-SR9 - 5,000,000 units (March 31, 2016 : nil units ; April 1st, 2015 : nil units)	**52.548**	-	-
DSP blackrock banking and PSU debt fund-weekly dividend - 5,088,457 units (March 31, 2016 : nil units ; April 1st, 2015 : nil units)	**51.752**	-	-
HDFC high interest fund - dynamic plan - quarterly dividend - nil units (31 March 2016 : 8,941,551 units ; 1 April 2015 : 8,646,983 units)	**-**	106.176	102.060
L&T ultra short term fund - monthly dividend - nil units (31 March 2016 : 4,217,941 units ; 1 April 2015 : 4,029,629 units)	**-**	53.527	50.490
IDFC dynamic bond fund - annual dividend - nil units (31 March 2016 : 4,994,073 units ; 1 April 2015 : 4,856,092 units)	**-**	52.903	51.017
Reliance dynamic bond fund - quarterly dividend - nil units (31 March 2016 : 4,990,205 units ; 1 April 2015 : 4,881,832 units)	**-**	52.650	50.412
Taurus liquid fund - existing plan - super inst - weekly dividend - nil units (31 March 2016 : 3,176 units ; 1 April 2015 : 100,717 units)	**-**	3.180	100.854
BSL floating rate fund - long term- weekly dividend - regular plan - nil units (31 March 2016 : nil units ; 1 April 2015 : 528,111 units)	**-**	-	53.067
DWS ultra short term fund - weekly dividend - nil units (31 March 2016 : nil units ; 1 April 2015 : 4,998,266 units)	**-**	-	50.481
ICICI prudential flexible income - regular plan - weekly dividend - nil units (31 March 2016 : nil units ; 1 April 2015 : 525,832 units)	**-**	-	55.513
JP Morgan India treasury fund super inst weekly dividend - nil units (31 March 2016 : nil units ;1 April 2015 : 5,275,534 units)	**-**	-	53.256
Sundaram money bonus principal units - nil units (31 March 2016 : nil units ; 1 April 2015 : 8,893,418 units)	**-**	-	93.712
Total current	**1343.287**	1216.519	1515.771
Total	**1343.402**	1416.694	1715.946
Aggregate book value of quoted investments	**1343.287**	1316.549	1615.801
Aggregate market value of quoted investments	**1343.287**	1317.601	1616.839
Aggregate book value of unquoted investments	**0.115**	0.115	0.115

5 Loans

Non-current			
Security deposits			
Unsecured considered good	**61.493**	61.143	68.489
	61.493	61.143	68.489
Current			
Security deposits			
Unsecured considered good	**0.179**	10.564	9.900
	0.179	10.564	9.900
	61.672	71.707	78.389

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

Notes to the Consolidated Financial Statements for the year ended 31st March, 2017

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

		31 March 2017	31 March 2016	1 April 2015
6	**Other financial assets**			
	Non-current			
	Financial assets at amortised cost			
	Deposits with banks with an original maturity of more than 12 months	**232.515**	107.320	0.020
		232.515	107.320	0.020
	Current			
	Financial assets at amortised cost			
	Foreign exchange forward contracts	**20.601**	14.274	34.551
	Interest accrued on fixed deposits	**12.404**	15.513	15.273
		33.005	29.787	49.824
	Total other financial assets	**265.520**	137.107	49.844
7	**Other assets**			
	Non-current			
	Capital advances	**88.917**	88.724	39.169
	Balances with central excise, customs and Value added tax authorities	**84.730**	60.655	41.084
	Prepaid expenses	**3.300**	3.468	3.872
	Others	**12.317**	12.317	4.685
		189.264	165.164	88.810
	Current			
	Contracts in progress (Refer Note 29)	**1637.052**	813.853	1192.460
	Advances to suppliers	**155.366**	163.270	187.402
	Balances with central excise, customs and Value added tax authorities	**227.906**	223.468	205.029
	Prepaid expenses	**65.783**	35.526	88.191
	Amounts receivable in cash or kind	**76.262**	140.914	37.637
		2162.369	1377.031	1710.719
	Total Other assets	**2351.633**	1542.195	1799.529
8	**Inventories (valued at lower of cost and net realisable value)**			
	Raw materials	**759.382**	820.928	792.376
	Work in progress	**189.037**	135.890	136.306
	Finished goods	**96.835**	51.317	47.435
		1045.254	1008.135	976.117

Notes to the Consolidated Financial Statements for the year ended 31st March, 2017

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

		31 March 2017	31 March 2016	1 April 2015
9	**Trade receivables**			
	Current			
	Unsecured, considered good	**2948.786**	3671.029	2804.840
	Unsecured, considered doubtful	**638.638**	594.836	469.966
		3587.424	4265.865	3274.806
	Less: Impairment allowance (allowance for bad and doubtful debts)	**638.638**	594.836	469.966
		2948.786	3671.029	2804.840

No trade receivables are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade receivables are due from firms or private companies respectively in which any director is a partner, a director or a member. Trade receivables are non-interest bearing and generally on credit terms of 3 to 6 months

10	**Cash and cash equivalents**			
	Balances with banks			
	On current accounts	**303.401**	511.281	448.269
	Deposits with original maturity of less than 3 months	**365.918**	66.124	300.076
	Cheques, drafts on hand	**20.671**	24.705	3.448
	Cash on hand	**1.842**	2.672	3.191
		691.832	604.782	754.984
11	**Other bank balances**			
	Unclaimed dividend account	**8.828**	14.018	9.026
	Deposits with maturity for more than 3 months but less than 12 months	**35.000**	199.679	235.500
		43.828	213.697	244.526

Notes to the Consolidated Financial Statements for the year ended 31st March, 2017

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

	31 March 2017	31 March 2016	1 April 2015
12 Equity share capital			
Authorised shares			
450,000,000 (31 March 2016: 450,000,000 ; 1 April 2015: 450,000,000)equity shares of INR 2 each	**900.000**	900.000	900.000
Issued, subscribed and fully paid-up shares			
179,444,188 (31 March 2016: 177,972,409 ; 1 April 2015: 177,465,079) equity shares of INR 2 each	**358.888**	355.945	354.930
Total	**358.888**	355.945	354.930

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period:

	No.	**Amount**	No.	Amount	No.	Amount
At the beginning of the period	**177,972,409**	**355.945**	177,465,079	354.930	177,465,079	354.930
Add: Allotted during the period pursuant to exercise of employees stock options (Refer note 34)	**1,471,779**	**2.944**	507,330	1.015	-	-
Outstanding at the end of the period	**179,444,188**	**358.889**	177,972,409	355.945	177,465,079	354.930

b. Terms/ Rights attached to equity shares:

The Company has only one class of equity shares having a par value of INR 2 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.

The Board of Directors proposed a final dividend of INR 1.62 per equity share for the financial year ended 31 March 2015 and the same was approved by the shareholders at the Annual General Meeting held on 6 August 2015. The amount was recognized as distributions to equity shareholders during the year ended 31 March 2016. This event is considered as non-adjusting event.

The Board of Directors declared an interim dividend of INR 1.62 per equity share during the financial year 2015-16. The amount was recognized as distributions to equity shareholders during the year ended 31 March 2016.

The Board of Directors proposed a final dividend of INR 1.62 per equity share for the financial year ended 31 March 2017. The proposal is subject to the approval of shareholders at the Annual General Meeting to be held and if approved, will be recognised as distributions to equity shareholders during the year ended 31 March 2018.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company after distributing all preferential amounts.

c. Shares held by holding/ultimate holding company and/or their subsidiaries/associates:

The company does not have any holding or ultimate holding company.

d. Details of shareholders holding more than 5% shares in the company:

Equity shares of INR. 2 each fully paid	31 March 2017		31 March 2016		1 April 2015	
	No.	**% of holding**	No.	% of holding	No.	% of holding
Pramod Chaudhari (Promoter)	**38,700,000**	**21.57%**	38,700,000	21.74%	38,700,000	21.81%
Parimal Chaudhari (Promoter)	**21,600,000**	**12.04%**	21,600,000	12.14%	21,600,000	12.17%
Tata Capital Financial Services Limited	**13,422,400**	**7.48%**	13,422,400	7.54%	13,422,400	7.56%
HDFC Trustee Company Limited - HDFC Equity Fund	**15,971,366**	**8.90%**	15,971,366	8.97%	15,971,366	9.00%

e. Shares reserved for issue under options:

Shares reserved for issue under the Employee Stock Option Plan (ESOP) please refer note 34.

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

	31 March 2017	31 March 2016	1 April 2015
Equity shares bought back by the Company	**2,083,013**	7,313,644	7,313,644

Notes to the Consolidated Financial Statements for the year ended 31st March, 2017

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

		31 March 2017	31 March 2016
13	**Other Equity**		
	Capital Reserve	**0.033**	0.033
	Amalgamation Reserve	**3.063**	3.063
	Capital Redemption Reserve	**14.627**	14.627
	Securities Premium		
	Balance as at the beginning of the year	**605.606**	570.015
	Add : Employee stock options exercised	**86.078**	34.557
	Add : Transfer from Share option outstanding account on exercise of options	**18.628**	1.034
	Balance at the end of the year	**710.312**	605.606
	Share option outstanding account		
	Balance as at the beginning of the year	**58.737**	23.585
	Add : Employee stock option expense	**14.829**	36.186
	Less: Employee stock options expired and transferred to statement of profit and loss	**16.823**	-
	Less : Transfer to Securities Premium on exercise of options	**18.628**	1.034
	Balance at the end of the year	**38.115**	58.737
	General Reserve		
	Balance as at the beginning of the year	**958.500**	891.500
	Add : amounts transferred from surplus balance in statement of profit and loss	**-**	67.000
	Balance at the end of the year	**958.500**	958.500
	Exchange differences on translation of foreign operations		
	Balance at the beginning of the year	**23.508**	17.091
	Add : due to transactions during the year	**(7.349)**	6.417
	Balance at the end of the year	**16.159**	23.508
	Surplus in the Statement of Profit and Loss		
	Balance as at the beginning of the year	**4532.828**	4679.507
	Profit as per statement of profit and loss	**446.028**	824.623
	Other comprehensive income	**0.965**	0.426
	Less: Appropriations		
	Interim equity dividend	**-**	288.273
	Tax on interim equity dividend	**-**	58.686
	Final equity dividend	**-**	287.493
	Tax on final equity dividend	**-**	58.527
	Transfer to general reserve	**-**	67.000
	Employee stock options expired and transferred from share option outstanding account	**16.823**	-
	Goodwill on addition stake in Praj Hipurity Systems Limited	**-**	211.749
	Net Surplus in Statement of Profit and Loss	**4996.644**	4532.828
	Total Other Equity	**6737.453**	6196.902

Notes to the Consolidated Financial Statements for the year ended 31st March, 2017

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

	31 March 2017	31 March 2016	1 April 2015
14 Borrowings			
Non-current			
Unsecured loan			
Non-current government loan	**1.229**	1.639	2.049
Less: Current maturities of non-current borrowings disclosed under the head 'other financial liabilities - current' (Refer note 17)	**0.410**	0.410	-
	0.819	1.229	2.049
Loan received from Department of Biotechnology (DBT) carrying interest at the rate of 2%. (Refer note 17)			
Repayment schedule is as below:			
i. Repayable within 1 to 2 years	**0.410**	0.410	0.410
ii. Repayable within 2 to 3 years	**0.410**	0.410	0.410
iii. Repayable after 3 years	**-**	0.410	1.229
Current			
Secured loans -Loans payable on demand			
(i) Cash Credit Loan	**-**	101.456	44.286
(ii) PCFC /PSFC Loan	**19.452**	34.906	101.266
(iii) Buyers Credit Loan	**23.140**	22.727	25.111
	42.592	159.089	170.663
Total Borrowings	**43.411**	160.318	172.712
15 Provisions			
Provision for Employee Benefits			
Compensated absences	**61.045**	33.316	26.392
Gratuity	**96.722**	96.893	94.155
	157.767	130.209	120.547
Current			
Provision for Employee Benefits			
Compensated absences	**29.873**	51.773	43.951
Gratuity	**16.344**	11.426	4.923
Performance Incentive	**132.337**	99.198	63.877
	178.554	162.397	112.751
Total provision	**336.321**	292.606	233.298
16 Trade Payables			
Current			
-To related parties	**0.027**	-	-
-To others			
Total outstanding dues of micro enterprises and small enterprises (Refer note ii)	**205.672**	67.821	99.386
Total outstanding dues of creditors other than micro enterprises and small enterprises	**1928.699**	2003.715	1673.056
	2134.398	2071.536	1772.442
Notes:			
i. Trade payables are non-interest bearing and are normally settled on 30-90 days terms			
ii. No interest is due/payable to parties under MSMED Act, 2006			
17 Other financial liabilities			
Current			
Current maturities of long term borrowings	**0.410**	0.410	-
Unclaimed dividends	**8.748**	13.870	8.924
Employee benefits payable	**45.000**	49.317	54.861
Other payables	**10.320**	10.847	13.823
	64.478	74.444	77.608
18 Other Liabilities			
Current			
Advances received from customers	**1803.661**	1766.109	1973.566
Dues to customers relating to contracts in progress (Refer Note 29)	**352.608**	558.464	384.399
Statutory dues payable	**40.078**	88.460	54.167
	2196.347	2413.033	2412.132

