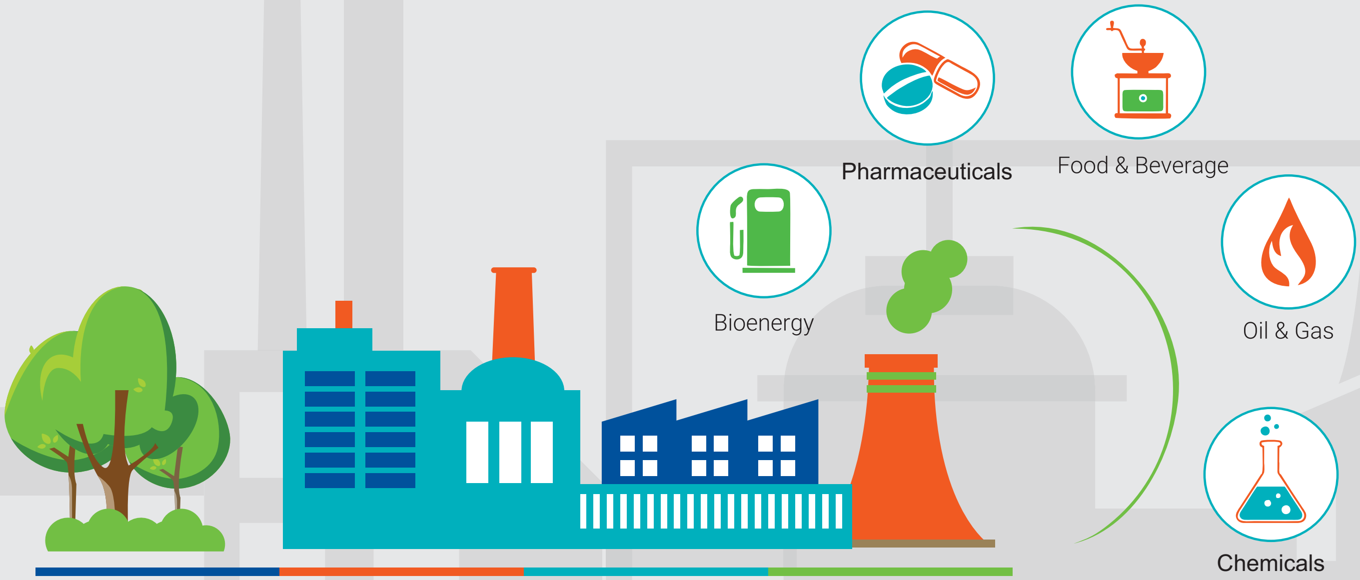
praj

Innovate • Integrate • Deliver



We Create, We Contribute.

Annual Report 2017-18

Skid mounted pharma system engineered and manufactured by Praj HiPurity Systems

We Create, We Contribute.

Praj is a provider of sustainable solutions to the process and project engineering industry, worldwide. With the vision of making the world a better place, Praj is in constant pursuit of cleaner, greener and eco-friendly solutions. Sustainability is an integral element in Praj's offerings to the end user industries that it serves viz. Bioenergy, Pharmaceuticals, Food & Beverage, Oil & Gas and Chemicals. The Company's vision is ably supported by the world-class R&D Center Matrix, manufacturing facilities and its talent pool.

Board of Directors

Names from L to R : Rajiv Maliwal, Shishir Joshipura, Berjis Desai, Mrunalini Joshi, Pramod Chaudhari, Parimal Chaudhari, Sivaramakrishnan Iyer, Daljit Mirchandani, Dr. Shridhar Shukla and Sachin Raole

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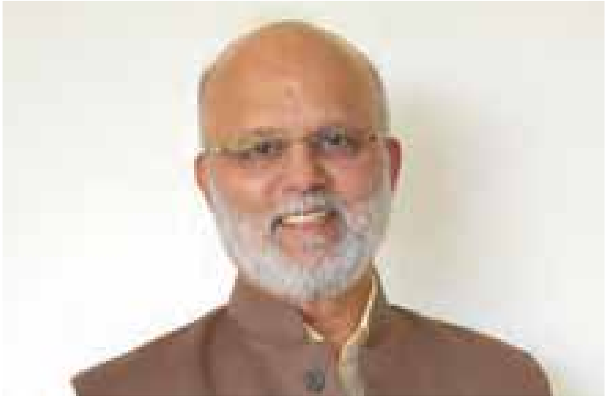
Company Profile

Board of Directors	**Executive Directors** Pramod Chaudhari, Executive Chairman ShishirJoshipura, CEO and Managing Director Sachin Raole, CFO and Director - Finance & Commercial Non - Executive Directors Berjis Desai Daljit Mirchandani Rajiv Maliwal Sivaramakrishnan Iyer Parimal Chaudhari Mrunalini Joshi Dr. Shridhar Shukla
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 & Co., LLP
Bankers	Bank of Maharashtra The Hong Kong and Shanghai Banking Corporation Limited ICICI Bank Limited Citibank N.A. Standard Chartered Bank
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 Message



Dear Shareholders,

It is my privilege to present to you the Annual Report for FY 2017-18. Picking the thread from last year, energy revolution in India has taken a leap. Your Company is spearheading this movement and has received consent to proceed from eminent Oil Marketing Companies of India for their 2nd generation biorefinery projects.

A welcome news comes with the Union Cabinet approving the much awaited National Policy on Biofuels for 2018. Ecosystem of the 2nd gen ethanol addresses many flagship agendas viz. rural employment creation, increasing farmer income, import substitution of oil and reduction in the GHG emissions. Indian Government's relentless focus on widespread adoption of ethanol and other alternate fuels across the nation continues to bolster visibility prospects for India in the global ethanol market.

A vibrant dialogue continues on the bio-based economy with 2nd gen biorefinery forming a major constituent of energy policies of various countries. Your Company's integrated biorefinery demonstration plant has attracted attention from stakeholders around the world. This is in addition to the 34th rank in the list of *50 Hottest Companies in the Advanced Bioeconomy 2018,* published by the US based prestigious Biofuels Digest. These developments corroborate the confidence in the Company's ability to significantly contribute to the global renewable energy market.

Growth prospects in the High Purity and Engineering business segments are also equally exciting. These businesses have made headways in the global markets. Your Company has successfully delivered some complex jobs in the chemical and oil & gas sector. Focus remains on maintaining high quality and leveraging the domain knowledge of the industries that the Company serves.

I am personally confident that having weathered the slowdown on various counts, Your Company is now fully geared up to leverage its core competencies supported by business strategy, global brand and prudent practices.

I take this opportunity to welcome Mr. Shishir Joshipura as the CEO and Managing Director. He has assumed the position with effect from 2nd April, 2018. He brings with him over 35 years of experience with proven track record at various leadership levels. I believe his deep understanding of business, both local and global and a sound industry background will be value accretive to the Company.

Closing, I thank you for your continued support.

Pramod Chaudhari
June 2018
Executive Chairman
Pune

CEO & MD's Message

Dear Shareholders,

I am pleased to write to you for the first time as the CEO & MD of Praj Industries. I had the opportunity to get to know my colleagues better and also meet some of the key customers. This has reinforced my belief in the strong institution that Your Company is and the potential it holds.

During FY 2017-18, Your Company delivered a stable performance despite an uncertain business environment and continued to build on its position as a global process solutions provider. On consolidated basis, revenues stood at ₹ 916.6 Cr., with PBT and PAT at ₹ 53 Cr. and ₹ 39.5 Cr., respectively.

With the renewable energy industry gaining momentum the world over, Bioenergy space presents an unprecedented opportunity. Your Company is right at the forefront to capitalize on them as one of the globally leading solutions provider.

In addition to the exciting developments related to Bioenergy and 2nd generation ethanol, growth levers are in place for other business verticals viz. High Purity Solutions for the pharmaceuticals industry, Critical Process Equipment & Skids for the oil & gas and related sectors, Brewery and Zero Liquid Discharge Solutions for the Industrial Wastewater Treatment. Your Company is also putting in efforts towards R&D, ramping up the design driven thinking and focusing on modernization.

The endeavor to bring in additional offerings to drive growth in established markets, while also improving the footprint in under-penetrated geographies remains the mainstay. Through various strategic initiatives, Your Company remains focused on deepening the relevance of its offerings to the customers. Solid global reference base and constant focus on innovation combined with sustainability enables Your Company to improve customer centricity.

It is my priority to collaborate with all stakeholders and to lead Praj to its next phase of growth. I look forward to your continued support in this journey.

Shishir Joshipura
June 2018
CEO & MD
Pune

Praj’s 2nd Generation Biorefinery Demo Plant

Praj's integrated biorefinery demonstration plant

India’s first and Praj's own integrated biorefinery demonstration plant deploys Praj’s homegrown technology for manufacturing ethanol from variety of agri residue. With ethanol production capacity of 1 million liter per annum and capability to process a range of 2nd gen feedstock like rice and wheat straw, bagasse, corn cobs and corn stover, the biorefinery is also a technology platform for the research and development of a horde of renewable fuels and chemicals. India has taken a major step towards enhanced energy security with the ethanol blending program.

Praj at a Glance (Consolidated)

	UOM	2017-18	2016-17	2015-16	2014-15	2013-14
Sales (Gross)	₹ Mn	9234.568	9551.624	10638.168	10122.032	9858.371
Sales (Net of Excise)	₹ Mn	9165.864	9149.912	10236.038	10122.032	9858.371
Other Income	₹ Mn	267.249	222.781	183.562	336.588	230.092
Total Income	₹ Mn	9501.817	9774.405	10821.730	10458.620	10088.463
Total Expenditure Excluding Depreciation	₹ Mn	8730.767	8877.909	9517.385	9216.541	9081.384
EBIDTA (Excluding other Income)	₹ Mn	610.296	732.168	1154.199	930.163	791.382
Depreciation	₹ Mn	240.925	221.243	250.249	378.260	237.631
Profit Before TAX	₹ Mn	530.125	675.253	1054.096	863.819	769.448
PAT Before Minority Interest	₹ Mn	394.877	445.999	824.722	782.289	565.026
PAT After Minority Interest	₹ Mn	394.909	446.028	824.623	762.662	546.257
Other Comprehensive Income	₹ Mn	8.017	(6.384)	6.843	-	-
Total Comprehensive Income	₹ Mn	402.894	439.615	831.565	-	-
Net Block Of Fixed Assets + CWIP	₹ Mn	3020.738	3102.045	2957.310	3071.989	3280.278
Share Capital	₹ Mn	361.865	358.888	355.945	354.930	354.930
Reserves And Surplus	₹ Mn	6899.492	6737.453	6196.902	5866.654	5470.277
Net Worth	₹ Mn	7261.357	7096.341	6552.847	6221.584	5825.207
EPS Basic	₹	2.19	2.50	4.64	4.30	3.08
Cash EPS	₹	3.53	3.74	6.05	6.43	4.42
No. of Shares	Nos.	180,932,415	179,444,188	177,972,409	177,465,079	177,465,079
Dividend	%	81%	81%	81%	81%	111%
Book Value Per Share	₹	40.13	39.55	36.82	35.06	32.82
RATIOS						
EBIDTA (Excluding other Income) to Sales	%	7%	8%	11%	9%	8%
PBT to Sales	%	6%	7%	10%	9%	8%
PAT to Sales	%	4%	5%	8%	8%	6%
RONW	%	6%	7%	13%	13%	9%
ROCE	%	7%	10%	16%	14%	13%

The financial results summary for financial years 2015-16 and onwards 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 32nd Annual Report and the Audited Financial Statements for the year ended 31st March, 2018.

Financial Results

During the year under review, your Company has recorded total income of ₹ 7283 Mn (previous year ₹ 7787 Mn), 7% reduction in total income. Profit before Tax declined by 41% to ₹ 399Mn (previous year ₹ 674Mn). The performance summary is presented herewith:

(₹ Mn.)

Particulars	2017-18	2016-17
Turnover	**7020**	7592
Other Income	**263**	195
Total Income	**7283**	7787
Total Expenses	**6884**	7113
PBT	**399**	674
PAT	**315**	469
Other Comprehensive Income	**7**	1
Total Comprehensive Income	**322**	470
(+) Balance in Profit & Loss account	**5067**	4580
(+) INDAS Adjustments (ESOPs)	**2**	17
Profit Available for Appropriations	**5391**	5067
Appropriations		
Dividend		
- Final	**291**	-
- Dividend Tax (final Dividend)	**59**	-
Transfer to Special Economic zone Re-investment Reserve	**72**	-
Balance in Statement of Profit & Loss	**4969**	5067

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. (Refer Annexure 1).

Summary of Consolidated Results

During the year, the Total Income stood at ₹ 9502 Mn which is lower by 3% over last year (₹9774Mn). Profit before tax at ₹ 530 Mn is lower by 21% over last year (₹ 675 Mn). The performance summary is presented herewith:

(₹ in Mn)

Particulars	2017-18	2016-17
Turnover	**9235**	9552
Other income	**267**	222
Total income	**9502**	9774
Total expenses	**8972**	9099
PBT	**530**	675
PAT (after Minority Interest)	**395**	446
(+) Other Comprehensive Income	**8**	(6)
Total Comprehensive Income	**403**	440

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, 2018. 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 ₹ 353Mn (Dividend: ₹ 293 million and Dividend Distribution Tax ₹ 60 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 www.praj.net

Reserves

The Company is not proposing any transfer to the General Reserve for the year 2017-18.