Notes to the Consolidated Financial Statements for the year ended 31st March, 2017

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

		31 March 2017	31 March 2016
19	**Revenue from operations**		
	Sale of Products and Projects (including excise duty)	**7421.701**	9963.082
	Add: Closing contracts in progress	**1313.122**	278.954
	Less: Opening contracts in progress	**278.954**	919.888
		8455.869	9322.148
	Sale of Services	**1004.828**	1129.241
	Add: Closing contracts in progress	**(28.678)**	(23.565)
	Less: Opening contracts in progress	**(23.565)**	(111.827)
		999.715	1217.503
	Other Operating revenue		
	Scrap Sales	**96.040**	81.827
	Sale of Licenses	**-**	16.690
		96.040	98.517
	Total Revenue from operations	**9551.624**	10638.168
20	**Other Income**		
	Foreign exchange fluctuation gain (net)	**45.375**	13.164
	Dividend from mutual fund investments current investment	**43.374**	48.555
	Gain on redemption of mutual fund investments (net)-current investment	**8.586**	16.699
	Investment In mutual fund fair valuation gain/loss	**56.080**	22.287
	Interest		
	- on fixed deposits	**29.576**	36.505
	- others	**4.416**	0.877
	(Loss) / profit on sale of property, plant and equipment (net)	**(0.021)**	0.178
	Excess provision / creditors written back (including advances)	**25.453**	32.884
	Other non-operating income	**9.942**	12.413
		222.781	183.562
21	**Cost of materials consumed**		
	Raw material consumed	**4770.073**	4671.862
		4770.073	4671.862
22	**(Increase) / Decrease in inventories of Finished Goods, Work in Progress**		
	Inventories at the end of the year		
	Work in progress	**189.037**	135.889
	Finished goods	**96.835**	51.317
		285.872	187.206
	Inventories at the beginning of the year		
	Work in progress	**135.890**	136.365
	Finished goods	**51.317**	48.683
		187.207	185.048
	(Increase) / Decrease in inventories	**(98.665)**	(2.158)

Notes to the Consolidated Financial Statements for the year ended 31st March, 2017

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

		31 March 2017	31 March 2016
23	**Employee Benefit Expenses**		
	Salaries, wages and bonus	**1344.721**	1374.267
	Contributions to provident and other funds (Refer note 33 a)	**45.929**	47.382
	Gratuity Expense (Refer note 33 b)	**17.406**	17.232
	Employee stock option expense	**14.828**	36.186
	Staff welfare	**57.474**	68.616
		1480.358	1543.683
24	**Finance costs**		
	Interest expense	**5.564**	13.090
	Net interest cost on net defined benefit obligations	**7.514**	7.162
		13.078	20.252
25	**Other Expenses**		
	Consumption of stores and spares	**129.326**	128.254
	Site expenses and labour charges	**825.905**	882.746
	Freight and transport	**194.942**	327.098
	Bad debts written off / Provision for doubtful debts and advances	**109.428**	167.516
	Sales commission	**45.950**	224.404
	Travel and conveyance	**253.644**	266.307
	Professional consultancy charges	**166.829**	229.422
	Insurance	**39.877**	32.299
	Rent (Refer note 32)	**78.116**	71.912
	Power and fuel	**55.366**	66.446
	Advertising and exhibition expenses	**24.739**	36.078
	Communication expenses	**27.660**	28.626
	Testing charges	**23.210**	37.200
	Repairs and maintenance:		
	Building	**4.387**	5.936
	Plant and Machinery	**19.928**	21.112
	Others	**18.669**	23.889
	Auditors' remuneration		
	for audit services	**5.297**	5.859
	for taxation services	**1.431**	1.412
	out of pocket expenses	**0.076**	0.062
	Rates and taxes	**4.131**	7.252
	Miscellaneous expenses	**282.442**	317.786
		2311.353	2881.616

Notes to the Consolidated Financial Statements for the year ended 31st March, 2017

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

		31 March 2017	31 March 2016
26	**Income tax**		
A	**Statement of profit and loss:**		
	Current income tax:		
	Current income tax charge	**180.841**	265.771
	Tax relating to earlier periods	**0.867**	(0.762)
	Deferred tax:		
	Relating to origination and reversal of temporary differences	**47.546**	(35.635)
	Income tax expense reported in the statement of profit and loss	**229.254**	229.374
B	**Statement of other comprehensive income:**		
	Deferred tax:		
	Remeasurements gains and losses on post employment benefits	**(0.508)**	(0.226)
	Income tax expense reported in the statement of other comprehensive income	**(0.508)**	(0.226)
C	**Reconciliation of effective tax rate**		
	Accounting profit before tax	**675.253**	1054.096
	Tax using the Company's domestic tax rate (34.608%)	**233.692**	364.802
	Adjustments in respect of current income tax of previous years	**0.867**	(0.762)
	Less: Tax effect of:		
	Tax rate difference on book profit as per Minimum Alternate Tax	**(84.344)**	-
	Tax effect on exempt income dividend	**(15.008)**	-
	Tax exempt income	**-**	(56.638)
	Accelerated deduction for research and development expenses	**-**	(68.276)
	Deduction availed on payment under section 43B	**-**	(0.190)
	Utilisation of previously unrecognised MAT credit	**-**	(40.664)
	Add: Tax effect of		
	Tax liability on IND AS adjustment to Retained earnings	**1.752**	-
	Tax liability on permanent Difference 14A Disallowance	**1.557**	-
	Effect on deduction claimed in MAT for Doubtful debt provision written back	**(2.430)**	-
	Deferred Tax expenses accounted as no effect of Timing differences on MAT liability	**66.011**	-
	Non-deductible expenses	**-**	17.305
	Deferred tax created on differences reversed after tax holiday period	**-**	2.198
	Deletion allowed for tax purposes in 14-15 and considered for deferred tax purpose in 15-16	**-**	2.171
	Difference between TDS 40(a) disallowed as per tax audit 14-15 and considered for deferred tax purposes	**-**	0.096
	Deferred tax asset not created on tax losses of subsidiaries (including difference in overseas tax rates)	**26.008**	5.932
	Others	**1.149**	3.400
	Total	**229.254**	229.374
	Income tax expense reported in the statement of profit and loss	**229.254**	229.374

Notes to the Consolidated Financial Statements for the year ended 31st March, 2017

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

D Deferred tax

Deferred tax relates to the following: Deferred tax asset / (liability)	Balance sheet			Statement of profit and loss & other comprehensive income	
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016
Deferred tax asset					
Provision for doubtful debts and advances	**204.961**	206.130	165.594	1.169	(40.536)
Gratuity	**39.100**	37.389	34.227	(1.711)	(3.162)
Long term capital losses	**27.939**	27.939	27.939	-	-
Carry forward business loss	**25.845**	-	-	(25.845)	-
Compensated absences	**31.544**	29.327	24.254	(2.217)	(5.073)
Percentage of completion on consolidated basis	**14.222**	2.951	28.930	(11.271)	25.979
Others	**9.786**	11.141	10.401	1.355	(0.740)
Total	**353.397**	314.877	291.345	(38.520)	(23.532)
Deferred tax liability					
Property, plant & equipment and intangible assets	**(324.597)**	(237.690)	(249.233)	86.907	(11.543)
Amortisation of prepaid lease rentals / others	**(3.003)**	(3.336)	(3.670)	(0.333)	(0.334)
Total	**(327.600)**	(241.026)	(252.903)	86.574	(11.877)
Net deferred tax asset / (liability)	**25.797**	73.851	38.442	-	-
Deferred tax expense/(income)				48.054	(35.409)
- Recognised in the statement of profit and loss				47.546	(35.635)
- Recognised in the statement of other comprehensive income				0.508	0.226

27 Earnings per share

Particulars	31 March 2017	31 March 2016
Reconciliation of basic and diluted shares used in computing earnings per share		
Weighted average number of basic equity shares	**178,470,172**	177,724,313
Add: effect of dilutive potential equity shares:		
- Employee stock options	**706,477**	1,114,078
Weighted average number of diluted equity shares	**179,176,649**	178,838,391
Computation of basic and diluted earnings per share		
Net profit after tax attributable to equity shareholders	**446.028**	824.623
Basic earnings per equity share of INR 2 each	**2.50**	4.64
Diluted earnings per equity share of INR 2 each	**2.49**	4.61

28 Capital commitments and contingent liabilities

Particulars	31 March 2017	31 March 2016
Capital commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	**51.189**	119.060
Contingent liabilities		
Claims against Company not acknowledged as debts (primarily relating to performance related claims filed by customers)	**60.731**	35.679
Disputed demands in appeal towards income tax, service tax & sales tax	**210.794**	200.086
Guarantee issued in respect of obligations of a subsidiary	**703.650**	571.537

Notes to the Consolidated Financial Statements for the year ended 31st March, 2017

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

29 Disclosures pursuant to Ind AS 11 – Construction contracts

Particulars	31 March 2017	31 March 2016
Contract revenue recognised during the year (excluding taxes)	**7131.105**	8584.716
Aggregate amount of contract costs incurred and recognised profits (less recognised losses)	**12296.637**	13279.948
Customer advances outstanding for contracts in progress	**1446.575**	1246.385
Retention money due from customers for contracts in progress	**665.969**	832.389
Gross amount due from customers for contract work (presented as contracts in progress)	**1637.052**	813.851
Gross amount due to customers for contract work (presented as dues to customers relating to contracts in progress)	**(352.607)**	(558.464)

30 Segment reporting

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

31 Related party transactions

a) Key management personnel and their close members of family

Executive Chairman	Mr. Pramod Chaudhari
CEO & Managing Director (Ceased to be a Director w.e.f 16 January 2017)	Mr. Gajanan Nabar
CFO and Director - Finance & Commercial	Mr. Sachin Raole
Chief Internal Auditor & Company Secretary	Mr. Dattatraya Nimbolkar
Non-executive directors	Mr. Berjis Desai
	Mr. Daljit Mirchandani
	Mr. Kishor Chaukar
	Mr. Parimal Chaudhari
	Mr. Prakash Kulkarni
	Mr. Rajiv Maliwal
	Mr. Sivaramakrishnan S. Iyer
Close members of family of key management personnel	Mrs. Parimal Chaudhari (Director)
	Mr. Parth Chaudhari

b) Entity controlled or jointly controlled by a person identified in c)

Praj Foundation

Notes to the Consolidated Financial Statements for the year ended 31st March, 2017

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

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

Particulars	31 March 2017	31 March 2016
Praj Foundation		
Donation paid	**18.531**	16.131
Pramod Chaudhari		
Short term employee benefits	**49.280**	59.559
Post employment benefits	**4.392**	4.392
Other long term employee benefits	**1.500**	1.380
Dividend	**-**	125.388
Payable	**0.100**	10.440
Gajanan Nabar		
Short term employee benefits	**18.121**	41.286
Post employment benefits	**0.646**	1.736
Other long term employee benefits	**-**	0.249
Share based payment*	**-**	4.701
Dividend	**-**	0.923
Rent paid	**-**	3.600
Payable	**0.100**	4.491
*Reversal of employee stock option expense for FY 2016-17 on account of resignation INR 0.175		
Sachin Raole		
Short term employee benefits	**2.668**	-
Post employment benefits	**0.185**	-
Other long term employee benefit	**0.166**	-
Share based payment	**1.352**	-
Payable	**0.655**	-
Dattatraya Nimbolkar		
Short term employee benefits	**6.914**	6.587
Post employment benefits	**0.382**	0.335
Other long term employee benefit	**0.181**	0.070
Share based payment	**0.355**	0.880
Payable	**1.440**	1.581
Parimal Chaudhari		
Commission on profit	**1.000**	1.170
Dividend	**-**	46.656
Payable	**1.000**	1.170
Parth Chaudhari		
Remuneration	**2.700**	2.700

32 Leases

The Company has entered into operating lease arrangements for office space, equipment and residential premises for its employees. Certain lease arrangements provide for cancellation by either party and also contain a clause for renewal of the lease agreement. Lease payments on cancellable and non-cancellable operating lease arrangements debited to the statement of profit and loss and the future minimum lease payments in respect of non-cancellable operating leases are summarised below:

Particulars	31 March 2017	31 March 2016
Future minimum lease payments in respect of non-cancellable leases		
- amount due within one year from the balance sheet date	**62.956**	63.991
- amount due in the period between one year and five years	**201.496**	215.018
- amount due after five years	**126.357**	167.816
Lease payments debited to statement of profit and loss		
- cancellable leases	**11.897**	8.662
- non cancellable leases	**66.218**	63.249

33 Employee benefits

a) Defined contribution plans

The Company has recognised INR 45.929 (31 March 2016: INR 47.382) towards post-employment defined contribution plans comprising of provident and superannuation fund in the statement of profit and loss.

b) Defined benefit plan

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

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

Particulars	31 March 2017	31 March 2016
Present value of obligation as at the beginning of the period	**187.705**	165.235
Interest cost	**13.920**	12.590
Current service cost	**18.027**	17.232
Benefits paid	**(10.090)**	(7.663)
Remeasurements on obligation - (gain) / loss	**(1.906)**	0.312
Present value of obligation as at the end of the period	**207.656**	187.705

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

Particulars	31 March 2017	31 March 2016
Fair value of plan assets at the beginning of the period	**79.386**	66.169
Interest income	**6.407**	5.427
Contributions	**9.697**	7.386
Benefits paid	**(0.351)**	(0.560)
Mortality Charges and Taxes	**(0.115)**	-
Return on plan assets, excluding amount recognized in interest income - gain / (loss)	**(0.433)**	0.964
Fair value of plan assets as at the end of the period	**94.591**	79.386

Notes to the Consolidated Financial Statements for the year ended 31st March, 2017

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

Amounts recognised in the balance sheet are as follows:

Particulars	31 March 2017	31 March 2016
Present value of obligation as at the end of the period	**207.656**	187.705
Fair value of plan assets as at the end of the period	**94.591**	79.386
Surplus / (deficit)	**(113.066)**	(108.319)

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

Particulars	31 March 2017	31 March 2016
Current service cost	**18.027**	17.232
Net interest (income) / expense	**7.514**	7.162
Net periodic benefit cost recognised in the statement of profit and loss at the end of the period	**25.542**	24.395

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

Particulars	31 March 2017	31 March 2016
Remeasurement for the year - obligation (gain) / loss	**(1.906)**	0.312
Remeasurement for the year - plan assets (gain) / loss	**0.433**	(0.964)
Total remeasurements cost / (credit) for the year	**(1.473)**	(0.652)

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

Particulars	31 March 2017	31 March 2016
Interest (income) / expense - obligation	**13.920**	12.590
Interest (income) / expense - plan assets	**(6.407)**	(5.427)
Net interest (income) / expense for the year	**7.513**	7.163

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

Particulars	31 March 2017	31 March 2016
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 2017	31 March 2016
Discount rate	**7.10%-7.30%**	7.6%-8.10%
Rate of increase in compensation levels	**5%-8%**	5%-8%
Expected rate of return on plan assets	**7.6% - 8.10%**	7.80%
Expected average remaining working lives of employees (in years)	**9.89 - 16.84**	10.21 - 17.10
Withdrawal rate		
Age upto 30 years	**2% - 7%**	2% - 7%
Age 31 - 40 years	**2% - 7%**	2% - 7%
Age 41 - 50 years	**2% - 7%**	2% - 7%
Age above 50 years	**2% - 7%**	2% - 7%

A quantitative sensitivity analysis for significant assumptions 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 2017	31 March 2016
Decrease by 1%	**219.438**	198.097
Increase by 1%	**197.338**	178.583

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 2017	31 March 2016
Decrease by 1%	**198.623**	179.700
Increase by 1%	**217.683**	196.581

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 2017	31 March 2016
Decrease by 1%	**207.816**	187.543
Increase by 1%	**207.507**	187.846

34 Employee Stock Option Plan (ESOP)

In the meeting of the Compensation and Share Allotment Committee held on 16th November, 2010 it was decided to utilise the surrendered and lapsed options out of earlier grant and 1,250,000 options (Plan A) were granted to CEO & MD with vesting period of 5 years in terms of his appointment at the relevant market price as Grant IV. In the Annual General Meeting of the Company held on 22 July 2011, total of 9,238,936 stock options were approved under the scheme "Employee Stock Option Plan 2011". In the Meeting of the Compensation and Share Allotment Committee held on 27 January 2015 it was decided to grant options to CEO & MD and senior executives of the Company at the relevant market price as ESOP 2011 – Grant I. The total options granted under ESOP 2011 - Grant I are 3,750,000 options out of which 250,000 options (Plan A) were granted to CEO & MD and 3,500,000 options (Plan B) were granted to senior executives of the Company. During the year 2015-16, 390,000 options were granted to senior executives of the Company as ESOP 2011 – Grant II to V. During the year 2016-17, 100,000 options were granted to senior executive of the Company as ESOP 2011 – Grant VI. The stock options vest in a graded manner equally over the period of vesting, each vesting taking effect as per the terms of the grant. The stock options granted are exercisable at 100% of the fair market value of the underlying equity shares of the Company as on the date of grant.

Amount of employee compensation expense recognised for employee services received during the year:

Particulars	31 March 2017	31 March 2016
Expense arising from equity-settled share-based payment transactions	**14.828**	36.186

There were no cancellations or modifications to the awards in 31 March 2017 or 31 March 2016.

Notes to the Consolidated Financial Statements for the year ended 31st March, 2017

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

Movements during the year

I. ESOP 2005 Grant IV (Plan A)

Particulars	31 March 2017		31 March 2016	
	Options	Weighted average exercise price INR	Options	Weighted average exercise price INR
Options outstanding at the beginning of the year	**820,000**	**72.70**	1,250,000	72.70
Options granted during the year	**-**	**NA**	-	NA
Options exercised during the year	**(411,179)**	**72.70**	(430,000)	72.70
Options cancelled during the year	**(408,821)**	**72.70**	-	NA
Options outstanding at the end of the year	**-**	**-**	820,000	72.70
Options exercisable at the end of the year	**-**	**-**	570,000	72.70
Range of exercise price of options outstanding at the end of the year	**NA**		INR 72.70	
Average share price during the year	**INR 84.95**		INR 63.91	
Weighted average remaining contractual life of options outstanding at the end of the year	**NA**		1.33 years	
Weighted average fair value of option as on date of grant	**16-Nov-2010**	**INR 38.19**	16-Nov-2010	INR 38.19

II. ESOP 2011 Grant I to VI

Particulars	31 March 2017		31 March 2016	
	Options	Weighted average exercise price INR	Options	Weighted average exercise price INR
Number of options outstanding at the beginning of the year	3,767,670	58.49	3,750,000	55.75
Number of options granted during the year	100,000	85.25	390,000	93.23
Number of options exercised during the year	(1,060,600)	55.75	(77,330)	55.75
Number of options forfeited during the year	(305,010)	55.75	(295,000)	70.30
Number of options outstanding at the end of the year	2,502,060	61.06	3,767,670	58.49
Number of options exercisable at the end of the year	1,230,195	59.90	1,027,669	55.75
Range of exercise price of options outstanding at the end of the year	INR 55.75 to 114.32		INR 55.75 to INR 114.32	
Average share price during the year	INR 84.95		INR 63.91	
Weighted average remaining contractual life of options outstanding at the end of the year	1.32 years		2.24 years	
Weighted average fair value of option as on date of grant (granted during the year)	22-Jul-2016	27.75	6-Aug-2015	32.71
			31-Aug-2015	26.22
			14-Oct-2015	23.80
			16-Nov-2015	26.93

Method used for calculating fair value of option – Black Scholes Option Valuation Model

Significant assumptions used in arriving at the fair value of options under Black Scholes model are stated as follows:

Particulars	FY 2016-17	FY 2015-16			
Grant date	22-Jul-2016	6-Aug-2015	31-Aug-2015	14-Oct-2015	16-Nov-2015
Risk-free interest rate	6.90%	7.80%	7.80%	7.56%	7.68%
Expected life	1-2 years	1-2 years	1-3 years	1-2 years	1-2 years
Expected volatility*	59.43%	57.55%	59.90%	59.08%	58.95%
Expected dividend yield	3.09%	3.08%	3.08%	3.08%	3.08%
Price of the underlying share in market at the time of grant of option (INR)	90.50	113.75	84.45	81.50	85.30

Notes to the Consolidated Financial Statements for the year ended 31st March, 2017

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

35 Expenditure on research & development activities

Revenue expenditure on research and development is charged under respective heads of account in the year in which it is incurred. Capital expenditure on research and development is included as part of property, plant and equipment and depreciated on the same basis as other property, plant and equipment.

Expected dividend yield	31 March 2017	31 March 2016
Capital expenditure (Including capital work-in-progress and excluding advances)	**289.497**	9.002
Revenue expenditure	**94.552**	187.684

36 Taxes

The company has not recognised MAT credit entitlement to the extent of INR 296.768 till 31st March, 2017 in respect of Income Tax paid in view of uncertainty of its utilisation for payment of tax in foreseeable future.

37 Corporate Social Responsibility (CSR) expenditure

The Company was required to spend INR 18.031 as expenditure on CSR as per requirements of the Companies Act, 2013. During the year, the Company has incurred CSR expenses of INR 19.641 as follows:

Amount spent on	Amounts paid	Yet to be paid	Total
Construction/acquisition of asset	Nil	Nil	Nil
On other purposes covered under Schedule VII to Companies Act, 2013	19.641*	Nil	19.641

*Includes INR 18.531 given to Praj Foundation which is a related party.

The above expenditure includes contribution/donation of INR 19.531 to trusts / institute which are engaged in activities eligible under Section 135 of Companies Act, 2013 read with Schedule VII thereto.

38 Disclosure of details of Specified Bank Notes (SBN) held and transacted during the period 8 November 2016 to 30 December 2016 has been provided in the table below:

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 8 November 2016	3.660	1.745	5.405
(+) Permitted receipts	-	4.373	4.373
(-) Permitted payments	0.072	4.619	4.691
(-) Amount deposited in banks	3.588	-	3.588
Closing cash in hand as on 30 December 2016	-	1.499	1.499

Note: The above disclosure is made for denomination in Indian currency notes.

Notes to the Consolidated Financial Statements for the year ended 31st March, 2017

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

39 Fair value measurements

As per assessments made by the management, fair values of all financial instruments carried at amortised cost (except as specified below) are not materially different from their carrying amounts since they are either short term nature or the interest rates applicable are equal to the current market rate of interest. The Company has performed a fair valuation of its investment in mutual funds which are classified as FVTPL using quoted prices

Sr. No.	Particulars	Carrying value		
		31 March 2017	31 March 2016	1 April 2015
	Financial asset			
	Levelled at level 3			
a)	**Carried at amortised cost**			
	Investment in Shares	**0.102**	0.102	0.102
	Levelled at level 2			
a)	**Carried at amortised cost**			
	Investment in quoted non-convertible debentures*	**-**	100.030	100.030
	Investment in National saving certificate	**0.013**	0.013	0.013
	Security deposits	**61.672**	71.707	78.389
	Trade receivable	**2948.785**	3671.029	2804.840
	Deposits with banks	**232.515**	107.320	0.020
	Other receivables	**12.404**	15.513	15.273
	Cash and cash equivalents	**735.660**	818.480	999.510
b)	**Carried at fair value through profit and loss (FVTPL)**			
	Foreign exchange forward contracts	**20.601**	14.274	34.551
	Levelled at level 1			
a)	Investments in mutual funds	**1343.287**	1216.519	1515.771
	Financial liabilities			
	Levelled at level 2			
a)	**Carried at amortised cost**			
	Borrowings	**43.821**	160.728	172.711
	Trade payables	**2134.398**	2071.536	1772.442
	Unclaimed dividends	**8.748**	13.870	8.924
	Financial guarantee contracts	**-**	-	-
	Other payables	**55.320**	60.165	68.684
*	Fair value of investment in quoted non-convertible debentures	**-**	101.082	101.068

40 Financial risk management policy and objectives

Company's principal financial liabilities, comprise loans and borrowings, 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 advances to subsidiaries, trade and other receivables, security deposits and cash and cash equivalents, that derive directly from its operations. In order to minimise any adverse effects on the financial performance of the company, it has taken various measures. This note explains the source of risk which the entity is exposed to and how the entity manages the risk and impact of the same in the financial statements.

Risk	Exposure arising from	Measurement	Management
Credit	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost.	Aging analysis, external credit rating (wherever available)	Diversification of bank deposits, credit limits and letters of credit
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
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 risk management is carried out by management, under policies approved by the board of directors. Company's treasury identifies, evaluates and hedges financial risks in close cooperation with the company's operating units. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, credit risk, and investment of excess liquidity.

(A) Credit risk

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

Credit risk management

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

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

(i) Actual or expected significant adverse changes in business,

(ii) Actual or expected significant changes in the operating results of the counterparty,

(iii) Financial or economic conditions that are expected to cause a significant change to counterparty's ability to meet its obligations,

(iv) Significant increases in credit risk on other financial instruments of the same counterparty,

(v) Significant changes in the value of collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements.

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

Notes to the Consolidated Financial Statements for the year ended 31st March, 2017

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

Provision for expected credit loss

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

Exposure to risk	31 March 2017	31 March 2016	1 April 2015
Trade receivables	**3587.424**	4265.865	3274.806
Less : expected loss	**638.638**	594.836	469.966
	2948.786	3671.029	2804.840

	31 March 2017	31 March 2016	1 April 2015
Trade receivables			
Neither past due nor impaired	**1553.306**	1539.884	1252.883
Past due but not impaired	**-**	-	-
Less than 180 days	**989.155**	1759.644	1104.866
181 - 365 days	**113.508**	119.595	181.779
More than 365 days	**292.817**	251.906	265.312
Total	**2948.786**	3671.029	2804.840

Reconciliation of loss provision

	Trade receivables
Loss allowance as at 1 April 2015	469.966
Changes in loss allowance	124.870
Loss allowance as at 31 April 2016	594.836
Changes in loss allowance	43.802
Loss allowance as at 31 April 2017	638.638

B) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, company maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. This is carried out in accordance with practice and limits set by the group. In addition, the company's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

Exposure to risk	31 March 2017	31 March 2016	1 April 2015
Interest bearing borrowings			
On demand	**42.592**	159.089	170.663
Less than 180 days	**0.205**	0.205	-
181 - 365 days	**0.205**	0.205	-
More than 365 days	**0.820**	1.229	2.049
Total	**43.822**	160.728	172.712
Other liabilities			
On demand	**8.748**	13.870	8.924
Less than 180 days	**55.320**	60.164	68.684
181 - 365 days	**-**	-	-
More than 365 days	**-**	-	-
Total	**64.068**	74.034	77.608
Trade payables			
On demand	**-**	-	-
Less than 180 days	**2134.398**	2071.536	1772.442
181 - 365 days	**-**	-	-
More than 365 days	**-**	-	-
Total	**2134.398**	2071.536	1772.442

The group has access to following undrawn facilities at the end of the reporting period (Interest rates 9.00% to 10.00%)

	31 March 2017	31 March 2016	1 April 2015
Expiring within one year	**560.000**	560.000	560.000
Expiring beyond one year	**-**	-	-

(C) Foreign currency risk

The group is exposed to foreign exchange risk mainly through its sales to overseas customers and purchases from overseas suppliers in various foreign currencies.