Credit Rating

a) CRISIL has re-affirmed "**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 re-affirmed 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, in view of project completion, your Company has closed down its project specific step down subsidiary by name Praj Industries (Tanzania) Limited with effect from 23rd October, 2017. In view of this, it ceased to be the step down 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. www.praj.net

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) will retire by rotation at the ensuing Annual General Meeting and being eligible offers herself for re-appointment.

During the year, Mr. Prakash Kulkarni (DIN : 00019652) and Mr. Kishor Chaukar (DIN : 00033830) Independent Directors of the Company retired with effect from 11th August, 2017.

Mr. Daljit Mirchandani (DIN : 00022951) retired by rotation as Director of the Company on 11th August, 2017 and being willing and eligible, was re-appointed as Director of the Company.

Ms. Mrunalini Joshi (DIN 00957617) was appointed as Additional Director of the Company under Section 160 of the Companies Act, 2013 and also as Independent Director under Sections 149 and 152 of the Companies Act, 2013 with effect from 11th August, 2017 till the conclusion of Annual General Meeting to be held for adoption of accounts for the financial year 2019-20 or 10th August, 2020 whichever occurs earlier, subject to the approval of shareholders at ensuing Annual General Meeting of the Company.

Mr. Shishir Joshipura (DIN: 00574970) was appointed as Additional Director under Section 160 of the Companies Act, 2013 with effect from 2nd April, 2018. Further, Mr. Shishir Joshipura was appointed as Chief Executive Officer and Managing Director of the Company for a period of Five (5) years with effect from 2nd April, 2018, subject to the approval of shareholders at ensuing Annual General Meeting of the Company.

Dr. Shridhar Shukla (DIN 00007607) was appointed as Additional Director of the Company under Section 160 of the Companies Act, 2013 and also as an Independent Director under Sections 149 and 152 of the Companies Act, 2013 for a period of Five (5) years with effect from 12th April, 2018, subject to the approval of shareholders at ensuring Annual General meeting.

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. Shishir Joshipura*	Chief Executive Officer and Managing Director	02.04.2018	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. Shishir Joshipura was appointed as CEO and Managing Director for a period of Five (5) years with effect from 2nd April, 2018.

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.

c) Cost Auditors

Your Company has appointed Dhananjay V. Joshi & Associates, Cost Accountants as Cost Auditors of the Company for the financial year 2018-19 at the remuneration as set out in item No.4 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 2017-18, as required under Section 204 of the Companies Act, 2013 read with rules framed thereunder. The Secretarial Audit Report (MR-3) for F.Y. 2017-18 forms part of the Annual Report as **Annexure 6**.

The Board has appointed KANJ & Co. L.L.P. (formerly KANJ & Associates) Pune, as Secretarial Auditors of the Company for the financial year 2018-19.

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 2017-18 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. www.praj.net

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/ KMP 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. www.praj.net and is also attached as **Annexure 8** to this report.

ESOP

During the year, your Company allotted 14,88,227 shares on exercise of options under the Employee Stock Option Plan 2011. Consequent to the above, the Issued, Subscribed and Paid up Share Capital of your Company increased from 179,444,188 shares (₹ 358.888 Mn.) to 180,932,415 shares (₹ 361.865 Mn.) as of 31st March, 2018.

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 VII	19,69,700	₹ 50/-

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 hosted on the website of Company at www.praj.net.

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: www.praj.net

The information in respect 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 2017-18, 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 in their report.

The Secretarial Auditors in their report have mentioned that an enquiry of the matter of Trading of Shares by insider during the window closure is under process.

The Board of Directors submits that Company has reported the above mentioned transaction made by an Insider to the BSE and NSE on 7th November, 2017 under Regulation 7(2) read with Regulation 6(2) of SEBI (Prohibition of Insider Trading) Regulations, 2015. The Company has since concluded the enquiry based on which appropriate action will be taken by the Company.

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 for the year ended 31st March, 2018 is as per **Annexure 5** to this report.

Number of Board Meetings conducted during the year under review

The Board met six 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 have been followed along with proper explanation relating to material departures;

(b) the Directors have 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 have 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 have prepared the annual accounts on a going concern basis;

(e) the Directors have 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 have 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, in respect of employees of the Company and Directors is furnished hereunder:

Sr. No.	Name	Designation	Remuneration paid FY 2017-18 ₹ Mn.	% increase/ (Decrease) in remuneration over FY 2016-17	Ratio of the remuneration of each Director to median remuneration of employees
1	Mr. Pramod Chaudhari	Executive Chairman	43.175	(16.8)	48.3
2	Mr. Berjis Desai	Non-Executive Independent Director	1.350	Nil	1.5
3	Ms. Parimal Chaudhari	Non-Executive Director	1.000	Nil	1.1
4	Mr. Rajiv Maliwal	Non-Executive Independent Director	0.450	Nil	0.5
5	Mr. Sivaramakrishnan Iyer	Non-Executive Independent Director	1.350	Nil	1.5
6	Mr. Daljit Mirchandani	Non-Executive Non-Independent Director	10.900	0.9	12.2
7	Mr. Sachin Raole	CFO and Director- Finance & Commercial	6.220	(19.9)	7.0
8	Ms. Mrunalini Joshi*	Non-Executive Independent Director	0.350	N.A.	0.4
9	Mr. Dattatraya Nimbolkar	Chief Internal Auditor & Company Secretary	6.756	(26.0)	7.6

* appointed as Independent Director with effect from 11th August, 2017.

The median remuneration of employees of the Company during the financial year was ₹ 0.893 Million. In the financial year, there was an increase of 5% in the median remuneration of employees.

There were 884 permanent employees on the rolls of Company as on 31st March, 2018.

Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2017-18 was around 5% whereas the managerial remuneration for the same financial year reduced by around 27%.

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.

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

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 2017-18.

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 no case filed pursuant to The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Energy Conservation, Technology Absorption, Adaptation, Innovation:

Praj has always endeavoured 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 21 new patents.
2. Firmed up its front runner position in the 2nd generation cellulosic ethanol technology with the launch of its and India's first integrated 2nd generation bio-refinery. The plant was inaugurated in May 2017, at the hands of Mr Nitin Gadkari, Hon'ble Minister for Road Transport & Highways, Shipping and Water Resources, River Development & Ganga Rejuvenation. This is a landmark development in India's journey toward energy independence and relates to many of the nationally relevant agendas. The advanced bio-refinery technology demonstrates integrated production capability of 1 million litre per annum (MLPA) of ethanol from variety of biomass and paves the way for stepping up India's ambitious ethanol blending programme.

Foreign Exchange Earnings & Outgo

(₹ Mn.)

Particulars	31.3.2018	31.3.2017
Earnings	**3404**	1440
Outgo	**600**	706
Net Foreign Exchange Earnings	**2804**	734

Your Company has retained its status as a net forex earner consecutively for past 21 years.

Acknowledgements

Your Directors wish to place on record their appreciation towards all associates including Customers, Collaborators, Government Agencies, 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: Pune
Date: 12th June, 2018

Pramod Chaudhari
Executive Chairman

ANNEXURE 1

Management Discussion & Analysis

Overview

Your Company addresses process and project engineering segment and operates in global space where the need for sustainability and care for environment is more pronounced. As a developer and supplier of sustainable and eco-friendly solutions, sustainability is an innate element of Your Company's business verticals, operations and CSR initiatives.

For each business vertical, Your Company has identified the opportunity-risk matrix to respond to the market needs. Bioenergy business which constitutes about 60% of the Company's revenues, is driven by mandate intensity, industrial growth and consumption patterns. While India's ethanol blending program has caught momentum and global attention, many other countries are en route to implementation and increasing the portion of renewables in their energy matrix. Focus on innovation, global reference base and a strong brand equity place Your Company in a pole position to participate in the opportunities.

Consolidation in the pharmaceutical industry, stringent FDA norms and focus on pharma exports by emerging markets are the drivers for Praj Hipurity business. In the engineering business, Critical Process Equipment and Skids is showing traction with enquiries from some of the globally leading EPC and chemical companies. Your Company remains focused on skids which command a higher component of multidisciplinary engineering. Your Company has carved out a Special Projects, Processes and Systems division to carry out commercialization of new chemicals for prospective clients and also, technologies developed in-house. Brewery business continues to contribute to the overall performance of the Company with improved market share. Water and waste water is showing opportunities in the wider industry spectrum. The focus continues on high complexity zero liquid discharge systems for industrial effluents.

Business Snapshot

Bioenergy

Commercialization of 2nd generation ethanol technology marks the highpoint of FY 2017-18 for Your Company. Praj's own and India's first integrated 2nd generation demonstration biorefinery was inaugurated in May 2017. This landmark development is a step closer to enhanced energy self-sufficiency for India. The biorefinery has the capacity to produce 1 mn liter per annum of fuel ethanol from a variety of agri residue viz. rice and wheat straw, cotton stalk, bagasse, cane trash, corn cobs and stover etc. The plant has been operating successfully for over a year and serves as technology platform to develop a horde of renewable fuels and chemicals. The techno-socio-economic model of 2nd gen ethanol addresses many pressing issues that India is facing today. It is a definite means to strike a balance between India's growth aspirations and environment conservation, with the potential to boost rural economy and generate employment.

After thorough technical due diligence of the demonstration plant, Indian oil marketing companies have chosen Praj as technology partner for their projects. This reaffirms the position of Your Company as frontrunner in the 2nd gen ethanol technology. Recently, Bharat Petroleum Corporation Limited gave a formal confirmation to Praj's offer by way of Letter of Acceptance for its proprietary technology, basic engineering and design package for a value of ₹ 16.75 cr. This is a major milestone towards commencement of work on the 2nd gen ethanol biorefinery with production capacity of 100 kiloliter per day to be set up at Bargarh, Odisha. The biomass feedstock will be sourced from the local farming community.

This was followed by another LOI from Indian Oil Corporation Limited (IOCL) for 2nd gen biorefinery project to be set up in Panipat, Haryana. Praj's scope for the said project comprises license of proprietary technology, design package and project management services (EPCM) for a value of ₹ 38.7 cr. This is further to the MOU entered between Praj and IOCL in Sept 2016.

Your Company has also participated in tender process issued by Hindustan Petroleum Corporation Limited, the outcome of which is due shortly. These are among the first batch of multiple 2nd gen projects to be undertaken by oil marketing companies of India.

FY 2017-18 also witnessed several forums that facilitated constructive dialogue among various stakeholders viz. technology suppliers, academia, government and other industry participants. These include Bioenergy Urja Utsav organized by MOPNG in association with Mahratta Chamber of Commerce, Industries and Agriculture in Pune, World Biofuels Day celebration in Delhi and over 100 districts across India.

On the policy front, the much awaited National Biofuel Policy 2018 and its implementation is approved by the Union Cabinet. Progressive in its approach, it is expected to usher in a new age for the Biofuels industry in India, keeping pace with similar developments at the global level. 2nd gen Ethanol, an advanced biofuel has been accorded more prominence in the policy.

India has also joined hands with international counterparts. New Delhi hosted the EU-India conference on Advanced Biofuels in March, 2018. This conference aimed at facilitation of the development and deployment of advanced renewable fuels in the two regions and was followed by a technical visit to the demonstration plant of Your Company.

The recently released sugar bailout package approved a slew of measures to help the liquidity of Indian sugar industry. These include interest subvention of ₹ 1332 crore on soft loans worth ₹ 4440 crore to be sanctioned by banks to the sugar mills for augmenting ethanol production capacity. Measures like this clubbed with additional 1st gen feedstock as identified in the National Policy on Biofuels 2018, open opportunities for Your Company in the 1st gen ethanol space.

With focus on international markets, modernization of existing plants is a key growth area for the 1st gen ethanol business. Benefits of modernization to the customer include yield improvement, energy reduction and product flexibility. Backed by innovative technology solutions and proven expertise on a variety of feedstock, Your Company commands a formidable position in the global 1st gen ethanol market.

Praj HiPurity Systems (PHS)

Praj Hipurity Systems reported the highest ever sales in FY 2017-18. While the market share in the Water Systems segment was steady, it was a remarkable year for the Modular Process Systems marking a rise in recognition and market share, both. With diligent focus on creating customer value and streamlining internal processes, PHS continues to focus on enhancing the wallet share with relevant products and solutions for the customers. It is geared up to address growing opportunities in the sterile and biopharma applications.

Domestic business remains the mainstay. Emerging pharma markets like Middle East, North Africa, Turkey etc are showing growth potential along with opportunities for US based facilities of Indian clients.

Process solutions is the focus area for growth, particularly in liquid sterile processes, biopharmaceuticals and biosimilars. PHS will continue its endeavor in certain strategic application bases like ophthalmic, microsphere and fermenters.

With more than 300 installations, PHS enjoys strong relationship with clients resulting in repeat orders. Value added services viz. annual maintenance and operations & management help PHS strengthen the relationship. Digital platforms like IOT are being leveraged to provide more value to clients for data management and analytics.