The group evaluates exchange rate exposure arising from foreign currency transactions and the company follows established risk management policies, including use of derivatives like foreign exchange forward contracts to hedge exposure to foreign currency risk, where the economic conditions match the company's policy.

Foreign currency exposure : Amount in INR

Financial assets	Currency	Amount in foreign currency					
		31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
Trade receivables	EUR	1.164	1.350	0.256	80.209	100.420	17.120
	USD	11.267	18.760	12.032	726.226	1234.924	748.351
	GBP	0.180	0.285	0.309	14.417	26.824	28.329
Bank accounts	EUR	0.007	0.007	0.038	-	0.540	2.551
	USD	2.769	2.575	2.401	178.281	169.435	149.312
Foreign exchange forward contracts	EUR	0.285	0.200	1.000	19.528	14.850	66.890
	USD	4.850	9.200	26.85	312.292	605.452	1669.533

Amount in INR

Financial liabilities	Currency	Amount in foreign currency					
		31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
Trade payables	EUR	0.722	0.683	0.238	43.567	51.650	14.984
	USD	1.148	2.740	2.545	75.677	182.736	172.744
	GBP	0.011	0.003	0.009	0.904	0.256	0.869
PCFC	USD	0.300	-	-	19.452	-	-
Buyer's credit	USD	0.357	0.343	0.401	23.140	22.727	25.110

Currency wise net exposure (assets -liabilities) Amount in INR

Particulars	Amount in foreign currency					
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
EUR	0.733	0.874	1.056	56.171	64.159	71.577
USD	17.081	27.452	38.337	1098.529	1804.348	2369.343
GBP	0.169	0.282	0.300	13.513	26.568	27.459

Sensitivity analysis

Currency	Amount in INR		Sensitivity %	Impact on profit (strengthen)		Impact on profit (weakening)	
	2017	2016		2017	2016	2017	2016
EUR	56.171	64.159	2.55%	(1.432)	(1.636)	1.432	1.636
GBP	1098.529	1804.348	5.01%	(55.036)	(90.398)	55.036	90.398
USD	13.513	26.568	7.56%	(1.022)	(2.009)	1.022	2.009
Total	1168.213	1895.075		(57.490)	(94.042)	57.49	94.042

(GBP - Great Britain Pound, EUR- Euro, USD - US Dollar)

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

41 Capital management

Risk management

The group objectives when managing capital are to

-Safeguard it's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and

-Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry, the company monitors capital on the basis of the following gearing ratio: Net debt (total borrowings net of cash and cash equivalents) divided by total 'equity' (as shown in the balance sheet, including non-controlling interests).

The company's strategy is to maintain a gearing ratio 0%. The gearing ratios were as follows:

	31 March 2017	31 March 2016
Loans and borrowings	**0.820**	1.229
Other financial liability	**43.002**	159.499
Less: Cash and cash equivalents	**735.660**	818.479
Net debt	**-**	-
Equity	**7099.132**	6555.667
Capital and net debt	**7099.132**	6555.667
Gearing ratio	**0%**	0%

42 Additional information, as required under schedule III to the companies Act, 2013, of enterprises consolidated as Subsidiary / Associates / Joint Ventures.

Name of the Enterprise	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
1	2	3	4	5	6	7	8	9
Parent								
Praj Industries Limited	100.70%	7148.824	105.08%	468.643	-23.32%	1.489	106.94%	470.132
Subsidiaries								
Indian								
1 Praj HiPurity Systems Limited, India.	12.81%	909.378	16.94%	75.563	8.74%	-0.558	17.06%	75.005
2 Praj Engineering and Infra Limited, India	0.95%	67.749	-1.86%	-8.295	-0.55%	0.035	-1.88%	-8.260
Foreign								
1 Praj Far East Philippines Ltd., Philippines	0.63%	44.989	1.27%	5.667	115.08%	-7.347	-0.38%	-1.680
2 Praj Industries (Africa) Pty. Limited, South Africa	0.22%	15.696	-11.60%	-51.719	-4.73%	0.302	-11.70%	-51.417
3 Praj Americas Inc. USA	-0.09%	-6.465	-3.11%	-13.884	-6.02%	0.384	-3.07%	-13.500
4 Praj Far East Co., Ltd. Thailand	-0.01%	-0.933	-2.03%	-9.058	-1.83%	0.117	-2.03%	-8.941
5 Praj Industries Namibia Limited, Namibia	-0.15%	-10.833	-0.09%	-0.409	12.63%	-0.806	-0.28%	-1.215
Minority Interests in all subsidiaries	0.00%	0.226	-0.01%	-0.029	0.00%	-	-0.01%	-0.029
Inter Company Eliminations	-15.07%	-1069.499	-4.59%	-20.480	0.00%	-	-4.66%	-20.480
Total	100.00%	7099.132	100.00%	445.999	100.00%	-6.384	100.00%	439.615

43 Explanation of transition to Ind AS

These are group's first financial statements prepared in accordance with Indian Accounting Standards (Ind AS) as notified under Companies' (Indian Accounting Standards) Rules, 2015. In preparing the financial statements for the year ended 31 March 2016 and balance sheet as at 1 April 2015 (date of transition), the group has adjusted amounts reported previously in financial statements prepared in accordance with Indian Generally Accepted Accounting Principles (Indian GAAP). This note explains the principal adjustments made by the group in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2015 and the financial statements for the year ended 31 March 2016.

A. Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The group has elected to apply the following exemptions:

1. Property, plant and equipment, investment property and intangible assets

   Since, there is no change in the functional currency, the group has elected to continue with the carrying value for all of its property, plant and equipment, investment property and intangible assets as recognised in its Indian GAAP financials as deemed cost at the transition date.

2. Share based payments

   Ind AS 102 share based payment has not been apllied to equity instruments in share based transactions that vested before 1 April 2015.

3. Business combinations

   The group has elected to apply Ind AS 103: Business combinations prospectively to business combinations occuring after its transition date. Business combinations occuring prior to the transition date have not been restated.

B. Exceptions applied

1. Government loans

   The group as a first-time adopter did not, under Indian GAAP, recognise and measure a government loan at a below-market rate of interest as a government grant. Accordingly, the group has used its previous GAAP carrying amount of the loan at the date of transition.

2. Estimates

   The estimates at 1 April 2015 and at 31 March 31 2016 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of Indian GAAP did not require estimation:

   FVTOCI – unquoted equity shares

   FVTPL – debt securities

   Impairment of financial assets based on expected credit loss model

   Fair valuation of financial instruments carried at FVTPL

   Determination of the discounted value of financial instruments carried at amortised cost

   The estimates used by the group to present these amounts in accordance with Ind AS reflect conditions at 1 April 2015, the date of transition to Ind AS and as of 31 March 2016.

3. Derecognition of financial assets and liabilities

   Ind AS 101, requires first time adopter to apply the derecognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements of Ind AS 109, retrospectively from a date of the group's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities de-recognised as a result of past transaction was obtained at the time of initially accounting of transactions.

   The group has elected to apply the de-recognition provisions of Ind AS 109 prospectively from date of transition to Ind AS.

   Explanation of transition to Ind AS

   An explanation of how the transition from Indian GAAP to Ind AS has affected the group's financial position, financial performance and cash flow is set out in the following tables and notes that acgroup the tables. The reconciliations include-

   - equity reconciliation as at 1 April 2015;
   - equity reconciliation as at 31 March 2016;
   - profit reconciliation for the year ended 31 March 2016;

   There are no material adjustments to the cash flow statements

   In the reconciliations mentioned above, certain reclassifications have been made from Indian GAAP financial information to align with the Ind AS presentation.

Notes to the Consolidated Financial Statements for the year ended 31st March, 2017

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

Reconciliation of equity as previously reported under Indian GAAP to Ind AS

Particulars	Notes	31 March 2016			1 April 2015		
		Indian GAAP	Effect of transition	Ind AS	Indian GAAP	Effect of transition	Ind AS
ASSETS							
Non-current assets							
Property, plant and equipment	f, l	2195.916	(126.321)	2069.595	2368.285	(126.198)	2242.087
Capital work-in-progress		7.638	-	7.638	13.891	-	13.891
Investment property	l	-	136.928	136.928	-	136.928	136.928
Goodwill	g, h	743.571	(117.421)	626.150	626.150	-	626.150
Other intangible assets		27.575	-	27.575	24.493	-	24.493
Intangible assets under development		0.700	-	0.700	-	-	-
Financial assets							
Investments		100.145	-	100.145	100.145	-	100.145
Loans	k	93.142	(31.999)	61.143	102.910	(34.421)	68.489
Others	f	107.320	-	107.320	2.220	(2.200)	0.020
Deferred tax assets (net)	o	75.009	(1.158)	73.851	12.351	26.091	38.442
Other assets	f, k	139.285	25.879	165.164	59.058	29.752	88.810
		3490.301	**(114.092)**	**3376.209**	**3309.503**	**29.952**	**3339.455**
Current assets							
Inventories		1008.135	-	1008.135	976.117	-	976.117
Financial assets							
Investments	j	1159.521	56.998	1216.519	1479.276	36.495	1515.771
Trade receivables		3671.029	-	3671.029	2804.84	-	2804.840
Cash and cash equivalents		604.782	-	604.782	754.984	-	754.984
Other bank balances		213.697	-	213.697	244.526	-	244.526
Loans	k	0.664	9.900	10.564	-	9.900	9.900
Others	f, i	34.913	(5.126)	29.787	57.884	(8.060)	49.824
Current tax asset (net)		59.851	-	59.851	-	-	-
Other assets	f, k	1373.208	3.823	1377.031	1706.896	3.823	1710.719
		8125.800	**65.595**	**8191.395**	**8024.523**	**42.158**	**8066.681**
TOTAL ASSETS		**11616.101**	**(48.497)**	**11567.604**	**11334.026**	**72.110**	**11406.136**
EQUITY AND LIABILITIES							
EQUITY							
Equity share capital		355.945	-	355.945	354.93	-	354.93
Other equity	b, c, f, g, h, l, j, k, n, o	6255.137	(58.235)	6196.902	5866.653	332.768	6199.421
Sub-total - total equity attributable to parent		**6611.082**	**(58.235)**	**6552.847**	**6221.583**	**332.768**	**6554.351**
Non-controlling interests		2.820	-	2.820	148.416	-	148.416
Total equity		**6613.902**	**(58.235)**	**6555.667**	**6369.999**	**332.768**	**6702.767**
LIABILITIES							
Non-current liabilities							
Financial liabilities							
Borrowings		1.229	-	1.229	2.049	-	2.049
Provisions		130.209	-	130.209	120.547	-	120.547
		131.438	-	131.438	122.596	-	122.596
Current liabilities							
Financial liabilities							
Borrowings							
Borrowings		159.089	-	159.089	170.663	-	170.663
Trade payables		2071.536	-	2071.536	1772.442	-	1772.442
Other financial liabilities	b	89.530	(15.086)	74.444	95.154	(17.546)	77.608
Other current liabilities	b	2388.209	24.824	2413.033	2309.224	102.908	2412.132
Provisions	n	162.397	-	162.397	458.771	(346.020)	112.751
Current tax liabilities (net)		-	-	-	35.177	-	35.177
		4870.761	**9.738**	**4880.499**	**4841.431**	**(260.658)**	**4580.773**
TOTAL LIABILITIES		**5002.199**	**9.738**	**5011.937**	**4964.027**	**(260.658)**	**4703.369**
TOTAL EQUITY AND LIABILITIES		**11616.101**	**(48.497)**	**11567.604**	**11334.026**	**72.110**	**11406.136**

Notes to the Consolidated Financial Statements for the year ended 31st March, 2017

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

Reconciliation of profit as previously reported under Indian GAAP to Ind AS

Particulars	Notes	Year ended 31 March 2016		
		Indian GAAP	Effect of transition	Ind AS
INCOME				
Revenue from operations	a, b	10157.954	480.214	10638.168
Other income	j, k	158.853	24.709	183.562
Total income		10316.807	504.923	10821.730
EXPENSES				
Cost of materials consumed		4671.862	-	4671.862
Changes in inventories of finished goods and work-in-progress		(2.158)	-	(2.158)
Employee benefits expense	c, d, e	1514.006	29.676	1543.683
Finance costs	e	13.090	7.162	20.252
Depreciation and amortisation expense	f, g	344.454	(94.205)	250.249
Excise duty expense	a	-	402.130	402.130
Other expenses	b, f, i, j, k	2878.631	2.985	2881.616
Total expense		9419.885	347.748	9767.634
Profit before tax		896.922	157.175	1054.096
Tax expenses				
Current tax		265.771	-	265.771
Deferred tax	o	(62.658)	27.022	(35.636)
Adjustments of tax relating to earlier periods		(0.762)	-	(0.762)
Total tax expense		202.351	27.022	229.373
Profit for the year		694.571	130.153	824.723
Attributable to :				
Non-controlling interests		0.099	-	0.099
Owners of the company		694.472	130.153	824.624
Other comprehensive income				
Items that will not be reclassified to profit and loss:				
Re-measurement of defined benefit plans	d	-	0.652	0.652
Income tax effect	o	-	(0.226)	(0.226)
Items that will be reclassified to profit and loss:				
Exchange differences on translation of foreign operations		-	6.417	6.417
Other comprehensive income		-	6.843	6.843
Total comprehensive income for the year		694.571	136.996	831.566
Attributable to :				
Non-controlling interests		0.099	-	0.099
Owners of the company		694.472	136.996	831.468

Notes to the Consolidated Financial Statements for the year ended 31st March, 2017

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

ANNEXURE A

Notes to the reconciliations

a) Excise duty

Under Indian GAAP, excise duty is reduced from gross revenues to report revenues net of excise duty. Under Ind AS, revenue includes gross inflows of economic benefits received by the group for its own account. Excise duty collected, which is a duty on manufacture and a primary obligation of the manufacturer is considered as revenue with the corresponding payments to Government as expenditure. This adjustment does not have any impact on statement of profit and loss.