Engineering Businesses

Critical Process Equipment & Skids

Leveraging India's strengths as an efficient sourcing hub, Your Company serves an array of process industries with critical engineered equipment and skids viz. columns, reactors, static equipment, storage vessels and plug-n-play systems. The customers of these products are vital sectors like oil & gas, petrochemicals, fertilizers and chemicals, within and outside India. Your Company has built capabilities to handle complex metallurgy and process solutions that need higher engineering inputs.

Special Projects, Processes & Systems

This business vertical is an amalgamation of process knowhow, engineering and manufacturing capabilities of Your Company. Combined with execution expertise, it provides Your Company a unique competency to serve customers to commercialize next gen molecules and chemicals. In FY 2017-18, Your Company partnered a North American company to provide such services for their technology. Your Company is now the preferred engineering partner for further commercialization of the technology. In addition, the vertical is also responsible for project delivery of the in-house technologies developed at Praj Matrix.

Brewery Plants & Equipment

This business vertical reported the highest ever order book in FY 2017-18 on account of orders won in the Indian sub-continent and also increased share in the home market – India.

Annual consumption of beer in India touched about 24 mn hectoliter in FY 2017-18. With per capita beer consumption at 2 liter, India possesses tremendous potential for global brewers and continues to offer exciting opportunities owing to the rising income levels and young population. Despite the regulatory challenges in various states, brewers are eager to enter the Indian market. Consolidation in the global industry enables them to look for strategic partnerships. Strengthening portfolios, launch of premium brands, introducing flavored beers for women consumers are some of the strategies adapted by the brewers to address the dynamic Indian market.

Craft beer has become popular especially among the rising class of young consumers. In the year gone by, Your Company won an order for a craft brewery to be set up in India. The plant will be commissioned by December 2018.

Water & Waste Water Treatment Solutions

As one of the topmost users of water; industry output and investment plans get adversely impacted by the depleting water tables, unpredictable monsoon patterns and water scarcity. This makes reduce, reuse, recycle principles all the more important. Your Company maintains a selective focus in this segment pertaining to the challenging industrial waste water with high complexity. Your Company's Zero liquid discharge systems and evaporation technologies are deployed by many clients in various process industries.

Innovation and R&D

Praj Matrix – Innovation Center employs qualified professionals in the faculties of biotechnology, microbiology etc. It conducts research in the emerging areas of industrial biotechnology viz. 2nd generation biofuels, advanced biochemicals and health & wellness products.

Matrix is the common innovation engine for all business verticals of Your Company. 2nd gen integrated biorefinery demonstration plant of Your Company serves as a R&D platform for the development of a horde of renewable fuels and chemicals.

In the year gone by, Your Company was granted 3 and filed for 29 number of patents. In total, Your Company has 17 number of patents to its name.

The Innovation and Applied Technology Center of Your Company is engaged in the development of technological solutions. Couple of the solutions introduced in FY 2017-18 are -

1. **Biogas to BioCNG**

   Biogas is a by-product of ethanol industry and industrial effluent treatment process. For compliance with the fuel norms, it needs to be devoid of H_2S and CO_2. Praj's proprietary technology helps clients meet these norms for BioCNG, which is increasingly finding application as gaseous vehicular fuel.

2. **Conversion of cassava puff to ethanol**

   Cassava puff is an industrial waste stream generated in the starch manufacturing industry. With residual starch content, it can be converted to various grades of ethanol.

Manufacturing Capability

Your Company's manufacturing capability is substantiated by a multi-disciplinary engineering team, four world class manufacturing facilities with excellent connectivity to ports and highways. These are located at Sanaswadi, Pune (Maharashtra), Kandla (Gujarat) and Wada, Thane (Maharashtra).

Two of the facilities located near the port in Special Economic Zone (SEZ) of Kandla in Gujarat, India have been approved by global multinational and EPC companies for supply of equipment and skids for projects in various markets. The facilities are accredited with ASME U & U2, R Stamps and NB Registrations.

The ASME BPE compliant facility located at Wada, Thane serves clients in the pharmaceutical industry.

Human Capital

With the exciting and challenging times ahead in the Indian economy, quest for attracting, retaining and nurturing talent is critical for success. Your Company has taken several initiatives to identify and hone the skillsets of promising employees.

In the year gone by, Your Company has conducted 1450 number of training mandays imparting various skills to the employees. The focus of these trainings is on functional skills, financial management and behavioral programs.

Awards & Recognition

In FY 2017-18, Your Company was bestowed with the following awards, certification and accolades –

- Ranked 34th in the "Top 50 Hottest Companies in Advanced Bioeconomy" 2018 list released by US based Biofuels Digest. The list consists of companies from different parts of the world making noteworthy contribution to the global renewable energy space.
- Best Biotechnology R&D Specialists - Asia Award by GHP News conferred to Praj Matrix
- Corporate Social Responsibility (CSR) Award 2018 instituted by Amity Global Business School in association with Rotary Club & Business standard
- Corporate Social Responsibility Award in the Water Saving Category conferred by Bureaucracy Today
- Best Supply Chain Management Practices award by Indian Institute of Material Management (IIMM)
- Excellence in Sustainable Supply Chain Award by World Sustainability Organization
- Excellence in Supply Chain Management award in the engineering category for pioneering effort in green SCM initiatives and for inclusive approach towards MSME sector
- Best Green Procurement Initiative award by Kamikaze Media
- Sanaswadi factory re-certified with AD2000 - Merkblatt HP0, ASME-R, ASME-U, ASME-U2, ISO 3834-2, ISO 9001-2015, OHSAS 18001-2007
- Water & waste water treatment vertical received appreciation from a global customer in the food & beverage sector for the Zero Liquid Discharge solution deployed at their multiple manufacturing locations

Praj HiPurity Systems Limited, a wholly owned subsidiary of Your Company earned following accolades during the year -

- Apart from numerous appreciation certificates from customers, a prominent customer in the global pharmaceutical and life sciences industry acknowledged Praj Hipurity with the Most Valuable Partner Award during its annual suppliers gathering
- It has been certified with Management System as per BS OHSAS 18001:2007, ISO 9001:2015 and ISO 14001:2004

Future Outlook

Praj's strategic growth levers help capitalize upon a slew of high potential opportunities across newer marketplaces. Company has growth plans by accelerating innovation, ramping up business capabilities and penetrating newer markets and geographies, tapping a bouquet of customer categories across the globe.

Risks & 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 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.

The Company has in place ERP system and suitable web based business process systems to ensure adequate controls on key areas of operations. All these systems are audited periodically by the Internal Auditors.

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 undertakes 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").

In every financial year, Praj spends 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.

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

PIL monitors 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 are conducted diligently.

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

Web link to CSR policy: www.praj.net

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
Ms. Mrunalini Joshi **	Member	11.08.2017

* Mr. Kishore Chaukar retired as Independent Director and as a Member of Committee with effect from 11th August, 2017.

**Ms. Mrunalini Joshi was appointed as Member of Committee with effect from 11th August, 2017.

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

   ₹ 838.649 Mn.

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

   ₹ 16.773 Mn.

5. **Details of CSR spent during the financial year :-**

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

   ₹ 16.773 Mn.

   (b) Amount unspent, if any;

   Nil

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

(Amount in ₹)

Sr. 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 for 2017-18	Amount spent on the projects or programmes Sub heads: 1) Direct Expenditure on projects or programs 2) Overheads during the year (1st Apr 2017 - 31st Mar 2018)	Cumulative Expenditure upto the reporting period	Amount spent Direct or through implementing agency
1	Preventive health care among women	Clause I Schedule VII	Women beneficiaries in Velhe Taluka	500,000	496,540	1,827,625	Through Rachana Society for Social Reconstruction
2	Preventive health care among women	Clause I Schedule VII	Women beneficiaries in Velhe Taluka	400,000	367,873	1,232,500	Through Samaj Vikas Sanstha
3	Safe sanitation facility at secondary school in Shikrapur	Clause I Schedule VII	Students in std VIII- X in Velhe Taluka	560,000	498,773	498,773	Through Kalbairavnath Madhyamik Vidyalaya, Post Shikrapur. Dist. Pune
4	Supporting MHD Patients	Clause I Schedule VII	Needy patients who require dialysis	180,000	180,000	460,800	Through KEM Hospital, Renal Unit
5	Science Outreach Program in Municipal Schools	Clause II Schedule VII	Std VII-Xth students from Pune Municipal Schools	250,000	250,000	950,000	Through IISER.
6	Provide life skills & vocational training to mentally challenged persons	Clause II Schedule VII	Mentally challenged adults	100,000	100,000	400,000	Through Navkshitij
7	Educational scholarship to deserving girl	Clause II Schedule VII	One girl for pursuing her Engineering	95,000	89,155	246,887	Directly through Praj Foundation
8	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	2,050,000	1,961,186	7,672,036	Through Vigyan Ashram
9	Skills upgradation of children with special needs	Clause II Schedule VII	Special children in and around Bangalore	200,000	200,000	400,000	Through Tamahar Trust
10	Upgrading skills of ITI Students	Clause II Schedule VII	ITI Students at Anjar, Kandla	200,000	156,045	156,045	Directly through Praj Foundation
11	Lit Bug Festival	Clause II Schedule VII	Children in Pune	100,000	100,000	340,000	Through The Story Station

(Amount in ₹)

Sr. 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 for 2017-18	Amount spent on the projects or programmes Sub heads: 1) Direct Expenditure on projects or programs 2) Overheads during the year (1st Apr 2017 - 31st Mar 2018)	Cumulative Expenditure upto the reporting period	Amount spent Direct or through implementing agency
12	Operation of SHREEVATSA (A CHILD CARE CENTER OF SOFOSH)	Clause III Schedule VII	Orphans and family deprived children	400,000	400,000	1,600,000	Through Society of Friends of Sasoon Hospitals (SOFOSH)
13	Decentralised Solid waste management	Clause IV Schedule VII	Citizens of Pune	10,000	9,953	1,626,185	Through Know How Foundation
14	Desilting percolation Tank	Clause IV Schedule VII	Villagers in Jejuri	25,000	20,000	20,000	Through Jejuri Industrial Manufacturer's Association (JIMA)
15	Tree plantation around Kandla SEZ	Clause IV Schedule VII	Work force in Kandla SEZ area	265,000	260,308	260,308	Directly through Praj Foundation
16	Traffic warden at Ghotawade Phata for improving traffic flow and reducing fuel wastage	Clause IV Schedule VII	Commuters from Urawade, Paud	252,000	250,110	545,119	Through Sumeet Enterprises.
17	Water Resource Development at Auranjpur Phase II	Clause IV Schedule VII	Villagers of Auranjpur	232,000	229,821	229,821	Through Jan Kalyan Samiti
18	Water Resource Development at Koradgaon Phase III	Clause IV Schedule VII	Villagers of Koradgaon	1,650,000	1,627,000	1,627,000	Through Jan Kalyan Samiti
19	Water Resource Development at Harihareshwar	Clause IV Schedule VII	Villagers of Harihareshwar	253,000	248,730	248,730	Through Jan Kalyan Samiti
20	Water Resource Development at Shekte	Clause IV Schedule VII	Villagers of Shekte	3,000,000	2,822,000	2,822,000	Through Jan Kalyan Samiti
21	Water Resource Development at Kharadgaon	Clause IV Schedule VII	Villagers of Kharadgaon	2,300,000	2,100,000	2,100,000	Through Jan Kalyan Samiti
22	Water Resource Development at Hivara	Clause IV Schedule VII	Villagers of Hivara	3,700,000	3,422,940	3,422,940	Through Savitribai Phule Mahila Ekatma Samaj Mandal
23	IIT Bombay	Clause IX Schedule VII	Students of IIT Bombay	1,000,000	1,000,000	4,000,000	Through IIT Bombay
			Total	**17,722,000**	**16,790,434**	**32,686,769**	

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
(DIN : 00431438)

Parimal Chaudhari
Chairperson - CSR Committee
(DIN: 00724911)

Place: Pune
Date: 12th June, 2018

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 and Category of Directors:

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, 2018, comprising of two Whole-time Directors, six Non-Executive Directors. Four 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	5	Yes	2	Nil	Nil
Mr. Berjis Desai	ID, NED	6	Yes	9	2	6
Ms. Parimal Chaudhari[1]	PD, NED	3	No	Nil	Nil	1
Mr. Rajiv Maliwal	ID, NED	5	Yes	Nil	Nil	Nil
Mr. Sivaramakrishnan S. Iyer	ID, NED	6	Yes	4	2	4
Mr. Daljit Mirchandani	NED, NID	4	No	2	1	2
Mr. Sachin Raole	ED	6	Yes	Nil	Nil	2
Ms. Mrunalini Joshi[4]	ID, NED	3	N.A.	2	Nil	1
Mr. Kishor Chaukar[5]	ID, NED	1	Yes	6	2	5
Mr. Prakash Kulkarni[5]	ID, NED	1	Yes	Nil	Nil	Nil

{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 Audit Committee and Stakeholders' Relationship Committee only have been considered for this purpose.

[4] Ms. Mrunalini Joshi has been appointed as Independent Director of the Company with effect from 11th August, 2017.

[5] Mr. Kishor Chaukar and Mr. Prakash Kulkarni retired as Independent Directors on 11th August, 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 and Dates :

Six (6) Board Meetings were held during the year ended 31st March, 2018. The dates are – 24th May, 30th June, 11th August, 1st November in the calendar year 2017 and 6th February and 14th March in the calendar year 2018.

Pursuant to Schedule IV of the Companies Act, 2013 the Independent Directors met on 6th February, 2018 without the presence of Non-Independent Directors and the Members of the Management. The Independent Directors inter alia evaluated the performance Non-Independent Directors and the Board of Directors of whole.

d) Number of shares and convertible instruments held by Non-Executive Directors as on 31/03/2018:

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.
Ms. Parimal Chaudhari	14,400,000	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.
Ms. Mrunalini Joshi	Nil	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 https://www.praj.net/wp-content/uploads/2018/01/familiarization-program-for-independent-directors-of-Praj-industries.pdf 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 there under.

b. Composition:

As on 31st March, 2018, 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. Ms. Mrunalini Joshi, Non-Executive Director in the category of Independent Director was appointed as Member of the Audit Committee only for the meeting held on 1st November, 2017. 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 met five times during the year i.e. 24th May, 11th August, 29th September and 1st November in the calendar year 2017 and 6th February in the calendar year 2018.

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	5	5
Mr. Sivaramakrishnan S. Iyer	5	5
Mr. Sachin Raole	5	5
Ms. Mrunalini Joshi[1]	1	1

[1] only for the meeting held on 1st November, 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, 2018, the Nomination & Remuneration Committee of the Company comprises of three Non-Executive Directors namely Mr. Berjis Desai (Non-Executive Independent Director, Chairman of the Committee), Mr. Rajiv Maliwal (Non-Executive Independent Director) and Mr. Sivaramakrishnan S. Iyer (Non-Executive Independent Director) and one Executive Director, Mr. Pramod Chaudhari.

c. Meetings:

This Committee met four times during the year i.e. on 24th May, 30th June, 11th August in the calendar year 2017 and 14th March in the calendar year 2018.

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

Name of Director	No. of Meetings entitled to attend	Meetings attended
Mr. Berjis Desai	4	4
Mr. Rajiv Maliwal	4	3
Mr. Sivaramakrishnan S. Iyer	4	4
Mr. Pramod Chaudhari	4	3

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. https://www.praj.net/wp-content/uploads/2018/01/nomination-and-remuneration-policy.pdf

(i) Remuneration of Executive Directors:

The aggregate value of Salary & Perquisites including commission for the year ended 31st March, 2018 to the Executive Directors is as follows:

Mr. Pramod Chaudhari, Executive Chairman ₹ 45.767 Mn. (Salary ₹ 45.232 Mn., Perquisites ₹ 0.535Mn., Commission ₹ Nil and Variable pay ₹-Nil), Mr. Sachin Raole, CFO and Director – Finance & Commercial ₹ 6.759 Mn. (Salary ₹ 6.369 Mn., Variable pay ₹ 0.390 Mn.). Besides this, the Executive Directors are also entitled to gratuity and encashment of leave, as per the rules of the Company.

The current tenure of office of the Executive Chairman is for a period of 2 years from the date of appointment i.e. up to 31st July, 2019. As per agreement, Severance Fee is restricted to 24 months' salary. Notice period is not applicable.

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

Under ESOP 2011 Grant VI, 100,000 Options have been granted to Mr. Sachin Raole at Fair Market Value (not issued at discount). Out of above mentioned 100000 options, 66660 options are vested till 31/01/2018 and the same are exercisable by him on or before 30/07/2019 as per the terms of the Scheme.

Also under ESOP 2011 Grant VII, 75,000 Options have been granted to Mr. Sachin Raole at Fair Market Value (issued at 30% discount over average market price). All 75,000 options, will vest on 27/09/2018 in one instalment and the same are exercisable by him on or before 30/09/2019 as per 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 2017-18 is ₹ 4.500 Mn. The details are as follows:

Mr. Berjis Desai ₹ 1.350 Mn., Ms. Parimal Chaudhari ₹ 1.000 Mn., Mr. Rajiv Maliwal ₹ 0.450 Mn., Mr. Sivaramakrishnan S. Iyer ₹ 1.350 Mn. and Ms. Mrunalini Joshi ₹ 0.350 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. However, the amount is not material in nature.

6. Stakeholders' Relationship Committee:

a. Composition:

As on 31st March, 2018, 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, Executive Director and Ms. Parimal Chaudhari, Non-Executive Non-Independent Director.

b. Name and Designation of Compliance Officer:

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

c. Number of Complaints:

During the year the Company received 32 complaints which were duly attended to. No investors' complaint is pending as on 31st March, 2018. All the complaints were solved to the satisfaction of shareholders.

d. Meetings:

This Committee met four times during the year ended 31st March, 2018. The dates are – 24th May, 11th August, 1st November in the calendar year 2017 and 6th February in the calendar year 2018.

Attendance of each Member at the Stakeholders' Relationship 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	4
Mr. Sachin Raole	4	4

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 (i).

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

b. Composition:

As on 31st March, 2018, the Corporate Social Responsibility Committee of the Board comprises of five Directors namely Ms. Parimal Chaudhari (Non-Executive Non-Independent Director, Chairperson of the Committee), Mr.Sivaramakrishnan Iyer (Non-Executive, Independent Director), Mr. Daljit Mirchandani (Non Executive – Non Independent Director) and Ms. Mrunalini Joshi (Non-Executive – Independent Director)

c. Meetings:

The Committee met three times i.e. on 24th May, 1st November in the Calendar year 2017 and 6th February in the calendar year 2018.

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	3	3
Mr. Kishor Chaukar[1]	1	0
Mr. Sivaramakrishnan S. Iyer	3	3
Mr. Daljit Mirchandani	3	3
Ms. Mrunalini Joshi [2]	2	2

[1]Mr. Kishor Chaukar ceased to be Member of the Committee with effect from 11th August, 2017.
[2]Ms. Mrunalini Joshi was appointed as a Member of the Committee with effect from 11th August, 2017.

8. Share Transfer Committee:

a. Composition:

As on 31st March, 2018, the Share Transfer committee of the Board comprises of three Directors namely Mr. Sachin Raole (Executive Director, Chairman of the Committee), Ms. Parimal Chaudhari (Non-Executive Non-Independent Director) and Mr. Sivaramakrishnan Iyer (Non-Executive, Independent Director)

b. Meetings:

This Committee met four times during the year ended 31st March, 2018. The dates are- 24th May, 27th November in the calendar year 2017 and 24th January and 19th March in the calendar year 2018.

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	4	4
Ms. Parimal Chaudhari	4	4
Mr. Prakash Kulkarni [1]	1	1
Mr. Sivaramakrishnan S. Iyer [2]	3	0

[1] Mr. Prakash Kulkarni ceased to be member of the Committee with effect from 11th August, 2017.
[2] Mr. Sivaramakrishnan Iyer was inducted as a Member of the Committee effect from 11th August, 2017.

9. Compensation & Share Allotment Committee :-

a. Composition:

As on 31st March, 2018, the Compensation & Share Allotment Committee of the Board comprises of five Directors, namely Mr. Sivaramakrishnan Iyer (Non-Executive Independent Director, Chairman of the Committee), Mr. Berjis Desai (Non-Executive Independent Director), Mr. Pramod Chaudhari (Executive Chairman) , Mr. Daljit Mirchandani (Non-Executive Non-Independent Director) and Ms. Mrunailini Joshi (Non-Executive -Independent Director)

b. Meetings:

This Committee met twelve times during the year ended 31st March, 2018. The dates are – 26th April, 24th May, 30th June, 14th July, 11th August, 27th September, 1st November, 27th November, 27th December in the calendar year 2017 and 24th January, 20th February and 19th March in the calendar year 2018.

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

Name of Director	No. of Meetings entitled to attend	Meetings attended
Mr. Sivaramakrishnan S. Iyer	12	4
Mr. Berjis Desai	12	4
Mr. Pramod Chaudhari	12	12
Mr. Parkash Kulkarni [1]	04	03
Mr. Kishor Chaukar [2]	04	03
Mr. Daljit Mirchandani	12	08
Ms. Mrunalini Joshi [3]	07	07

[1] Mr. Prakash Kulkarni ceased to be member of Committee with effect from 11th August, 2017.
[2] Mr. Kishor Chaukar ceased to be member of Committee with effect from 11th August, 2017.
[3] Ms. Mrunalini Joshi was appointed as member of Committee with effect from 11th August, 2017.

10. General Body Meetings:

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

Year	Venue	Date & Time	Special Resolutions passed
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
2016-17	"Praj Tower", S.No. 274 & 275/2, Bhumkar Chowk- Hinjewadi Road, Hinjewadi, Pune – 411 057	11th August, 2017 10.00 a.m.	Nil

No Special Resolution was passed through postal ballot in the year 2017-18.

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	:	6th August, 2018 at 10.00 a.m .(proposed date and time)
Venue	:	"Praj Tower, S. No. 274 & 275/2, Bhumkar Chowk-Hinjewadi Road, Hinjewadi, Pune 411 057
Financial Year	:	1st April to 31st March
Dividend Payment Date	:	By 31st August 2018

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

National Stock Exchange of India Ltd. (NSE) Stock Code	PRAJIND Address : Plot no. C/1, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051
BSE Ltd. Stock Code	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, 2018 quarterly results were announced on:

Results for the quarter ended June 2017	11th August, 2017
Results for the quarter ended September 2017	1st November, 2017
Results for the quarter ended December 2017	6th February, 2018
Results for financial year ended March 2018	16th May, 2018

For the year ended 31st March, 2019, the tentative announcement dates are:

Results for the quarter ending June 2018	**First** week of August 2018
Results for the quarter ending September 2018	**Third** week of October 2018
Results for the quarter ending December 2018	**Fourth** week of January 2019
Results for last quarter ending March 2019	**Third** week of May 2019

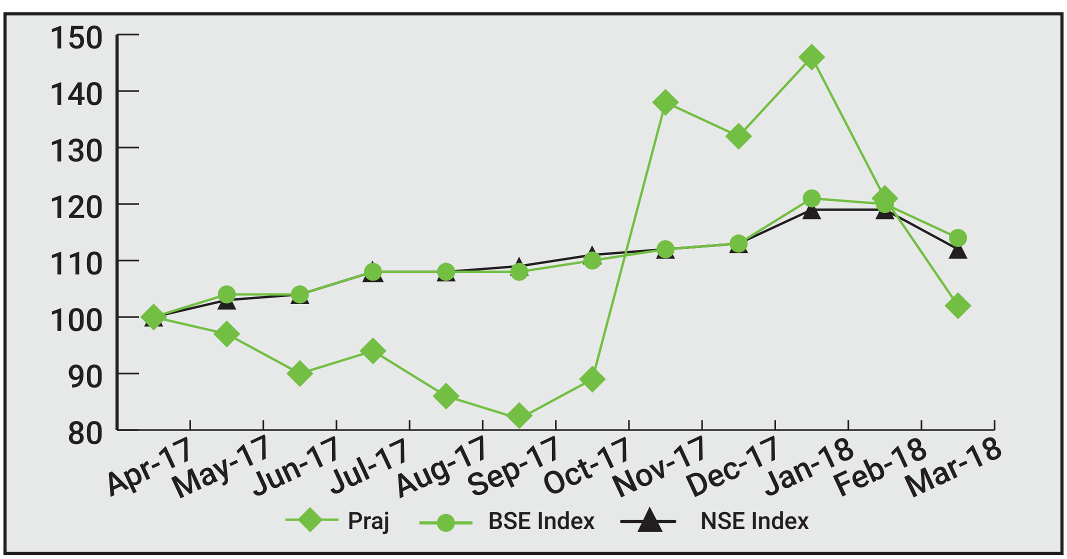
Stock Market Price Data

Monthly high / low during the year 2017– 2018 on BSE & NSE:

Month	BSE		NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April 2017	89.90	76.60	90.35	76.00
May 2017	87.25	75.45	87.40	75.45
June 2017	81.00	75.15	80.95	75.10
July 2017	84.90	74.20	84.95	65.00
August 2017	77.80	65.20	77.50	65.55
September 2017	74.10	63.00	74.15	65.30
October 2017	80.40	61.00	80.50	65.05
November 2017	124.50	75.00	124.40	75.55
December 2017	119.20	101.10	119.15	101.15
January 2018	131.50	104.50	131.50	104.30
February 2018	109.15	87.00	109.25	87.10
March 2018	92.50	76.55	92.25	76.45

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

PERFORMANCE AND COMPARISON TO BROAD BASED INDICES SUCH AS BSE SENSEX, NSE INDEX.



Investor Services:

Share Transfer Agent

Link Intime India Private Limited.
Block No. 202, 2nd Floor, Akshay Complex,
Off Dhole Patil Road, Pune - 411 001.
Tel.: (020) - 26160084, 26161629 Telefax : 020 - 26163503

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 the above address.

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.