The impact arising from this change is summarised as follows:

Consolidated statement of profit and loss	31 March 2016
Revenue from operations	402.130
Excise duty on sales	402.130

b) Contract revenue - linked transactions

Under Indian GAAP, there is no specific guidance with respect to combining of contracts for revenue recognition in consolidated financial statements. Ind AS requires combining of contracts, if the group of contracts are closely related and negotiated as a single package; the contracts are performed concurrently or in a continuous sequence. Accordingly, percentage of completion method is applied on combined contracts for determining consolidated revenue.

The impact arising from this change is summarised as follows:

Consolidated statement of profit and loss	31 March 2016
Revenue from operations	78.084
Other expenses	2.462

Consolidated balance sheet	31 March 2016	1 April 2015
Other current liabilities	24.824	102.908
Other financial liabilities	(15.084)	(17.546)
Retained earnings	(9.740)	(85.362)

c) Share based payment transactions - Employee Stock Option Plan (ESOP)

Under Indian GAAP, a group uses intrinsic value approach to measure the cost of share based payments. Under this approach, if the exercise price for employee stock option is not less than the market price of the underlying shares on the date of the grant, no compensation cost is recorded. Under Ind AS, costs of share based payments are recorded based on the fair value of employee stock option. Under this approach, the instrument would have a value even if the exercise price is equal to the market price of the underlying shares on the date of grant.

The impact arising from this change is summarised as follows:

Consolidated statement of profit and loss	31 March 2016
Employee benefits expense	36.186

Consolidated balance sheet	31 March 2016	1 April 2015
Other equity*		
Retained earnings-	(59.771)	(23.585)
Share option outstanding account	58.737	23.585
Securities premium	1.034	-

* This adjustment does not have any impact on equity.

d) Employee benefit expenses - actuarial gains and losses and return on plan assets

Under Indian GAAP, actuarial gains and losses and return on plan assets on post-employment defined benefit plans are recognised immediately in statement of profit and loss. Under Ind AS, remeasurements which comprise of actuarial gains and losses, return on plan assets and changes in the effect of asset ceiling, if any, with respect to post-employment defined benefit plans are recognised immediately in other comprehensive income (OCI). Further, remeasurements recognised in OCI are never reclassified to statement of profit and loss.

The impact arising from this change is summarised as follows:

Consolidated statement of profit and loss	31 March 2016
Profit or loss	
Employee benefits expense	0.652
Other comprehensive income	
Items that will not be reclassified to profit or loss	
Actuarial gain / (loss) on employee benefits	0.652

Actuarial gains and losses are recognised in other comprehensive income and transferred to retained earnings. Accordingly, this adjustment does not have any impact on equity.

e) Employee benefit expenses - net interest income / expenses

Under Indian GAAP, net finance cost / income on post-employment defined benefit plans is recognised in statement of profit and loss under 'employee benefit expense'. Under Ind AS, net finance cost / income is recorded under 'finance cost / income'. This adjustment does not have any impact on statement of profit and loss.

The impact arising from this change is summarised as follows:

Consolidated statement of profit and loss	31 March 2016
Employee benefits expense	(7.162)
Finance costs	7.162

f) Reclassification of leases of land

Under Indian GAAP, there is no specific guidance for contracts that involve leases of land. Under Ind AS, lease of land is recognised as operating or finance lease as per definition and classification criteria stated in standard on leases. Accordingly, as on the date of transition, the leases of land have been classified as operating / finance lease as the case may be.

The impact arising from this change is summarised as follows:

Consolidated statement of profit and loss	31 March 2016
Depreciation and amortisation expense	0.123
Other expenses	(1.234)

Consolidated balance sheet	31 March 2016	1 April 2015
Property, plant and equipment	10.608	10.730
Other non-current financial assets	-	(2.200)
Other non-current assets	8.676	9.642
Other current financial assets	(2.200)	(2.200)
Other current assets	0.963	0.963
Retained earnings	18.047	16.936

g) Amortisation of goodwill arising on consolidation

Under Indian GAAP the group has amortised goodwill arising on consolidation over the period of 10 years. Under Ind AS, goodwill is not amortised but tested for impairment.

The impact arising from this change is summarised as follows:

Consolidated statement of profit and loss	31 March 2016
Depreciation and amortisation expense	(94.328)

Consolidated balance sheet	31 March 2016
Goodwill	94.328
Retained earnings	94.328

Notes to the Consolidated Financial Statements for the year ended 31st March, 2017

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

h) Change in parent's ownership interest that does not result in change in control

Under Indian GAAP, purchase consideration paid in excess of book value of net assets acquired for additional ownership interest in subsidiary is recognised as goodwill. Under Ind AS, changes in parent's ownership interest in a subsidiary that does not result in a change of control are accounted for as equity transactions (transactions between shareholders).

The impact arising from this change is summarised as follows:

Consolidated balance sheet	31 March 2016
Goodwill	(211.749)
Retained earnings	(211.749)

i) Foreign exchange forward derivative contracts

Under Indian GAAP, the premium or the discount on foreign exchange forward derivative contracts related to underlying receivables and payables are amortised over the period of the contracts. In case of foreign exchange forward derivative contracts entered into at highly probable future transactions or firm commitments, mark to market losses (gains are ignored), if any, are recognised in the statement of profit and loss at the reporting date. Under Ind AS, all the foreign exchange forward derivative contracts are recorded at fair value with the subsequent changes in fair value recognised in the statement of profit and loss.

The impact arising from this change is summarised as follows:

Consolidated statement of profit and loss	31 March 2016
Other expenses	(2.933)

Consolidated balance sheet	31 March 2016	1 April 2015
Other current financial assets	(2.926)	(5.860)
Retained earnings	(2.926)	(5.860)

j) Investment in mutual funds

Under Indian GAAP, current investments in mutual funds are measured at cost or net realisable value, whichever is lower. Under Ind AS, investments in mutual funds are classified as 'fair value through profit or loss' and are measured at fair value at each reporting date. The subsequent changes in the fair value of such investments are recognised in statement of profit and loss.

The impact arising from this change is summarised as follows:

Consolidated statement of profit and loss	31 March 2016
Other income	22.287
Other expenses	1.783

Consolidated balance sheet	31 March 2016	1 April 2015
Current investments	56.998	36.495
Retained earnings	56.998	36.495

k) Interest-free security deposits paid

Under Indian GAAP, interest-free lease security deposits paid are reported at their transaction values. Under Ind AS, interest-free security deposits are measured at fair value on initial recognition and at amortised cost on subsequent recognition. The difference between the transaction value and fair value of the lease deposit at initial recognition is treated as prepaid rentals. This amount is recognised in statement of profit and loss on a straight line basis over the lease term.

The impact arising from this change is summarised as follows:

Consolidated statement of profit and loss	31 March 2016	
Other expenses	2.906	
Other income	2.422	
Consolidated balance sheet	31 March 2016	1 April 2015
Non-current financial assets - loans	(31.999)	(34.421)
Other non-current assets	17.203	20.110
Current financial assets - loans	9.900	9.900
Other current assets	2.860	2.860
Retained earnings	(2.036)	(1.552)

l) Investment property

Under Indian GAAP, there is limited guidance on investment property. Under Ind AS, investment property comprises of land or building held for earning rentals or for capital appreciation or both. Where a property is held for a currently undetermined future use, it is regarded as held for capital appreciation. Investment property is required to be measured at cost and is subsequently depreciated based on its useful life. Fair value of the investment property is to be disclosed at every reporting period end.

The impact arising from this change is summarised as follows:

Consolidated balance sheet	31 March 2016	1 April 2015
Property, plant and equipment	(136.928)	(136.928)
Investment property	136.928	136.928

m) Foreign currency translation reserve

Under Indian GAAP, foreign exchange differences arising on translation of non-integral foreign operations are recognised directly in 'Foreign currency translation reserve'. Under Ind AS, foreign exchange differences arising on translation of foreign operations whose functional currency is different from that of a parent are recognised in 'Other comprehensive income' and are accumulated as part of 'Foreign currency translation reserve'. Such differences are reclassified from equity to statement of profit and loss on disposal of foreign operation.

The impact arising from this change is summarised as follows:

Consolidated statement of profit and loss	31 March 2016
Other comprehensive income	
Exchange difference on translation of net investment in foreign operation	6.417

n) Proposed dividend

Under Indian GAAP, dividend proposed after the date of the financial statements but prior to the approval of financial statements is considered as an adjusting event, and a provision for dividend is recognised in the financial statements of the period to which the dividend relates. Under Ind AS, dividend declaration is considered as a non-adjusting event and provision for dividend is recognised only in the period when the dividend is approved by the shareholders in annual general meeting.

The impact arising from this change is summarised as follows:

Consolidated balance sheet	31 March 2016	1 April 2015
Retained earnings	-	346.020
Current provisions	-	(346.020)

o) Deferred tax

Under Indian GAAP, deferred taxes are recognised using income statement approach i.e. reflecting the tax effects of timing differences between accounting income and taxable income for the period. Under Ind AS, deferred taxes are recognised using balance sheet approach i.e. reflecting the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes using the income tax rates enacted or substantively enacted at reporting date. Also, deferred taxes are recognised on account of the above mentioned changes explained in notes (a) to (n), wherever applicable, are summarised below.

Consolidated statement of profit and loss	31 March 2016
Deferred tax recognised in profit and loss	27.022
Deferred tax recognised in other comprehensive income	0.226

Consolidated balance sheet	31 March 2016	1 April 2015
Deferred tax asset	(1.158)	26.091
Retained earnings	(1.158)	26.091

For and on behalf of the Board of Directors of Praj Industries Limited

Pramod Chaudhari
Executive Chairman

Sachin Raole
CFO and Director-Finance & Commercial

Dattatraya Nimbolkar
Chief Internal Auditor and Company Secretary

Sivaramakrishnan S Iyer
Director

Place: Pune
Date: 24 May 2017

Notice

Notice is hereby given that the Thirty First Annual General Meeting of **PRAJ INDUSTRIES LIMITED** will be held on Friday, **the 11th August, 2017 at 10.00 AM** at the Registered Office of the Company at "Praj Tower", S. No. 274 & 275/2, Bhumkar Chowk- Hinjewadi Road, Hinjewadi, Pune – 411 057 to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt ;

   a. the audited Financial Statements of the Company for the financial year ended 31st March, 2017 together with the reports of Board of Directors and the Auditors thereon.

   b. the audited Consolidated Financial Statements of the Company for the financial year ended 31st March, 2017 together with the report of the Auditors thereon.

2. To declare Dividend on Equity Shares.

3. To appoint a Director in place of Mr. Daljit Mirchandani (DIN: 00022951) who retires by rotation and being eligible, offers himself for re-appointment.

   In this matter, to consider and if thought fit, to pass the following resolution as Ordinary Resolution;

   "RESOLVED THAT Mr. Daljit Mirchandani (DIN: 00022951), who is liable to retire by rotation pursuant to Section 152 of the Companies Act, 2013 and other applicable provisions if any, and who has offered himself for re-appointment be and is hereby re-appointed as a Director of the Company."

SPECIAL BUSINESS

4. To consider and if thought fit, to pass the following Resolution as an Ordinary Resolution:

   "RESOLVED THAT pursuant to the provisions of Sections 139 and 142 and other applicable provisions, if any, of the Companies Act, 2013, and the applicable rules made thereunder (including any statutory modification(s) for the time being in force), the Company hereby ratifies the appointment of M/s P.G. Bhagwat, Chartered Accountants, Pune (Firm Registration No. 101118W) as the Statutory Auditors of the Company to hold the office from the conclusion of this Annual General Meeting till the conclusion of the 32nd Annual General Meeting of the Company to be held in the year 2018 on such remuneration as may be determined by the Board of Directors and reimbursement of out-of-pocket expenses incurred, plus applicable indirect taxes, if any."