Distribution of shareholding as on 31st March, 2018

Shareholding of nominal value	Shareholders	Percentage	Nominal Value of Equity Shares in ₹	Percentage
1 - 5000	102,645	97.72	47,319,220	13.08
5001 - 10000	1,301	1.24	9,587,374	2.65
10001 - 20000	578	0.55	8,617,568	2.38
20001 - 30000	165	0.16	4,154,124	1.15
30001 - 40000	90	0.08	3,315,094	0.91
40001 - 50000	49	0.05	2,274,978	0.63
50001 - 100000	96	0.09	6,722,954	1.86
100001 and above	118	0.11	279,873,518	77.34
Total	**105,042**	**100.00**	**361,864,830**	**100.00**

Dematerialisation of Shares and Liquidity:

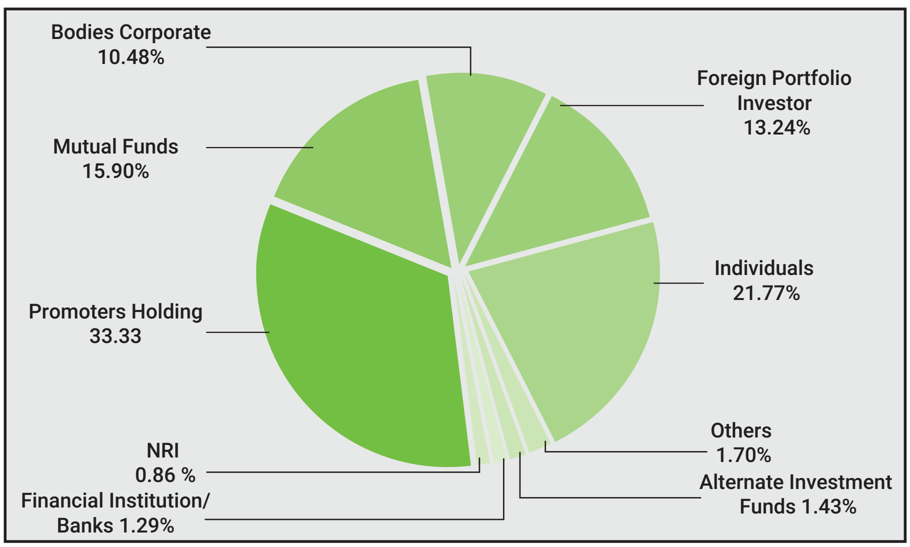
As on 31st March, 2018, 99.86% of shareholding was held in dematerialized form with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL). In terms of the notification issued by SEBI, trading in the equity shares of the Company is permitted only in dematerialized form w.e.f. 15th March, 2000.

Physical and Demat Shares:

	As on 31st March, 2018	%
No. of Shares held by NSDL	**91,500,204**	50.57
No. of Shares held by CDSL	**89,174,141**	49.29
Physical Shares	**258,070**	0.14
Total	**180,932,415**	100.00

Shareholding Pattern as on 31st March, 2018

Category	31/03/2018		31/03/2017	
	No. Of shares of ₹ 2/- each	% of holding	No. Of shares of ₹ 2/- each	% of holding
Promoters Holding	**60,300,000**		60,300,000	
Total (A)	**60,300,000**	**33.33**	60,300,000	33.88
Non – Promoter Holding				
Mutual Funds	**28,770,961**	**15.90**	28,982,980	16.28
Alternate Investment Funds	**2,585,000**	**1.43**	-	-
Foreign Portfolio Investor	**23,952,180**	**13.24**	11,046,701	6.20
Central Government/ State Government	**105,596**	**0.06**	-	-
Financial Institutions/ Banks	**2,339,198**	**1.29**	6,132,887	3.45
Individuals	**39,391,639**	**21.77**	42,578,347	23.92
Trusts	**5,100**	**0.003**	3,100	0.00
Foreign Nationals	**-**	**-**	300	0.00
Hindu Undivided Families	**1,411,237**	**0.78**	1,379,767	0.78
Non-Resident Indians	**1,559,983**	**0.86**	4,885,071	2.75
Clearing Members	**989,745**	**0.55**	768,997	0.44
Bodies Corporate	**18,957,941**	**10.48**	21,894,259	12.30
ESOP	**563,835**	**0.31**	-	-
Total (B)	**120,632,415**	**66.67**	117,672,409	66.12
Total (A) + (B)	**180,932,415**	**100.00**	177,972,409	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
2016-17	Dividend 2016-17	11/08/2017	15/09/2024

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 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 there under including the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. The policy has been placed on the website of the Company at https://www.praj.net/wp-content/uploads/2018/01/praj-policy-on-related-party-transactions.pdf

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. No person has been denied access to the Audit Committee.

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. Shishir Joshipura has been appointed as Chief Executive Officer and Managing Director with effect from 2nd April, 2018.

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 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 https://www.praj.net/wp-content/uploads/2018/01/policy-on-material-subsidiary.pdf

f. **web link where policy on dealing with related party transactions is disclosed:**

The policy on dealing with related party transactions is disclosed on at https://www.praj.net/wp-content/uploads/2018/01/praj-policy-on-related-party-transactions.pdf

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; https://www.praj.net/wp-content/uploads/2018/01/praj-code-of-conduct-for-board-and-senior-management.pdf

The Board members and Senior Management Personnel have affirmed compliance with the Code. A declaration to that effect signed by Mr. Shishir Joshipura, CEO & Managing Director and Mr. Sachin Raole, CFO & Ditrector-Finance and Commercial forms part of this Report.

15. Certification by CEO and MD 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 CEO and CFO of the Company, was placed at the Board Meeting of the Company held on 16th May 2018 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 & Co. LLP, 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 our 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**

SHISHIR JOSHIPURA
CEO and MANAGING DIRECTOR

SACHIN RAOLE
CFO and DIRECTOR – FINANCE & COMMERCIAL

Date :12th June, 2018
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, we 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**

SHISHIR JOSHIPURA
CEO and MANAGING DIRECTOR

SACHIN RAOLE
CFO and DIRECTOR – FINANCE & COMMERCIAL

Date :12th June, 2018
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, 2018, 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 31stMarch, 2018.

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 & Co., L.L.P.**
Company Secretaries

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

Pune,12th June, 2018

Annexure 4

ESOP DISCLOSURE

Statement as on 31st March, 2018 for Employee Stock Option Scheme 2011 as required under Regulation 14 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

Sr. No.	Particulars		ESOP 2011
1	Date of Meeting		Annual General Meeting held on 22/07/2011
2	Total number of options approved under the Scheme		92,38,936
3	Vesting requirements		1 to 4 years
4	Exercise price or pricing formula		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 27th Sept., 2017 ₹ 50/-
5	Source of shares		Primary
6	Variation in terms of options		Nil
7	Options movement during the year		
	i.	Number of Options outstanding at the beginning of the year	25,02,060
	ii.	Number of Options granted during the year	19,69,700
	iii.	Number of Options forfeited / cancelled during the year	98,000
	iv.	Number of Options exercised during the year	14,88,227
	v.	Number of shares arising as a result of exercise of options	14,88,227
	vi.	Money realised by exercise of options during the year	₹ 85.305 Million
	vii.	Number of Options outstanding at the end of the year	28,85,533
	viii.	Number of Options exercisable at the end of the year	8,90,493
8	Employee wise details of options granted to		
	i.	Key Managerial Personnel	
		1. Mr. Sachin Raole, CFO and Director Finance & Commercial	1,75,000
		2. Mr. Dattatraya Nimbolkar, Chief Internal Auditor & Company Secretary	1,45,000
	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	None
	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	None
9	Weighted average fair value of options as on the date of grant		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 27th Sept., 2017 ₹ 24.18
10	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	6th August, 2015	31st August, 2015	14th October, 2015	17th November, 2015	22nd July, 2016	27th September, 2017
1)	Risk-free interest rate	7.74%	7.80%	7.80%	7.56%	7.68%	6.90%	6.45%
2)	Expected Life	1-2 years	1-2 years	1-3 years	1-2 years	1-2 years	1-2 years	1.5 years
3)	Expected Volatility *	52.53%	57.55%	59.90%	59.08%	58.95%	59.43%	43.01%
4)	Expected Dividend Yield	3.08%	3.08%	3.08%	3.08%	3.08%	3.03%	2.96%
5)	Price of the underlying share in market at the time of grant of Options	₹ 55.75	Rs.113.75	₹ 84.45	₹ 81.50	₹ 85.30	₹ 90.50	₹ 68.50

* Expected volatility has been determined based on closing price of the share of the Company over a period of 1.5 years.

ANNEXURE 5

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31.03.2018

[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 Limited**

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:-

Sr. 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

Sr. 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, Building 12, 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. 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 (Sierra Leone) Ltd.	N.A.	Step Subsidiary (Subsidiary of Praj Industries (Africa) (Pty.) Ltd.)	N.A.	N.A.

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

(a) Category-wise Share holding

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	33.60	6,03,00,000	Nil	6,03,00,000	33.33	-0.27
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**	**33.60**	**6,03,00,000**	**Nil**	**6,03,00,000**	**33.33**	**-0.27**
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**	**33.60**	**6,03,00,000**	**Nil**	**6,03,00,000**	**33.33**	**-0.27**
B. Public Shareholding									
1) Institutions									
Mutual Funds	3,09,50,275	2,000	3,09,52,275	17.25	2,87,68,961	2,000	2,87,70,961	15.90	-1.35
Banks / FI	56,21,060	Nil	56,21,060	3.13	23,39,198	Nil	23,39,198	1.29	-1.84
Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Alternate Investment Funds	Nil	Nil	Nil	Nil	25,85,000	Nil	25,85,000	1.43	1.43
Insurance Companies	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Foreign Portfolio Investor	1,76,27,745	Nil	1,76,27,745	9.82	2,39,52,180	Nil	2,39,52,180	13.24	3.42
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):-	**5,41,99,080**	**2,000**	**5,42,01,080**	**30.20**	**5,76,45,339**	**2,000**	**5,76,47,339**	**31.86**	**1.66**
2) Central Govt & State Govt(s)	Nil	Nil	Nil	Nil	1,05,596	Nil	1,05,596	0.06	0.06
Sub-total (B) (2):	**Nil**	**Nil**	**Nil**	**Nil**	**1,05,596**	**Nil**	**1,05,596**	**0.06**	**0.06**

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	
3) Non-Institutions									
Bodies Corp.									
Indian	1,94,67,085	7,000	1,94,74,085	10.85	1,89,56,941	1,000	1,89,57,941	10.48	-0.37
Overseas	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Individuals									
Individual shareholders holding nominal share capital upto ₹ 1 lakh	3,39,05,224	3,44,662	3,42,49,886	19.09	3,39,18,078	2,55,070	3,41,73,148	18.89	-0.20
Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	65,84,103	Nil	65,84,103	3.67	52,18,491	Nil	52,18,491	2.88	-0.79
C. Others (specify)									
Trusts	3,600	Nil	3,600	0.00	5,100	Nil	5,100	0.00	0.00
Hindu Undivided Family	14,73,150	Nil	14,73,150	0.82	14,11,237	Nil	14,11,237	0.78	-0.04
Non Resident Indians (Non Repat)	6,31,627	Nil	6,31,627	0.35	4,47,625	Nil	4,47,625	0.25	-0.10
Non-Resident Indian (Repat)	18,40,953	Nil	18,40,953	1.03	11,12,358	Nil	11,12,358	0.61	-0.42
Foreign Nationals	1,215	Nil	1,215	0.00	Nil	Nil	Nil	Nil	0.00
Clearing Member	6,84,489	Nil	6,84,489	0.38	9,89,745	Nil	9,89,745	0.54	0.16
ESOP	Nil	Nil	Nil	Nil	5,63,835	Nil	5,63,835	0.31	0.31
Sub-total (B) (3):	**6,45,91,446**	**3,51,662**	**6,49,43,108**	**36.19**	**6,26,23,410**	**2,56,070**	**6,28,79,480**	**34.75**	**-1.43**
Total Public Shareholding (B)=(B)(1)+ (B)(2)+ (B) (3)	11,87,90,526	3,53,662	1,19,144,188	66.40	12,03,74,345	2,58,070	12,06,32,415	66.67	0.27
Total (A) + (B)	17,90,90,526	3,53,662	17,94,44,188	100	18,06,74,345	2,58,070	18,09,32,415	100.00	0.00
Shares held by Custodian for GDRs &ADRs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Grand Total (A+B+C)	**17,90,90,526**	**3,53,662**	**17,94,44,188**	**100**	**18,06,74,345**	**2,58,070**	**18,09,32,415**	**100**	**-**

(g) Shareholding of Promoters

Sr. 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	21.57	Nil	3,87,00,000	21.39	Nil	-0.18
2	Ms. Parimal Pramod Chaudhari	1,44,00,000	8.02	Nil	1,44,00,000	7.96	Nil	-0.06
3	Ms. Parimal Praomd Chaudhari (A/c Moriyaset Trust)	72,00,000	4.01	Nil	72,00,000	3.98	Nil	-0.03
	Total	**6,03,00,000**	**33.60**	**Nil**	**6,03,00,000**	**33.33**	**Nil**	**-0.27**

(h) Change in Promoters' Shareholding

Sr. No.	Name	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01.04.2017 to 31.03.2018)	
		No. of shares at the beginning (01.04.2017)/ end of the year (31.03.2018)	% 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	21.57 21.39	01.04.2017 31.03.2018	Nil	No Change during the year.	3,87,00,000	21.39
2	Ms. Parimal Pramod Chaudhari	1,44,00,000 1,44,00,000	8.02 7.96	01.04.2017 31.03.2018	Nil	No Change during the year.	1,44,00,000	7.96
3	Ms. Parimal Pramod Chaudhari (A/c Moriyaset Trust)	72,00,000 72,00,000	4.01 3.98	01.04.2017 31.03.2018	Nil	No Change during the year.	72,00,000	3.98

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

Sr. No.	Name	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01.04.2017 to 31.03.2018)	
		No. of shares at the beginning (01.04.2017)/ end of the year (31.03.2018)	% of total shares of the Company				No. of Shares	% of total shares of the Company
1	HDFC Trustee Company Limited-HDFC Equity Fund	1,60,10,366 1,59,71,366	8.85 8.83	16.03.2018	-39000	Transfer	1,59,71,366	8.83
2	TATA CAPITAL FINANCIAL SERVICES LTD	1,34,22,400 1,34,22,400	7.48 7.42	01.04.2017 31.03.2018	Nil	No Change during the year	1,34,22,400	7.42

Sr. No.	Name	Shareholding: No. of shares at the beginning (01.04.2017)/ end of the year (31.03.2018)	Shareholding: % of total shares of the Company	Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01.04.2017 to 31.03.2018): No. of Shares	Cumulative Shareholding during the year (01.04.2017 to 31.03.2018): % of total shares of the Company
3	SUNDARAM MUTUAL FUND A/c SUDARAM SMILE FUND	87,39,173	4.87	07.04.2017	2,99,458	Transfer	90,38,631	4.99
				14.04.2017	96,202	Transfer	91,34,833	5.04
				28.04.2017	53,771	Transfer	91,88,604	5.07
				05.05.2017	35,000	Transfer	92,23,604	5.09
				12.05.2017	88,133	Transfer	93,11,737	5.14
				19.05.2017	4,832	Transfer	93,16,569	5.14
				26.05.2017	1,69,966	Transfer	94,86,535	5.24
				02.06.2017	20,996	Transfer	95,07,531	5.25
				21.07.2017	2,00,000	Transfer	97,07,531	5.36
				25.08.2017	91,268	Transfer	97,98,799	5.41
				08.09.2017	86,617	Transfer	98,85,416	5.46
				15.09.2017	2,00,000	Transfer	1,00,85,416	5.57
				29.09.2017	15,734	Transfer	1,01,01,150	5.58
				27.10.2017	1,90,482	Transfer	1,02,91,632	5.68
				03.11.2017	55,990	Transfer	1,03,47,622	5.71
				10.11.2017	79,680	Transfer	1,04,27,302	5.76
				01.12.2017	4,07,847	Transfer	1,08,35,149	5.98
		1,07,73,840	5.95	19.01.2018	-61,309	Transfer	1,07,73,840	5.95
4	GHI LTP LTD.	26,43,128	1.47	29.09.2017	76,562	Transfer	27,19,690	1.50
		49,84,726	2.76	06.10.2017	50,000	Transfer	27,69,690	1.53
				13.10.2017	4,00,000	Transfer	31,69,690	1.75
				10.11.2017	2,49,949	Transfer	34,19,639	1.89
				17.11.2017	3,75,051	Transfer	37,94,690	2.09
				24.11.2017	1,82,000	Transfer	39,76,690	2.19
				01.12.2017	6,00,000	Transfer	45,76,690	2.52
				09.02.2018	4,08,036	Transfer	49,84,726	2.76
5	ATYANT CAPITAL INDIA FUND	20,47,974	1.14	29.09.2017	1,81,000	Transfer	22,28,974	1.23
		40,21,498	2.22		2,00,000	Transfer	24,28,974	1.34
					94,906	Transfer	25,23,880	1.39
					2,50,000	Transfer	27,73,880	1.53
					2,77,000	Transfer	30,50,880	1.68
					15,134	Transfer	30,66,014	1.69
					4,00,000	Transfer	34,66,014	1.91
					1,00,000	Transfer	35,66,014	1.97
					3,17,484	Transfer	33,83,498	2.14
					1,38,000	Transfer	40,21,498	2.22
6	MATTHEWS EMERGING ASIA FUND	35,94,497	2.00	01.04.2017	Nil	No change during the year	35,94,497	1.99
		35,94,497	1.99	31.03.2018				
7	VANDERBILT UNIVERSITY – ATYANT CAPITAL MANAGEMENT LIMITED	13,63,476	0.76	03.11.2017	82,512	Transfer	14,45,988	0.79
		20,13,988	1.11	10.11.2017	1,14,775	Transfer	15,60,763	0.86
				17.11.2017	1,53,225	Transfer	17,13,988	0.94
				01.12.2017	3,00,000	Transfer	20,13,988	1.11
8	SUNDARAM ALTERNATIVE OPPORTUNITIES FUND – NANO CAP SERIES I	Nil	Nil	28.04.2017	10,00,000	Transfer	10,00,000	0.55
		19,37,000	1.07	05.05.2017	2,50,000	Transfer	12,50,000	0.69
				23.06.2017	2,00,000	Transfer	14,50,000	0.80
				14.07.2017	3,00,000	Transfer	17,50,000	0.96
				25.08.2017	12,000	Transfer	17,62,000	0.97
				15.09.2017	1,75,000	Transfer	19,37,000	1.07
9	GHI JBD LTD	10,54,192	0.59	13.10.2017	19,20,001	Transfer	12,46,192	0.68
		18,04,880	0.99	17.11.2017	1,13,313	Transfer	13,59,505	0.75
				24.11.2017	56,000	Transfer	14,15,505	0.78
				01.12.2017	3,25,000	Transfer	17,40,505	0.96
				09.02.2018	64,375	Transfer	18,04,880	0.99

Sr. No.	Name	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01.04.2017 to 31.03.2018)	
		No. of shares at the beginning (01.04.2017)/ end of the year (31.03.2018)	% of total shares of the Company				No. of Shares	% of total shares of the Company
10	GHI HSP LTD	12,25,844 17,85,202	0.68 0.99	01.12.2017 09.02.2018	2,75,000 2,84,358	Transfer Transfer	15,00,844 17,85,202	0.82 0.99

(V) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Name	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01.04.2017 to 31.03.2018)	
		No. of shares at the beginning (01.04.2017)/ end of the year (31.03.2018)	% 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 3,87,00,000	21.57 21.39	01.04.2017 31.03.2018	Nil	No Change during the year	3,87,00,000	21.39
2	Mr. Sachin Raole CFO and Director – Finance & Commercial	Nil Nil	Nil Nil	01.04.2017 31.03.2018	Nil	No Change during the year	Nil	Nil
3	Mr. Berjis Desai Non-Executive, Independent Director	14,81,450 14,81,450	0.83 0.82	01.04.2017 31.03.2018	Nil	No Change during the year	14,81,450	0.82
4	Ms. Parimal Chaudhari Non-Executive Promoter Director	1,44,00,000 1,44,00,000	8.02 7.96	01.04.2017 31.03.2018	Nil	No Change during the year	1,44,00,000	7.96
5	Mr. Rajiv Maliwal Non- Executive, Independent Director	Nil Nil	Nil Nil	01.04.2017 31.03.2018	Nil	No Change during the year	Nil	Nil
6	Mr. Sivaramakrishnan Iyer Non-Executive, Independent Director	1,80,000 1,80,000	0.10 0.09	01.04.2017 31.03.2018	Nil	No Change during the year	1,80,000	0.09
7	Mr. Daljit Mirchandani Non-Executive, Non-Independent Director	1,200 1,200	0.00 0.00	01.04.2017 31.03.2018	Nil	No Change during the year	1,200	0.00
B	**Key Managerial personnel (KMP's)**							
1	Mr. Dattatraya Nimbolkar (Chief Internal Auditor & Company Secretary)	920 920	0.00 0.00	18.07.2017 28.07.2017	33,340 -33,340	Exercise of Options under ESOP 2011 Transfer	34,260 920	0.02 0.00

Note : The percentile change in the share holding without any change in number of shares held is due to increase in Paid up Share Capital during the year on account of exercise of Options under 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	1.229	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**
Change in Indebtedness during the financial year				
i) Addition	Nil	Nil	Nil	Nil
ii) 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	0.819	Nil	0.819
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**	**0.819**	**Nil**	**0.819**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount
		Pramod Chaudhari Executive Chairman	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	42.640	6.220	48.860
	(b) Value of perquisites u/s 17(2)of the Income-Tax Act, 1961	0.535	0.000	0.535
	(c) Profits in lieu of salary under section 17(3) of the Income-Tax Act, 1961.	0.000	0.000	0.000
2	Stock Option	0.000	0.000	0.000
3	Sweat Equity	0.000	0.000	0.000
4	Commission - as % of profit	0.000	0.000	0.000
5	Others, please specify Variable Pay	0.000	0.000	0.000
	Total (A)	**43.175**	**6.220**	**49.395**
	Ceiling as per the Act			**49.499**

B. Remuneration to other directors:

Sr. No.	Particulars of Remuneration	Name of Directors						
		Berjis Desai	Parimal Chaudhari	Mrunalini Joshi	Rajiv Maliwal	Sivaramakrishnan Iyer	Daljit Michandni	Total Amount
1.	**Independent Directors**							
	Fee for attending board / committee meetings	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Commission	1.350	Nil	0.350	0.450	1.350	Nil	3.500
	Others, please specify	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Total (1)	1.350	Nil	0.350	0.450	1.350	Nil	3.500
2.	**Other Non-Executive Directors**							
	Fee for attending board / committee meetings	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Commission	Nil	1.000	Nil	Nil	Nil	Nil	1.000
	Others, please specify	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Total (2)	Nil	1.000	Nil	Nil	Nil	Nil	1.000
	Total (B)= (1+2)	1.350	1.000	0.350	0.450	1.350	Nil	4.500
	TOTAL MANAGERIAL REMUNERATION *							**53.895**

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

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

Sr. 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	6.043
	(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	0.713
3	Sweat Equity	Nil
4	Commission	
	- as % of profit	Nil
	- others, specify...	
	TOTAL	**6.756**

*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 2018

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

To,
The Members,
Praj Industries Limited,
"Praj Tower",
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 31st March, 2018 substantially 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 31st March, 2018 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 Disclosure 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. However, a reporting of a case to SEBI of trading of shares by the designated employee during the window closure was under process on the date of the report.

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 & Co. LLP**
Company Secretaries

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

Place : Pune
Date: 16th May, 2018

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 31st March, 2018 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 & Co. LLP**
Company Secretaries

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

Place : Pune
Date: 16th May, 2018

ANNEXURE 7

Form AOC - I

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

Salient Features of Financial Statements of Subsidiaries Pursuant Section 129 (3) read with Rule 5 of Companies (Accounts) Rules, 2014

	NAME OF THE SUBSIDIARY COMPANY	Praj Far East Philippines Ltd., Philippines	Praj Industries (Africa) Pty. Limited, South Africa	Praj Americas Inc. USA	Praj Far East Co., Ltd. Thailand	Praj Industries Namibia Limited, Namibia	Praj HiPurity Systems Limited, India.	Praj Engineering and Infra Limited, India*
1	FINANCIAL PERIOD OF THE SUBSIDIARY ENDED ON	31/3/2018	31/3/2018	3/31/2018	31/3/2018	31/3/2018	31/3/2018	31/3/2018
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	11.167	104.558	9.281	12.519	0.001	50.000	3.098
4	RESERVES AND SURPLUS	43.361	(95.217)	(9.619)	(15.037)	(12.127)	941.573	55.914
5	TOTAL ASSETS	113.009	9.835	16.141	6.608	16.785	1433.030	310.213
6	TOTAL LIABILITIES (EXCLUDING SHARE CAPITAL AND RESERVES AND SURPLUS)	58.481	0.494	16.479	9.126	28.911	441.457	251.201
7	INVESTMENTS	NIL	NIL	NIL	NIL	NIL	NIL	0.115
8	TURNOVER	76.283	0.000	39.050	47.789	0.000	1736.037	363.410
9	PROFIT /(LOSS) FOR THE CURRENT YEAR (BEFORE TAXES)	11.730	(7.044)	6.137	(9.162)	0.208	128.350	(13.749)
10	PROVISION FOR TAXATION (INCLUDING DEFERRED TAXES)	3.391	-	-	-	-	47.425	(4.651)
11	PROFIT /(LOSS) FOR THE CURRENT YEAR (AFTER TAXES)	8.339	(7.044)	6.137	(9.162)	0.208	80.925	(9.098)
12	OTHER COMPREHENSIVE INCOME	1.200	0.689	(0.010)	0.065	(1.501)	0.477	0.136
13	TOTAL COMPREHENSIVE INCOME	9.539	(6.355)	6.127	(9.097)	(1.293)	81.402	(8.962)
14	ORIGINAL CURRENCY	PESO	ZAR	US DOLLAR	THAI BAHT	NAMIBIAN DOLLAR	INR	INR
15	EXCHANGE RATE AS ON 31ST MARCH, 2018 IN INR-CLOSING RATE	1.25	5.50	65.17	2.08	5.50	1.00	1.00
16	EXCHANGE RATE FROM 1ST APRIL 2017 TO 31ST MARCH, 2018 IN INR-AVERAGE RATE	1.27	4.98	64.45	1.95	4.98	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
(DIN : 00196415)

Shishir Joshipura
CEO and Managing Director
(DIN : 00574970)

Sachin Raole
CFO and Director-F&C
(DIN : 00431438)

Dattatraya Nimbolkar
Chief Internal Auditor and
Company Secretary
(M. No.: ACS4660)

Place: Pune
Date: 16th May, 2018

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; and

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, 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 endeavor to be present at the Annual General Meeting.