5. To ratify the remuneration of Dhananjay V. Joshi & Associates, Cost Accountants, Pune as Cost Auditors for the financial year ending 31st March, 2018 and in this regard; to consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

   "RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Company hereby ratifies the remuneration of ₹ 2,75,000/- as Audit fees plus out of pocket expenses at actuals plus applicable indirect taxes, if any, on submission of supporting bills payable to Dhananjay V. Joshi & Associates, Cost Accountants, Pune who have been appointed by the Board of Directors as Cost Auditors of the Company, to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2018."

6. Appointment of Mr. Sachin Raole (DIN: 00431438) as Director.

   In this matter, to consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:-

   "RESOLVED that Mr. Sachin Raole (DIN: 00431438), who was appointed as an Additional Director of the Company with effect from 16th January, 2017 by the Board of Directors and who holds office upto the date of this Annual General Meeting of the Company under Section 161(1) of the Companies Act, 2013 (the Act) but who is eligible for appointment and in respect of whom, the Company has received a notice in writing under Section 160(1) of the Act from a Member proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company liable to retire by rotation."

7. Appointment of Mr. Sachin Raole (DIN: 00431438) as Whole Time Director.

   To consider and if thought fit, to pass the following resolution as a Special Resolution :

   "RESOLVED THAT in accordance with the provisions of Sections 196, 197 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act"), read with Schedule V to the Act or any statutory modification(s) or re-enactment thereof, consent of the Company be and is hereby accorded to the appointment of Mr. Sachin Raole (DIN: 00431438) as Whole Time Director of the Company, for a period with effect from 16th January, 2017 till 31st July, 2019 on the terms and conditions including remuneration as set out in the Explanatory Statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee of the Board constituted to exercise its

powers, including the powers conferred by this Resolution) to alter and vary the terms and conditions and/or remuneration, subject to the same not exceeding the limits specified under Schedule V to the Act or any statutory modification(s) or re-enactment thereof.

FURTHER RESOLVED THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

8. Extension of an appointment of Mr. Pramod Chaudhari (DIN : 00196415) as Executive Chairman of the Company and fixing of remuneration.

In this matter, to consider and if thought fit, to pass the following Resolution as Ordinary Resolution:

"RESOLVED THAT in accordance with the provisions of Sections 196, 197 and 203, read with rules framed thereunder and Schedule V and other applicable provisions (including any Statutory modifications or re-enactments thereof for the time being in force), if any, of the Companies Act, 2013, hereinafter referred to as 'The Act', the consent of the Company be and is hereby accorded to the extension of appointment of Mr. Pramod Chaudhari as Executive Chairman of the Company for a period of two years with effect from 1st August, 2017 on the same terms and conditions, including remuneration, as set out in the explanatory statement annexed to this notice.

RESOLVED FURTHER THAT in the event of any enhancement of the limits specified in Schedule V to the Act, the Board of Directors be and is hereby authorised to vary and / or upwardly revise the remuneration within such enhanced limits.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take all such steps as may be necessary, to give effect to this Resolution."

By Order of the Board of Directors

Dattatraya Nimbolkar
Chief Internal Auditor &
Company Secretary

Place: Mumbai
Date: 30th June, 2017

Notes:-

a) **A member entitled to attend and vote at the Annual General Meeting ("the Meeting") is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. The instrument appointing the proxy should, however, be deposited at the Registered Office of the Company not less than forty-eight hours before the commencement of the Meeting.**

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder. Proxy is not entitled to vote at a meeting if the member appointing the proxy votes on e-voting platform made available by the Company.

b) The business set out in the Notice will be transacted through electronic voting system and the Company is providing facility for voting by electronic means.

c) Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.

d) Brief resume of Directors proposed to be appointed / re-appointed, nature of their expertise in specific functional areas, names of Companies in which they hold directorships and memberships / Chairmanships of Board Committees, shareholding and relationships between Directors inter-se as stipulated under Regulation 36 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, are as follows:

Name of Director and (DIN)	Date of Birth (No. of Equity Shares held)	Qualification (Relationship with other Directors)	Nature of Expertise	Name of Companies in which he/she holds Directorship*	Name of Committees of the Companies of which he/she holds Chairmanship/ Membership**
Mr. Daljit Mirchandani (00022951)	26/10/1947 (1,200)	Electrical Engineer (Not related with any Director/KMP of the Company)	Mr. Daljit Mirchandani has more than 47 years of experience in Engineering, Strategy management & other related fields.	1. Praj Industries Limited 2. Mahindra CIE Automotive Limited 3. Skill Training Assessment Management Partners Limited	Mahindra CIE Automotive Limited -Audit Committee (Chairman) -Stakeholders' Relationship Committee (Member)
Mr. Sachin Raole (00431438)	29.08.1970 (Nil)	B.Com, CA, CMA (Not related with any Director/KMP of the Company)	Mr. Sachin Raole is a Chartered Accountant and Cost Accountant with twenty two years of experience in varied fields of finance and accounts. He has worked in the areas of divestment, mergers & acquisitions, financial restructuring, treasury, accounts and taxation. He has very rich experience in the wide spectrum of finance across industries; manufacturing, project, financial services and pharmaceutical. Additionally he also has an experience in heading Human Resources, materials, IT, legal & secretarial.	Praj Industries Limited	Praj Industries Limited -Audit Committee (Member) -Stakeholders' Relationship Committee (Member)
Mr. Pramod Chaudhari (00196415)	26/11/1949 (38,700,000)	Mechanical Engineer from IIT, Bombay (Mr. Pramod Chaudhari is spouse of Ms. Parimal Chaudhari, Director	Mr. Pramod Chaudhari's career spans over 46 years of professional and entrepreneurial endeavor. He established Praj in 1985. Since then he has built PRAJ into a global Company.	1. Praj Industries Limited 2. Praj HiPurity Systems Limited 3. Nichrome India Limited	Nil

*Directorship includes Directorship in Indian Public Companies including Praj Industries Limited.

** Memberships / Chairmanship of only Audit Committee and Stakeholders' Relationship Committee have been considered for this purpose.

e) A Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.

f) Members/Proxies attending the meeting, are requested to submit the attendance slip at the venue of the meeting.

g) In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.

h) Relevant documents referred to in the accompanying Notice and the Statement are open for inspection by the members at the Registered Office of the Company on all working days, (Saturdays and Sundays are weekly offs), during business hours up to the date of the Meeting.

i) (i) The Company has notified closure of Register of Members and Share Transfer Books from Friday, the 4th August, 2017 to Friday, the, 11th August, 2017 (both days inclusive) for determining the names of members eligible for dividend on Equity Shares, if declared at the Meeting.

(ii) The Dividend, if any declared, shall be payable to those shareholders whose names stand registered;

a. As beneficial owner as at the end of business hours on 11th August, 2017 as per the lists to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held in the electronic form and

b. As member in the register of members of the Company / Registrar & Share Transfer Agent, after giving effect to valid share transfers in physical form lodged with the Company as at the end of the business hours on 11th August, 2017.

c. The dividend on Equity Shares, if declared at the Meeting, will be credited / dispatched on or after 18th August, 2017 before statutory time limit.

j) Members holding shares in electronic form are requested to intimate any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change in their address or bank mandates to the Company / Link Intime India Private Limited, Share Transfer Agent of the Company (Link).

k) Pursuant to the provisions of Section 124(5) of the Companies Act, 2013, the Company has transferred the unpaid or unclaimed dividends (including interim dividends) as and when declared upto the financial year 2009-10 on due dates, to the Investor Education and Protection Fund (the IEPF) established by the Central Government. Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with Companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 22nd July, 2016 (date of last Annual General Meeting) on the website of the Company (www.praj.net), as also on the website of the Ministry of Corporate Affairs.

l) Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to Link, for consolidation into a single folio.

m) The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company / Link.

n) Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company.

o) Non-Resident Indian Members are requested to inform Link, immediately of:

(i) Change in their residential status on return to India for permanent settlement.

(ii) Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with PIN code number, if not furnished earlier.

p) To further Company's environment friendly agenda and to participate in MCA's Green Initiative, members are requested to register / update their e-mail address with their Depository Participants. Members who are holding shares in physical form are requested to send their e-mail address at investorsfeedback@praj.net for updation.

q) The notice of 31st Annual General Meeting and instructions for remote e-voting, alongwith the attendance slip and Proxy Form, is being sent by electronic mode to all members whose email addresses are registered with the Company/Depository Participant(s) unless a member has requested for a hard copy of the same. For members who have not registered their email addresses, physical copies of the aforesaid documents are being sent by the permitted mode.

r) Members are requested to notify their queries, if any, on financial statements etc. at least 48 hours before the time appointed for meeting to facilitate the answering thereto. The queries be sent on e-mail at investorsfeedback@praj.net.

By Order of the Board of Directors

Dattatraya Nimbolkar
Chief Internal Auditor &
Company Secretary

Place: Mumbai
Date: 30th June, 2017

Instructions and other information relating to e-voting are as under:

i. In compliance with Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and Sections 108 and 110 and other applicable provisions of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014, the Company is pleased to offer remote e-voting facility to the members to cast their votes electronically on all resolutions set forth in the Notice convening the 31st Annual General Meeting to be held on Friday, the 11th August, 2017, at 10.00 a.m. The Company has engaged the services of Central Depository Services (India) Limited (CDSL) to provide the e-voting facility. The facility for voting through ballot paper will also be made available at the Annual General Meeting and members attending the Annual General Meeting , who have not already cast their votes by remote e-voting, shall be able to exercise their right at the Annual General Meeting through ballot paper.

These details and instructions form an integral part of the Notice for the Annual General Meeting to be held on Friday, the 11th August, 2017.

ii. The remote e-voting facility will be available during the following voting period:

Commencement of remote e-voting	End of remote e-voting
8th August, 2017 , 9.00 A.M. IST	**10th August, 2017, 5.00P.M. IST**

During this period, shareholders of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. Thursday, the 3rd August, 2017, may cast their vote electronically. The remote e-voting module shall be disabled by CDSL after voting period ends.

iii. The remote e-voting facility can be availed by typing the link www.evotingindia.com in the internet browser.

iv. Click on the "shareholders" tab.

v. Now Enter your User ID

a. For CDSL: 16 digits beneficiary ID,

b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

vi. Next enter the Image Verification as displayed and Click on Login.

vii. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any Company, then your existing password is to be used.

viii. If you are a first time user, follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Attendance Slip indicated in the PAN field.
Dividend Bank Details	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company's records in order to login.
OR Date of Birth (DOB)	If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).

ix. After entering these details appropriately, click on "SUBMIT" tab.

x. Members holding shares in physical form will then reach directly to the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for remote e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

xi. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

xii. Click on the EVSN for the relevant <Company Name > on which you chose to vote.

xiii. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

xiv. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

xv. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

xvi. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

xvii. You can also take a print of the voting done by you by clicking on "Click here to print" option on the Voting page.

xviii. If Demat account holder has forgotten the changed password then enter the User ID and the image verification code and click on Forgot Password and enter the details as prompted by the system.

xix. Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.

xx. **Note for Non-Individual Shareholders and Custodians**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.

Since the Company is required to provide members the facility to cast their vote by electronic means, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Thursday, the 3rd August, 2017 and not casting their vote electronically, may only cast their vote at the Annual General Meeting.

Mr. Sunil Nanal, Partner KANJ & ASSOCIATES,(Membership No. FCS 5977), has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner who, after the conclusion of voting at the AGM, shall first count the votes cast at the meeting and thereafter unblock the votes cast through remote - evoting in the presence at least two witnesses, not in the employment of the Company and shall make, not later than 48 hours of the conclusion of AGM, a Consolidated Scrutinizer's Report of the total votes cast in favour of or against, if any to the Chairman of the Company or a person authorised by him in this behalf, who shall countersign the same and declare the result of the voting forthwith.

The voting rights of shareholders shall be in proportion to their shares of the paid-up equity capital of the Company as on 3rd August, 2017.

The results shall be declared on or after the AGM of the Company. The results declared alongwith the Scrutinizers' Report shall be placed on the Company's website www.praj.net and on the website of CDSL within two days of the passing of the resolutions at the 31st Annual General Meeting of the Company on Friday, the 11th August, 2017, and communicated to the BSE Ltd. and National Stock Exchange of India Ltd. within the prescribed period.

Any person who becomes a member of the Company after despatch of the notice of the meeting and holding shares as on the cut-off date i.e. 3rd August, 2017, may obtain the USER ID and Password from the R & T Agents of the Company i.e. Link Intime India Private Limited (Link) . Members may call Link on 020- 26160084 or may send email at bhagavant.sawant@linkintime.co.in.

By Order of the Board of Directors

Dattatraya Nimbolkar
Chief Internal Auditor &
Company Secretary

Place: Mumbai
Date: 30th June, 2017

STATEMENT PURSUANT TO SECTION 102 (1) OF THE COMPANIES ACT, 2013

The following Statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice:

Item No. 4

The members, at the Twenty-Ninth Annual General Meeting held on 6th August, 2015, approved the appointment of M/s P.G. Bhagwat, Chartered Accountants, Pune (Firm Registration No. 101118W) for a term of five years from the financial year 2015-16 till the financial year 2019-20, subject to ratification of appointment at every Annual General Meeting.

Accordingly, the ratification of the members is being sought by an Ordinary Resolution as set out at Item No. 4.

None of the Directors / Key Managerial Personnel of the Company / their relatives is, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 4 of the Notice.

The Board recommends the Ordinary Resolution set out at Item No. 4 of the Notice for approval by the shareholders.

Item No. 5

The Board, on the recommendation of the Audit Committee, has approved the appointment of Dhananjay V. Joshi & Associates, Cost Accountants, Pune, the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2018 for a total remuneration of ₹ 2,75,000/- as Audit fees plus out of pocket expenses at actuals on submission of supporting bills.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company.

None of the Directors / Key Managerial Personnel of the Company / their relatives is, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 of the Notice.

The Board recommends the Ordinary Resolution set out at Item No. 5 of the Notice for approval by the shareholders.

Item No. 6 & 7

Mr. Sachin Raole (DIN: 00431438) was appointed by the Board on 16.01.2017 as an additional director. The Board of Directors has received a notice from the shareholder proposing the candidature of Mr. Sachin Raole as Director to be appointed under the provisions of Sections 149 and 152 of the Companies Act, 2013.

Mr. Sachin Raole is a Chartered Accountant and Cost Accountant from India with twenty-two years of experience in varied fields of finance and accounts. He has worked in the areas of divestment, mergers & acquisitions, financial restructuring, treasury, accounts and taxation. He has a very rich experience in the wide spectrum of finance across industries; manufacturing, project, financial services and pharmaceutical. Additionally he also has an experience in heading Human Resources, Materials, IT, Legal & Secretarial.

The Company has received from Mr. Sachin Raole;

(i) Consent in writing to continue to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014.

(ii) Intimation in Form DIR- 8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014 to the effect that he is not disqualified under sub-section 2 of Section 164 of the Companies Act, 2013.

The Resolution seeks the approval of members for the appointment of Mr. Sachin Raole as Director liable to retire by rotation.

Pursuant to the recommendation of Nomination & Remuneration Committee and subsequent approval of Audit Committee, the Board, subject to the approval of the members, appointed Mr. Sachin Raole also, as Whole Time Director of the Company for a period with effect from 16th January, 2017 till 31st July, 2019.

The brief terms of appointment of Mr. Sachin Raole including remuneration are as follows:

1. **Powers to be exercised by Mr. Sachin Raole as Whole Time Director**

   (i) To manage, conduct and transact the operations of Finance, Commercial, Secretarial, Information Technology and Investor Relation functions under supervision and control of Chairman, including power to enter into contracts and to vary and rescind them.

   (ii) To enter into and become party to and to sign and execute deeds, instruments, contracts, receipts and all other documents or writings on behalf of Finance, Commercial, Secretarial, Information Technology and Investor Relation functions, whether or not required to be executed under its common seal or otherwise provided for in the Articles of Association of the Company.

   (iii) Apart from the above, Mr. Sachin Raole shall also exercise and perform such powers and duties as the Chairman / Board of Directors of the Company (hereinafter called as "the Board") may from time to time determine and also which he may consider necessary or proper or in the interest of the Company.

2. **Annual Remuneration:**

   Mr. Sachin Raole as from date of appointment as Whole Time Director (WTD) till as long as he performs the services and complies with the terms and conditions provided by the Agreement shall be entitled to and paid the following remuneration during the term.

(i) **Starting Salary:** Mr. Sachin Raole will be paid starting monthly salary of ₹8,00,100/- as detailed below:

Basic Salary	2,61,000
House Rent Allowance	1,04,400
Conveyance Allowance	3,000
Quality of Life Allowance	3,72,500
Lunch Allowance	2,500
Education Allowance	1,000
Leave Travel Assistance Allowance	52,200
Medical Allowance	3,500
Total	**8,00,100**

The above remuneration will be revised on 1st July every year hereinafter.

(ii) **Variable Pay**

Mr. Sachin Raole will be eligible for Variable Pay of ₹ 30,00,000/- (Rupees Thirty Lakhs) only. Committed variable pay for year 2016-17 (till 30th June 2017) will be 80% i.e. ₹ 24,00,000/- (Rupees Twenty Four Lakhs only). From July 2017 onwards, this variable pay will be 100% variable and be payable annually subject to Company & Individual Performance.

(iii) **Perquisites**

The following perquisites shall be allowed in addition to above:

(a) **Leave and Leave Encashment**

Mr. Sachin Raole shall be entitled to 30 days leave for each year of service. The leave can be accumulated up to 60 days and will be encashed beyond accumulation over 60 days.

(b) **Provident Fund**

The Company shall contribute to a statutory or recognized provident fund on behalf of Mr. Sachin Raole to the extent that such contribution is not taxable in the hands of Mr. Sachin Raole under the provisions of Income Tax Act, 1961 as subsisting from time to time. Presently it is 12% of basic salary.

(c) **Superannuation**

The Company shall contribute annually to a recognized or statutory superannuation fund or annuity fund on behalf of Mr. Sachin Raole to the extent that such contribution is not taxable in the hands of Mr. Sachin Raole under the provisions of Income Tax Act, 1961 as subsisting from time to time. Presently the amount of such contribution is ₹ 1,50,000 per annum.

(d) **Gratuity**

Gratuity shall be payable to Mr. Sachin Raole on the termination of Agreement or in the event of his resignation or his death @ half month's basic salary for each completed year of service and as per prevailing rules and subject to Payment of Gratuity Act.

(e) **Ex-Gratia**

An amount representing excess of 10% of Mr. Sachin Raole's basic salary over ₹ 1,50,000/- should be paid to him as an ex-gratia on an annual basis.

This amount will be paid in financial year 2017/18 on pro rata basis when ex-gratia is paid to all other employees of the Company.

(iv) **Other Benefits**

(a) **Insurance**

Insurance premium not exceeding ₹33,450/- per annum, will be paid by the Company as detailed below:

Group Mediclaim Insurance Policy Premium ₹28,100/ (Mediclaim Policy limit of ₹ 4,00,000/- per Annum on Floater basis for self and direct family members. Group Personal Accident Insurance Policy Premium ₹ 2,350/- (Sum insured under Group Personal Accident Insurance Policy will be ₹1,00,00,000/-) Group Term Insurance Policy Premium ₹ 3,000/- (Sum insured under Group Term Insurance Policy will be ₹ 60,00,000/-). For the purposes above the term "family" means spouse, dependent child and parents of Mr. Sachin Raole.

(b) **Telephone Reimbursement:**

The Company shall reimburse telephone expenses incurred on the telephone at the residence of Mr. Sachin Raole and mobile used by Mr. Sachin Raole subject to maximum of ₹2,150/- per month.

(c) **Laptop:**

Mr. Sachin Raole will be entitled to company owned Laptop for use at residence/ travel. At the end of his tenure this will be owned by him.

(d) **Reimbursement of expenses:**

Mr. Sachin Raole shall be reimbursed at actual all travelling, entertainment and other out of pocket expenses actually incurred by him while conducting and in connection with or for the business. This shall not constitute his remuneration.

Mr. Sachin Raole's international travel shall be by Business Class and domestic travel by Economy Class as per Travel Policy applicable to Executives in Level L4.

(v) **ESOP**

Mr. Sachin Raole when appointed as CFO and President- Finance & Commercial was granted 100,000 Stock Options as per Praj ESOP which will form part of Mr. Sachin Raole's remuneration as WTD.

However the total remuneration as specified above and any subsequent increase thereto as may be decided by the Chairman / Board of Directors or Committee thereof, shall always be subject the ceiling limits for Managerial Remuneration prescribed under Companies Act, 2013 read with Rules framed thereunder and Schedule V to the Companies Act, 2013 and amendments / modifications thereto.

(vi) **Inadequacy or Absence of Profits**

If the Company has no profits or its profits are inadequate, the Company may pay Mr. Sachin Raole by way of salary, perquisites and other allowances, not exceeding the amount based on the effective capital of the Company, subject to the overall ceiling limit prescribed under Schedule V to the Companies Act, 2013.

(vii) **Sitting Fees**

Mr. Sachin Raole shall not be paid any remuneration for attending any of the meetings of the Board of the Company.

3. Confidentiality, Secrecy and Non-competition

3.1 Mr. Sachin Raole shall not, during the Term or at any time thereafter, divulge or disclose to any person, firm, company, body corporate or concern whomsoever or make any use whatever for his own or for whatever purpose of any confidential information or knowledge obtained by him during his employment as to the business or affairs of the Company or as to any trade secrets or secret processes of the Company and he shall during the continuance of his employment hereunder, also use his best endeavours to prevent any other person, firm, company, body corporate or concern from doing so. Further, Mr. Sachin Raole shall not, at least for two years after termination of the agreement, work for Company's customers/competitors.

3.2 Mr. Sachin Raole acknowledges that the Company shall be entitled to injunctive reliefs to restrain him from committing a breach of Clause 3.1 above.

4. Position as Director

Mr. Sachin Raole acknowledges that he shall be a Director on the Board by virtue of his being the Whole Time Director and hence, if Mr. Sachin Raole ceases to be Whole Time Director for any reason whatsoever, he shall automatically, without any act or application either on part of the Company or Mr. Sachin Raole, deemed to have ceased to be a Director of the Company. Mr. Sachin Raole's office as Director shall be liable to retirement by rotation however, in the event that Mr. Sachin Raole gets reappointed as a Director, such retirement by rotation and consequent reappointment shall not be construed as cessation in his services as Whole Time Director.

5. Termination

5.1 Either Party may terminate this Agreement without being bound to assign any reason by giving three months' notice in writing to the other. The Company shall have the option to pay Mr. Sachin Raole three months' remuneration in lieu of notice.

5.2 This Agreement shall automatically stand terminated upon the happening of any of the following events:-

(i) If Mr. Sachin Raole commits any act of insolvency;

(ii) If Mr. Sachin Raole suffers from any legal disability which renders his continuance as a director on the Board illegal;

(iii) If Mr. Sachin Raole suffers any physical or mental disability which prevents him from performing his obligations hereunder for more than six months;

(iv) If the Board resolves to revoke the appointment of Mr. Sachin Raole as Whole Time Director on the grounds that Mr. Sachin Raole has committed a material breach of the provisions of this Agreement or any other sufficient cause which renders Mr. Sachin Raole's continuance in office as not being in the interest of the Company.

5.3 Mr. Sachin Raole acknowledges that he has wide supervisory and managerial functions and he is not a workman within the meaning of the Industrial Dispute Act or under any other law.

5.4 Mr. Sachin Raole further acknowledges that in the event that Mr. Sachin Raole contending that the Company has unlawfully terminated the Agreement, Mr. Sachin Raole shall only be entitled to claim damages but shall not be entitled to claim any injunctive or other interlocutory reliefs against the Company.

Brief resume of Mr. Sachin Raole, nature of his expertise in specific functional areas, names of companies in which he holds directorships and memberships / chairmanships of Board Committees, shareholding and relationship between directors inter-se as stipulated under SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, form part of the Annual Report.

No Director or Key Managerial Personnel of the Company and/ or their relatives, except Mr. Sachin Raole in his personal capacity for whom the Resolutions relate, is interested or concerned in the Resolutions.

The Board recommends the Ordinary Resolution and Special Resolution as set out at Item No. 6 & 7 respectively of the Notice for approval by the shareholders.

Item No. 8

The Company had entered into an agreement dated 10th August, 2015 with Mr. Pramod Chaudhari re-appointing him as Executive Chairman of the Company for a term of two years w.e.f. 1st August, 2015.

On recommendation of Nomination & Remuneration Committee, the Board of Directors, in its meeting held on 30th June, 2017, subject to the approval of the members in the ensuing Annual General Meeting, has extended the term of the agreement on the same terms and conditions including remuneration w.e.f. 1st August, 2017 for a further period of two years. The remuneration of Mr. Pramod Chaudhari has remained unchanged since last two terms i.e. from 1st August 2012 to 31st July 2015 and from 1st August 2015 to 31st July 2017.

The information relevant for considering the resolution is as under:

Mr. Pramod Chaudhari is a B.Tech in Mechanical Engineering from IIT, Bombay. He is Promoter and Founder Director of Praj Industries Limited. He has over 46 years experience in the industry, as a professional and as an entrepreneur.

Broad terms of his appointment and remuneration are as follows:

The remuneration payable to Mr. Pramod Chaudhari, Executive Chairman shall be as under:-

I. Salary :

Basic Salary not exceeding ₹ 1,800,000/- per month.

II. Performance Bonus/Variable Pay :

In addition to salary and perquisites, Performance Bonus/Variable Pay as recommended by the Nomination & Remuneration Committee and as approved by the Board shall be paid to Mr. Pramod Chaudhari after considering the performance of the Company & Praj Group Companies and his individual performance.

III. Commission

In addition to salary, perquisites and Performance Bonus/Variable Pay, Commission on profits shall be paid to Mr. Pramod Chaudhari depending upon the profitability of the Company and Praj Group Companies. The commission will be recommended by the Nomination & Remuneration Committee and will be approved by the Board after considering the performance of Company and Praj Group Companies within the overall limits approved by the members.