7. MISCELLENEOUS

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, 2014 (Financial Year 2017-2018)

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	45,767,107	Contractual	B.Tech.(Mech)	45	8-Nov-1985	68	Rapicut Carbides Ltd.
2	Sanjay Chaturvedi	President	17,950,824	Contractual	PhD. Chemistry	26	1-Sep-2015	48	Aurobindo Pharma Ltd.
3	Sanjay Sapru	Executive Vice President	13,045,411	Regular	B.E.(Mech)	23	20-Nov-2014	46	SAB Miller India Ltd.
4	Mallikarjun Navalgund	Executive Vice President	10,723,856	Contractual	B.Tech (Chemical)	36	17-Aug-1987	59	Dhake Dyes & Chemicals Pvt. Ltd.
5	Ghanshyam Deshpande	President	14,375,796	Contractual	M.E. (Chemical)	31	1-Feb-1990	54	Aker Solutions
6	Atul Mulay	President	18,087,377	Contractual	D.M.E., D.M.M.	31	1-Jan-1985	54	N.A.

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, 2018.

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 : 01.04.2017- 31.03.2018
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. Bioenergy Plants
   b. Critical process Equipment and Systems
   c. Brewery Plants
   d. Water and Waste water plants
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-412307, Maharashtra, India
      2. Plot No. E-20 & E-21, additional MIDC area, Jejuri, Tal. Purandar, Pune 412203, 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.) : 361.865
2. Total Turnover (INR Mn.) : 7020
3. Total Profit After Taxes and OCI (INR Mn.) : 322
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of Profit After Tax (%) : 5.21
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, 2018

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 Ltd. encourages its other entities/associates to participate in the BR initiatives of the Company. The percentage of the same is more than 60.

   Praj Industries Limited encourages its 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 [insisted upon customer] vendors. Sustainability program is applicable to all others [approx. 650] vendors other than Category 4.
   - **Sustainability Criteria** - Praj has developed sustainability assessment criteria in addition to the conventional Quality –Cost-Delivery base for major Vendors. Praj carries out evaluation of vendors at the time of their approval and re-evaluation every three years. Thus over a period of 3 years all Catagory1,2 vendors will go through the sustainability assessment. All 311 domestic vendors of Category 1,2 have been assessed as per Sustainability Criteria.
   - **Undertakings** - For Category 1,2,3,5 domestic Vendors (650 in number) an undertaking related to compliances w.r.t. Labor, Human rights and Governance and where applicable Indian Motor Vehicle Act [MVA] is obtained.
   - **Green Purchase Initiative** - So far, out of 311, categories 1, 2 Vendors, 108 vendors underwent capacity building program under BSI, a specialized International third party agency's guidance leading to green certification. Target for FY 2018-19 is to provide similar training to encourage another 100 vendors to go through the same exercise and obtain green certification.
   - **Basic Accreditation** – Praj encourages their SCM partners to avail ISO qualifications. Out of approx. 650 Category 1,2,3,5 domestic Vendors, 263 have ISO 9001, 85 have ISO 14001 and 70 have OSHAS 18001.

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 to confirm the details and change if necessary as per present status..

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

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

Sr. 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	Y
		All applicable national and international regulations as well as International Norms of Behaviour 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/ ISO 45000 and its updating 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								
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 to assess 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.

   There is a separate compliance certificate taken from SCM members. As on 31 March, 2018, 100% of the Category 1,2,3,5 vendors have given the undertaking. All key vendors have been covered. The vendors in Category 4 are not covered as they are customer recommended vendors.

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 stake holder complaints during Financial Year 2017/18.

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)? If yes, what percentage of your inputs was sourced sustainably? Also provide details thereof in about 50 words or so.

   Yes – There is an elaborate program to cover our supply chain members including Transportation Vendors in our sustainability drive. The main parameters used for ensuring sustainable sourcing are i) Approvals and Registrations of Vendors, ii) Undertakings from Vendors, iii) Green Purchase Initiative and iv) basic accreditations by vendors. In view of these measures rigorously implemented by the Company around 35% of inputs were sourced sustainably.
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 to 10% and >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 do 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: 884
2. Total number of employees on temporary/contractual/casual basis: 517
3. Number of permanent women employees: 76
4. Number of permanent employees with disabilities : 5
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, there were no cases of Child labour/forced labour/involuntary labour or Sexual harassment, 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: 89% & Skill: 84%
   (b) Permanent Women Employees Safety: 92% & Skill: 92%
   (c) Casual/Temporary/Contractual Employees: Safety: 91% & Skill: 87%
   (d) Employees with Disabilities Safety: 96% & 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 all its significant stakeholders

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

   Yes - Company has identified certain groups of disadvantaged, vulnerable & marginalized stakeholders with the help of certain reputed NGOs and conducts CSR activities among them.

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 within 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 evaluation and re-evaluation of vendors on sustainability Principles. The policy is also extended to 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.

   All work centers of the Company measure and monitor their own foot print and maintain it around 3%.

   Carbon print produced by supply chain is measured and is maintained at around 5%

   Carbon print produced due to use of air travel is monitored at corporate office and a reduction of 20 % is achieved over the last 3 years.

In addition, the Company constantly endeavors 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”.

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

   Yes - 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.

   Nil

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

   (e) Indo-German Chamber of Commerce

   (f) Distillers’ Association of Maharashtra

   (g) All India Biotech Association

   (h) The Sugar Technologists’ Association of India

   (i) Federation Of Indian Chambers Of Commerce And Industry (FICCI)

   (j) National Chemical Laboratory

   (k) Process Plant & Machinery Association of India

   (l) British Business Group

   (m) Indo-American Chamber of Commerce

   (n) Council of EU Chambers of Commerce in India

   (o) Mahratta Chamber of Commerce, Industries & Agriculture

   (p) Deccan Sugar Technologists’ Association

   (q) Petroleum Federation of India

   (r) National Alcohol Producers’ Association

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.

   16.790 Mn. Refer page No. 20 of Annual Report 2017-18

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?

   Around 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.

Independent Auditors' Report

TO THE MEMBERS OF PRAJ INDUSTRIES LIMITED

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone financial statements of **Praj Industries Limited** ('the Company'), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and 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 financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

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 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 financial statements based on our audit.

In conducting 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 and the Order issued under Section 143(11) of the Act.

We conducted our audit of the standalone 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 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 financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone 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 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 financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its profit, total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

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.

e) On the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section164(2) of the Act.

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

g) 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 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.

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

Sandeep Rao
Partner
Membership No.: 47235

Place: Pune
Date: 16th May, 2018

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 March 31, 2018, 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	20.17	F.Y. 2010-11	Joint Commissioner (Appeals)
	Demand as per Sales Tax Assessment	166.62	FY 2006-07, 2007-08, 2008-09, 2009-10 and 2011-12	Maharashtra Sales Tax Tribunal, Mumbai
	Demand for Works Contract Tax	1.44	FY 2012-13	Commissioner of Sales Tax, Pune

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

Place: Pune
Date: 16th May, 2018

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, 2018 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 2018, 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

Place: Pune
Date: 16th May, 2018

Balance Sheet as at 31st March, 2018

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

Particulars	Note no.	31 March 2018	31 March 2017
ASSETS			
Non-current assets			
Property, plant and equipment	3	**2013.908**	1721.110
Capital work-in-progress	3	**41.699**	314.564
Investment property	3	**136.928**	136.928
Intangible assets	3	**9.683**	18.188
Financial assets			
Investments	4	**1773.194**	1669.563
Loans	5	**42.226**	37.696
Others	6	**0.020**	100.020
Deferred tax assets (net)	26	**0.236**	-
Other assets	7	**22.173**	103.251
		4040.067	4101.320
Current assets			
Inventories	8	**471.712**	636.165
Financial assets			
Investments	4	**1888.740**	1343.289
Trade receivables	9	**1852.302**	2181.597
Cash and cash equivalents	10	**676.879**	568.914
Other bank balances	11	**10.359**	43.828
Loans	5	**0.706**	0.179
Others	6	**19.788**	45.430
Current tax asset (net)		**23.655**	73.086
Other assets	7	**1519.639**	1955.953
		6463.780	6848.441
TOTAL ASSETS		**10503.847**	10949.761
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	12	**361.865**	358.888
Other equity	13	**6870.807**	6789.936
TOTAL EQUITY		**7232.672**	7148.824
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Borrowings	14	**0.410**	0.819
Provisions	15	**152.179**	150.826
Deferred tax liabilities (net)	26	**-**	19.913
		152.589	171.558
Current liabilities			
Financial liabilities			
Trade payables	16	**1339.823**	1600.946
Other financial liabilities	17	**95.707**	53.155
Other current liabilities	18	**1606.779**	1803.468
Provisions	15	**76.277**	171.810
		3118.586	3629.379
TOTAL LIABILITIES		**3271.175**	3800.937
TOTAL EQUITY AND LIABILITIES		**10503.847**	10949.761
Corporate Information	1		
Summary of significant accounting policies	2		
The accompanying notes are an integral part of the financial statements.			

As per our report of even date.
For **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
(DIN : 00196415)

Shishir Joshipura
CEO and Managing Director
(DIN : 00574970)

Sachin Raole
CFO and Director- Finance & Commercial
(DIN : 00431438)

Dattatraya Nimbolkar
Chief Internal Auditor and Company Secretary
(M. No.: ACS4660)

Place: Pune
Date: 16 May 2018

Statement of Profit and Loss for the year ended 31st March, 2018

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

Particulars	Note no.	31 March 2018	31 March 2017
INCOME			
Revenue from operations	19	**7019.683**	7592.191
Other income	20	**263.180**	194.481
Total income		**7282.863**	7786.672
EXPENSES			
Cost of materials consumed	21	**3652.180**	3879.351
Changes in inventories of finished goods and work-in-progress	22	**10.453**	(36.945)
Employee benefits expense	23	**1217.308**	1213.080
Finance costs	24	**8.576**	7.303
Depreciation and amortisation expense	3	**212.627**	191.303
Excise duty expense		**50.026**	297.863
Other expenses	25	**1733.211**	1560.394
Total expenses		**6884.381**	7112.349
Profit before tax		**398.482**	674.323
Tax expense	26		
Current tax		**106.228**	135.684
Deferred tax		**(23.833)**	66.011
Adjustments of tax relating to earlier periods		**1.289**	3.986
Total tax expense		**83.684**	205.681
Profit for the year		**314.798**	468.642
Other comprehensive income			
Items that will not be reclassified to profit and loss:			
Re-measurement of defined benefit plans		**10.644**	2.277
Income tax effect		**(3.684)**	(0.788)
Other comprehensive income		**6.960**	1.489
Total comprehensive income for the year		**321.758**	470.131
Earnings per equity share (Nominal value per share INR 2 each)	27		
Basic		**1.75**	2.63
Diluted		**1.74**	2.62
Corporate Information	1		
Summary of significant accounting policies	2		
The accompanying notes are an integral part of the financial statements.			

As per our report of even date.
For **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
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(DIN : 00431438)

Dattatraya Nimbolkar
Chief Internal Auditor and Company Secretary
(M. No.: ACS4660)

Place: Pune
Date: 16 May 2018

Cash Flow Statement for the year ended 31st March, 2018

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

	Particulars	31 March 2018	31 March 2017
A.	**Cash flow from operating activities**		
	Net profit before tax	**398.482**	674.323
	Adjustments for:		
	Loss / (profit) on sale of property, plant and equipment	**0.466**	0.033
	Gain on redemption of mutual fund investments	**(73.739)**	(8.586)
	Gain on redemption of bonds	**-**	(2.603)
	Bad debts / provision for doubtful debts and advances	**109.559**	50.091
	Excess provision / creditors written back (including advances)	**(2.427)**	(20.777)
	Unrealised foreign exchange (gain) / loss (net)	**(22.161)**	3.595
	Depreciation and amortisation	**212.627**	191.303
	Interest earned	**(25.162)**	(22.894)
	Unrealised gain on mutual fund investments	**34.288**	(56.080)
	Dividend from mutual fund investments	**(30.443)**	(43.366)
	Interest expense	**1.577**	0.118
	Equity-settled share-based payment transactions	**27.318**	14.828
	Operating profit before working capital changes	**630.385**	779.985
	Changes in working capital		
	Decrease/ (increase) in trade receivables	**243.344**	660.966
	(Increase)/decrease in inventories (including contracts in progress)	**580.547**	(739.514)
	(Increase)/decrease in non-current loans	**(4.530)**	(1.154)
	(Increase)/decrease in other non-current financial assets	**100.000**	(100.000)
	Decrease/(increase) in other non-current assets	**0.005**	0.168
	Decrease/(increase) in current loans	**(0.527)**	10.385
	(Increase)/decrease in current financial assets-others	**9.178**	(13.319)
	Decrease/(increase) in other current assets	**18.689**	34.928
	(Decrease)/increase in trade payables	**(261.113)**	(41.367)
	(Decrease) in other current financial liabilities	**41.021**	(5.019)
	(Decrease)/increase in other current liabilities	**(196.687)**	(293.779)
	Increase in long-term provisions	**11.999**	27.952
	Increase in short-term provisions	**(95.531)**	14.261
	Cash generated from operations	**1076.780**	334.493
	Direct taxes paid (including taxes deducted at source), net of refunds	**(58.087)**	(156.258)
	NET CASH FROM OPERATING ACTIVITIES	**1018.693**	178.235
B.	**Cash flow from investing activities**		
	Purchase of property, plant and equipment and intangible assets	**(143.748)**	(354.018)
	Investments:		
	- in subsidiaries	**(3.672)**	-
	- in mutual funds	**(1556.595)**	(670.491)
	- in debentures & bonds	**(99.960)**	-
	Sale of investments		
	- in mutual funds	**1150.592**	608.389
	- in debentures and bonds	**-**	102.633
	Proceeds from sale of property, plant and equipment	**0.300**	0.341
	Interest received on investments	**22.230**	26.729
	Dividend received on investments	**30.443**	43.366
	Investment /(redemption) in fixed deposits	**(65.000)**	108.615
	NET CASH FROM / (USED) IN INVESTING ACTIVITIES	**(665.410)**	(134.436)