The total payments under the head Performance Bonus and Commission taken together shall not exceed 3% of consolidated profit before tax (subject to the overall limits prescribed under Section 197 (1) of the Companies Act, 2013) read with rules framed there under.

IV. Allowances / Perquisites:

In addition to the above, Mr. Pramod Chaudhari shall be entitled to the following allowances / perquisites which shall not exceed 125% of his basic salary:

a) Fully furnished residential accommodation, where no accommodation is provided by the Company, House Rent Allowance 50% of basic salary in lieu thereof shall be paid.

b) Medical Allowance not exceeding 15% of basic salary per month.

c) Leave Travel Assistance for self and family not exceeding 15% of basic salary per month.

d) Other allowances not exceeding 45% of basic salary per month.

e) Fees of clubs in India which will include admission and life membership fees.

f) Personal accident insurance, premium whereof does not exceed ₹ 2,00,000/- per annum.

g) The Company shall contribute upto ₹ 1,50,000 per annum to a recognized or statutory Superannuation Fund or Annuity Fund on behalf of Mr. Pramod Chaudhari.

h) Annual Ex-gratia representing an amount of excess of 15% of Mr. Pramod Chaudhari's basic salary over ₹ 1,50,000/- as per (g) above

i) A car with driver.

j) Telephone, Computer, Fax and such other facilities at residence and also at a other office of Mr. Pramod Chaudhari.

k) 30 days Leave for each year of service. The Leave can be accumulated as per Company Policy.

l) Subject to any statutory ceiling/s, Mr. Pramod Chaudhari shall be entitled to such other allowances, perquisites, benefits and facilities as Nomination & Remuneration Committee from time to time may recommend and the Board of Directors approve.

"**Family**" for the above purpose means the spouse and dependent child of Mr. Pramod Chaudhari.

V. Computation of Ceiling

The following shall not be included in the computation of perquisites for the purposes of the ceiling:

i) Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax, 1961.

ii) Gratuity at the rate not exceeding half a month's salary for each completed year of service.

iii) Encashment of leave at the end of the Term.

iv) Items from (e), (f), (g), (i), (j), (k) and (l) of Allowances / Perquisites as mentioned in IV above.

However, the overall remuneration payable to Mr. Pramod Chaudhari shall be within the ceiling of Section 197(1) of the Companies Act, 2013 read with rules framed thereunder.

VI. Minimum Remuneration

In the event of loss or inadequacy of profits in any financial year during the Term the payment of Salary, perquisites and other allowances shall stand reduced to the limit prescribed by Schedule V to the Companies Act, 2013, as amended from time to time, as minimum remuneration.

For the purpose of computation of minimum remuneration, the following shall not be included:

i. Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

ii. Gratuity at the rate of half month's salary for each completed year of service, and

iii. Encashment of leave at the end of Term.

Other Terms :

1. Mr. Pramod Chaudhari shall be entitled to reimbursement of Entertainment expenses and other expenses actually incurred in connection with the Company's business.

2. Mr. Pramod Chaudhari shall not, during the continuance of his employment or at any time thereafter divulge or disclose to any person whosoever or make any use for whatever purpose, of any confidential information or knowledge obtained by him during his employment as to the business or to the affairs of the Company or as to any trade secrets, processes of the Company and Mr. Pramod Chaudhari shall during the continuance of his employment hereunder also use his best endeavors to prevent any other person from doing so.

3. If before the expiration of this Agreement, the Term of office of Mr. Pramod Chaudhari is determined by any reason whatsoever, Mr. Pramod Chaudhari shall, subject to the provisions of Section 202 of the Companies Act, 2013 be entitled by way of compensation for the loss of office an amount equivalent to the remuneration which he would have earned if he had been in office for the remainder of his term or 2 years whichever is shorter.

4. In case Mr. Pramod Chaudhari dies during the course of his employment, the Company shall pay to his spouse or next of kin such amount which shall be equivalent to the remuneration which he would have earned if he had been in office for 36 months after the date of his death and shall be calculated on the basis of the salary drawn by him at the time of his death.

5. Subject to the provisions of the Act, Mr. Pramod Chaudhari shall not, while he continues to hold office of the Executive Chairman, be subject to retirement by rotation of Directors and he shall not be reckoned as a Director for the Purpose of determining the rotation for retirement of Directors or in fixing the number of Directors to retire, but he shall 'ipso facto' and immediately cease to be the Executive Chairman if he ceases to hold office of Director for any reason.

Brief resume of Mr. Pramod Chaudhari, nature of his expertise in specific functional areas, names of companies in which he holds directorships and memberships / chairmanships of Board Committees, shareholding and relationship between directors inter-se as stipulated under SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, form part of the Annual Report.

Mr. Pramod Chaudhari is interested in the resolution set out at Item No. 8 of the Notice. The relatives of Mr. Pramod Chaudhari may be deemed to be interested in the resolution set out at Item No. 8 of the Notice, to the extent of their shareholding interest, if any, in the Company.

None of the Directors, other than Mr. Pramod Chaudhari and Ms. Parimal Chaudhari being spouse of Mr. Pramod Chaudhari, is in any way concerned or interested in the said resolution.

The Board recommends the Ordinary Resolution set out at Item No. 8 of the Notice for approval by the members.

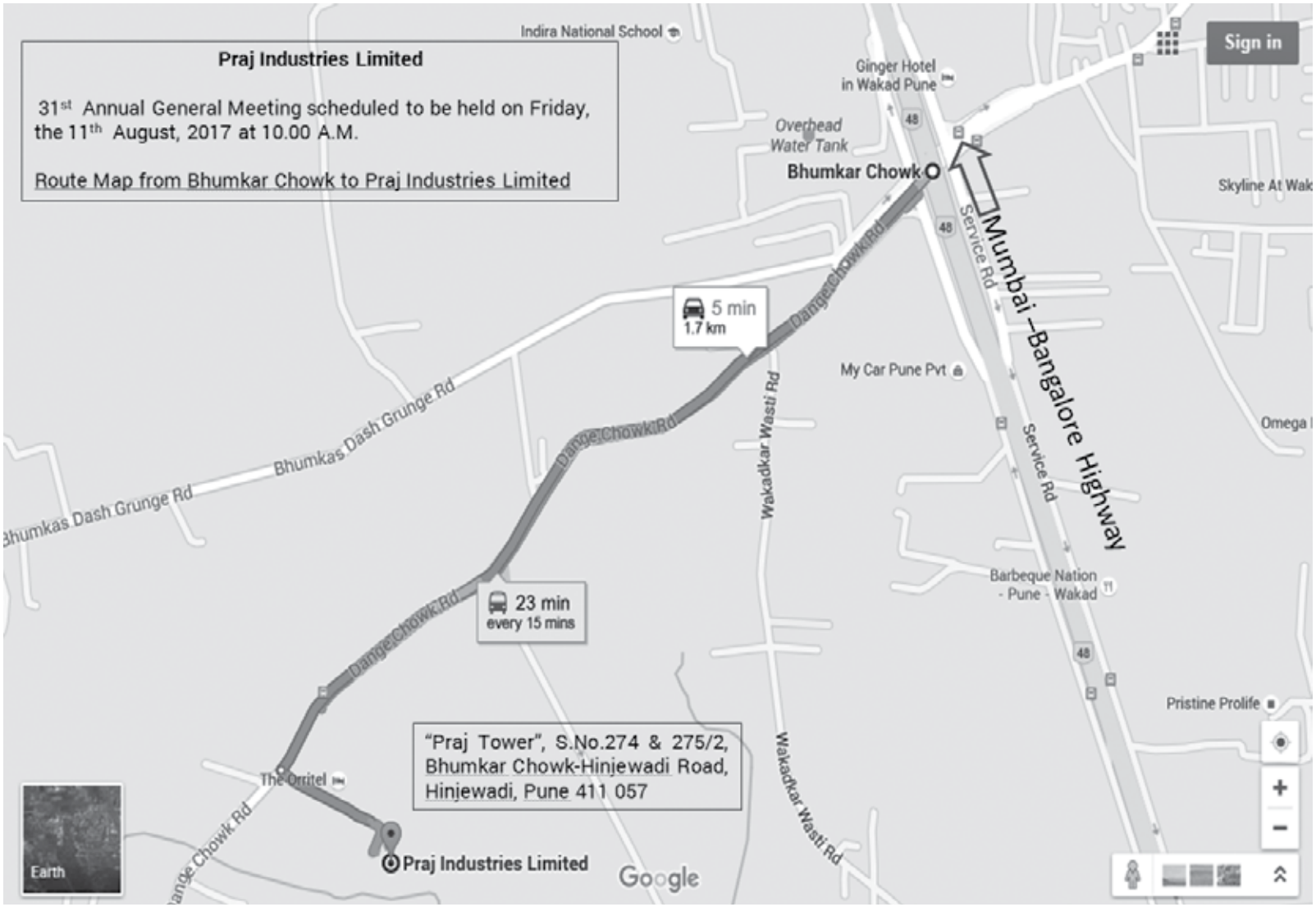
By Order of the Board of Directors

Place: Mumbai

Dattatraya Nimbolkar

Date: 30th June, 2017

Chief Internal Auditor & Company Secretary



Address - Praj Industries Limited. 'Praj Tower', S. No. 274 & 275, Bhumkar Chowk-Hinjewadi Road, Hinjewadi, Pune - 411 057, Tel:+91-20-22941000/71802000

Form No. MGT-11

Proxy form

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN : L27101PN1985PLC038031

Name of the Company : **PRAJ INDUSTRIES LIMITED**

Registered Office: "Praj Tower", S. No. 274 & 275/2, Bhumkar Chowk- Hinjewadi Road, Hinjewadi, Pune – 411 057

Name of the member (s):

Registered address:

E-mail Id:

Folio No./Client Id :

DP ID:

I/We, being the member (s) of the above named Company and holding _____ shares , hereby appoint

1) _____ of _____ having e-mail id _____ or failing him

2) _____ of _____ having e-mail id _____ or failing him

3) _____ of _____ having e-mail id _____

and whose signatures are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Thirty First Annual General Meeting of the Company, to be held on Friday, the 11th August, 2017, at 10.00 a.m.at "Praj Tower", S. No. 274 & 275/2, Bhumkar Chowk- Hinjewadi Road, Hinjewadi, Pune – 411 057 and at any adjournment thereof in respect of such resolutions as are indicated below:

**I wish above proxy to vote in the manner as indicated in the box below:

Description of Resolutions	For **	Against**
1. Receive, consider and adopt; a. the audited Financial Statements of the Company for the financial year ended 31st March, 2017 together with the reports of Board of Directors and the Auditors thereon. b. the audited Consolidated Financial Statements of the Company for the financial year ended 31st March, 2017 together with the report of the Auditors thereon.		
2. Declaration of Dividend on Equity Shares.		
3. Appointment of a Director in place of Mr. Daljit Mirchandani (DIN: 00022951) who retires by rotation and being eligible, offers himself for re-appointment.		
4. Ratification of Appointment of M/s,. P G Bhagwat, Statutory Auditors from the conclusion of the ensuing Annual General Meeting till the conclusion of 32nd Annual General Meeting.		
5. Ratification of remuneration of Dhananjay V. Joshi & Associates, Cost Accountants, Pune as Cost Auditors for the financial year ending 31st March, 2018.		
6. Appointment of Mr. Sachin Raole (DIN: 00431438), Additional Director as Director.		
7. Appointment of Mr. Sachin Raole (DIN: 00431438) as Whole Time Director and payment of remuneration.		
8. Extension of term of appointment of Mr Pramod Chaudhari (DIN : 00196415) as Executive Chairman on same terms & conditions including remuneration.		

Affix Revenue Stamp 15 paise

Signature of shareholder

Signed this _____ day of _____2017.

_____ _____ _____

Signature of first Proxy holder Signature of second Proxy holder Signature of third Proxy holder

Note:

1. Please put a tick mark '✓' in the appropriate column against the respective resolutions. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
2. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
3. Appointing a proxy does not prevent a member from attending the meeting in person if he so wishes.

Project site: Eknathwadi, Pathardi, dist Ahmednagar.
Site before and after intervention.

SUSTAINABLE WATER RESOURCE DEVELOPMENT

PRAJ Foundation in partnership with Jankalyan Samiti, Ahmednagar & Savitribai Phule Ekatma Samaj Mandal, Aurangabad undertook sustainable water resource development programme.
Today, this project is helping **20** drought prone villages in **5** talukas of Ahmednagar & Jalna district benefitting **2500** farmers.

Jal Poojan at the hands of Parimal Chaudhari, Managing Trustee, Praj Foundation.

Highlights

- Enhanced productivity of agriculture crops due to use of fertile silt and assured irrigation facility.
- **2760** hectares agricultural land brought under irrigation.
- **650** wells & 540 bore wells recharged leading to year round availability of water for villagers & livestock.
- **40** kms internal roads created using murrum soil.
- **136** hectare of new cultivable area created due to deposition of silt.

praj | foundation

750+ references in more than 75 countries across 5 continents

praj

Innovate • Integrate • Deliver

Praj Industries Limited

"Praj Tower", S. No. 274 & 275/2, Bhumkar Chowk - Hinjewadi Road, Hinjewadi, Pune : 411057, INDIA.

Phone: +91-20-71802000 / 22941000 | Fax: +91-20-22941116 | E-mail: info@praj.net