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

	Particulars	31 March 2018	31 March 2017
C.	**Cash flow from financing activities**		
	Proceeds from exercise of employee stock options	**85.305**	89.021
	(Decrease) in long term borrowings	**-**	(0.410)
	Dividend paid including dividend distribution tax	**(349.001)**	(5.122)
	(Decrease)/Increase in short term borrowings and bank overdraft	**(0.410)**	-
	Interest paid	**(1.577)**	(0.118)
	NET CASH FROM / (USED) IN FINANCING ACTIVITIES	**(265.683)**	83.371
	Net increase/(decrease) in cash and cash equivalents (A+B+C)	**87.600**	127.170
	Cash and cash equivalents at the beginning of the year (Refer Note 10)	**568.914**	437.689
	Add: effect of exchange rate changes on cash and cash equivalents	**20.365**	4.055
	Cash and cash equivalents at the end of the year (Refer Note 10)	**676.879**	568.914

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

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

Sandeep Rao
Partner
Membership No.: 47235

Pramod Chaudhari
Executive Chairman
(DIN : 00196415)

Shishir Joshipura
CEO and Managing Director
(DIN : 00574970)

Sachin Raole
CFO and Director- Finance & Commercial
(DIN : 00431438)

Place: Pune
Date: 16 May 2018

Dattatraya Nimbolkar
Chief Internal Auditor and Company Secretary
(M. No.: ACS4660)

Statement of changes in equity for the period ended 31st March, 2018

(Amounts in Indian Rupees million unless otherwise stated)

A. Equity share capital

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
Balance as on 1 April 2017	**Changes in equity share capital during the year**	**Balance as on 31 March 2018**
358.888	2.977	361.865

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	Special Economic Zone Re-investment Reserve			
Balance at the beginning of the reporting period as at 1 April 2016	**0.033**	**605.606**	**14.627**	**3.063**	**58.737**	**-**	**956.511**	**4580.321**	**6,218.898**
Profit for the year								468.642	468.642
Other comprehensive income								1.489	1.489
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**	**6,789.936**
Balance at the beginning of the reporting period as at 1 April 2017	0.033	710.312	14.627	3.063	38.115	-	956.511	5067.275	6,789.936
Profit for the year								314.798	314.798
Other comprehensive income								6.960	6.960
Dividends (including dividend distribution tax)								(350.532)	(350.532)
Employee stock options exercised during the year		105.089			(22.761)				82.328
Equity settled share based payment to employees					27.317				27.317
Employee stock options expired and transferred to/ from statement of profit and loss					(1.717)			1.717	-
Transfer to Special Economic Zone Re-investment Reserve						71.548		(71.548)	-
Balance as at 31 March 2018	**0.033**	**815.401**	**14.627**	**3.063**	**40.954**	**71.548**	**956.511**	**4968.670**	**6870.807**

Notes to the Financial Statements for the year ended 31st March, 2018

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 were authorised for issue by the Board of Directors on 16 May 2018.

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 39

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.

Notes to the Financial Statements for the year ended 31st March, 2018

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.

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 includes all other costs incurred in bringing the inventories to their present location and condition. Costs are assigned to individual items of inventory based on weighted average basis.

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

2.11 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, goods and services tax 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 receipt 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.

Notes to the Financial Statements for the year ended 31st March, 2018

- **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:

Notes to the Financial Statements for the year ended 31st March, 2018

- 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 39 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.

Notes to the Financial Statements for the year ended 31st March, 2018

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

Ind AS 115 - Revenue from Contracts with Customers

On 28 March 2018, the Ministry of Corporate Affairs (the MCA) notified the Ind AS 115. The effective date for adoption of Ind AS 115 is financial period beginning on or after 1 April 2018. Ind AS 115 establishes a five-step model that will apply to revenue earned from a contract with a customer (with limited exceptions), regardless of the type of revenue transaction or the industry. Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligation; changes in contract asset and liability account balances between periods and key judgments and estimates. The standard permits the use of either the retrospective or cumulative effect transition method. The Company is evaluating the requirements of Ind AS 115 and its impact on the financial statements.

Appendix B to Ind AS 21 Foreign Currency Transactions and Advance Consideration

On 28 March 2018, the MCA notified the Indian Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21. The Appendix clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration.

Entities may apply the Appendix requirements on a fully retrospective basis. Alternatively, an entity may apply these requirements prospectively to all assets, expenses and income in its scope that are initially recognised on or after:

(i) The beginning of the reporting period in which the entity first applies the Appendix, or

(ii) The beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the Appendix.

The Appendix is effective for annual periods beginning on or after April 1, 2018. The Company is evaluating the requirements of the Appendix and its impact on the financial statements.

(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 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
Additions during the year	-	140.209	-	344.980	6.949	4.225	0.884	497.247	-	0.439	0.439	-	497.686
Deletions during the year	-	-	-	-	-	2.135	-	2.135	-	-	-	-	2.135
As at 31 March 2018	**11.000**	**363.850**	**1221.130**	**1402.475**	**259.594**	**43.636**	**223.866**	**3525.551**	**91.050**	**92.022**	**183.072**	**136.928**	**3845.551**
Accumulated depreciation and amortisation													
As at 1 April 2017	0.515	-	213.355	717.506	217.374	18.421	142.158	1309.329	83.053	81.392	164.445	-	1473.774
Charge for the year	0.120	-	32.860	128.271	17.213	4.581	20.640	203.683	5.250	3.694	8.944	-	212.627
Depreciation on deletions	-	-	-	-	-	1.369	-	1.369	-	-	-	-	1.369
As at 31 March 2018	**0.637**	**-**	**246.211**	**845.777**	**234.587**	**21.633**	**162.798**	**1511.643**	**88.303**	**85.086**	**173.389**	**-**	**1685.032**
Net carrying value													
As at 31 March 2018	**10.363**	**363.850**	**974.919**	**556.698**	**25.007**	**22.003**	**61.068**	**2013.908**	**2.747**	**6.936**	**9.683**	**136.928**	**2160.519**
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

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.

Notes to the Financial Statements for the year ended 31st March, 2018

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

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

Details of capital work-in-progress

Particulars	31 March 2018	31 March 2017
Balance at start of the year	**314.564**	7.435
Add: Additions during the year	**12.454**	312.188
Less: Capitalised during the year	**285.320**	5.059
Balance at the end of the year	**41.698**	314.564

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

a. Building INR 39.901 million (31 March 2017 INR 28.146 million)

b. Machinery INR 1.798 million (31 March 2017 INR 2.418 million)

c. Integrated Bio-Refinery 2nd Generation Demonstration Plant engineered, developed and constructed in house ("Demo Plant") INR NIL (31 March 2017 INR 284.000 million)

Investment property: Reconciliation of Fair Value

Particulars	**Land**
Fair value as at 31 March 2017	**331.200**
Fair value difference	**18.968**
Fair value as at 31 March 2018	**350.168**

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, 2018

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

	Particulars	31 March 2018	31 March 2017
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) 308,750 (31 March, 2017 : 308,750) equity shares of INR 10 each fully paid	**5.359**	5.359
	Praj Far East Co., Limited 19,598 (31 March, 2017 : 19,598) equity shares of Thai Baht 100 each fully paid and 78,400 (31 March, 2017 : Nil) equity shares of Thai Baht 100 each partly paid	**6.125**	2.454
	Praj Americas Inc. 40,000 (31 March, 2017 : 40,000) equity shares of US Dollar 5 each fully paid	**9.281**	9.281
	Praj HiPurity Systems Limited 5,000,000 (31 March, 2017: 5,000,000) equity shares of INR 10 each fully paid	**1536.743**	1536.743
	Praj Industries (Africa) Pty Limited 125 equity shares at no par value (31 March, 2017 : 125)	**104.558**	104.558
	Praj Far East Philippines Ltd Inc. 8,313,281 equity shares of 1PHP each (31 March, 2017 : 8,313,281)	**11.167**	11.167
	Praj Industries Namibia 100 equity shares of 1 Namibian Dollar each (31 March, 2017 : 100)	**0.001**	0.001
	Total	**1673.234**	1669.563
	(ii) Investments at amortised cost		
	Quoted investments in non-convertible debentures / bonds:		
	Bonds issued by HDFC Bank Limited Unsecured Non-Convertible Perpetual Bonds Series 1/2017-18, Coupon 8.85% (31 March, 2017 : Nil)	**99.960**	-
	Total	**99.960**	-
	Total non-current	**1773.194**	1669.563
	Current investments		
	(i) Investments at fair value through profit and loss (FVTPL)		
	Quoted mutual funds		
	ABSL Treasury Optimizer Plan - Qtrly Div - Reg Pln - 670,124 Units (31 March 2017 : 1,096,960 Units)	**69.280**	114.914
	ABSL Treasury Optimizer Plan - Growth Plan - 455,134 Units (31 March 2017 : Nil Units)	**100.842**	-
	ABSL Savings Fund - Wkly DIV - Reg Plan - 42,540 Units (31 March 2017 : 516,196 Units)	**4.274**	51.772
	ABSL Savings Fund - Growth - Regular Plan - 146,324 Units (31 March 2017 : Nil Units)	**50.029**	-
	DSP FMP S 220 - 40 M - Direct GW - 5,000,000 Units (31 March 2017 : Nil Units)	**50.586**	-
	HSBC Cash Fund - Daily Dividend - 1,870 Units (31 March 2017 : 1,791 Units)	**1.872**	1.792
	HSBC FTS 128 -Growth Direct Plan - Tenure 1106 Days - 5,000,000 Units (31 March 2017 : Nil Units)	**53.163**	-
	HSBC Cash Fund - Growth- 28,995 Units (31 March 2017 : Nil Units)	**50.032**	-
	HDFC Medium Term Opportunities Fund - 2,630,250 Units (31 March 2017 : Nil Units)	**50.792**	-
	ICICI Prudential FMP Sr 74 - 369 Days - Nil Units (31 March 2017 : 10,000,000 Units)	**-**	126.520
	ICICI Prudential Dynamic Bond Fund-Reg P-Md - 983,353 Units (31 March 2017 : 5,373,946 Units)	**10.852**	58.510
	ICICI Prudential Short Term - Reg Plan - Fortnight - 818,283 Units (31 March 2017 : 4,658,957 Units)	**10.184**	57.796
	ICICI Banking And PSU Debt Fund-WD - 416,652 Units (31 March 2017 : 5,071,037 Units)	**4.295**	51.978

Notes to the Financial Statements for the year ended 31st March, 2018

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

Particulars	31 March 2018	31 March 2017
ICICI Short Term- Growth Option - 1,381,402 Units (31 March 2017 : Nil Units)	**50.024**	-
ICICI Banking & PSU Debt Fund-Growth Option - 2,503,969 Units (31 March 2017 : Nil Units)	**50.024**	-
ICICI Fixed Maturity Plan SRS 82 - 1185 Days - 5,000,000 Units (31 March 2017 : Nil Units)	**50.656**	-
ICICI Fixed Maturity Plan SRS 82 - 1135 Days - 5,000,000 Units (31 March 2017 : Nil Units)	**50.175**	-
Kotak FMP Series 154 Direct - GW - Nil Units (31 March 2017 : 5,000,000 Units)	**-**	64.480
Kotak Low Duration Fund - 26,285 Units (31 March 2017 : 26,285 Units)	**55.802**	52.109
Kotak Treasury Advantage Fund - GW - 1,800,031 Units (31 March 2017 : Nil Units)	**50.029**	-
L&T Short Term Opportunities Fund-GW - 3,064,326 Units (31 March 2017 : Nil Units)	**50.914**	-
Invesco India Active Income Fund-Dir Pl-GW - 24,863 Units (31 March 2017 : Nil Units)	**50.591**	-
IDFC Dynamic Bond Fund Plan B-GW - Nil Units (31 March 2017 : 2,871,725 Units)	**-**	60.170
Reliance Medium Term Fund -Direct Growth Plan - 1,612,139 Units (31 March 2017 : 1,612,139 Units)	**59.975**	55.925
Reliance Fixed Horizon Fund-XXXI-SR9 - 5,000,000 Units (31 March 2017 : 50,00,000 Units)	**56.178**	52.548
Reliance Fixed Horizon Fund-XXXV-SR14 - 5,000,000 Units (31 March 2017 : Nil Units)	**50.787**	-
Reliance Money Manager Fund-Growth Plan - 20,892 Units (31 March 2017 : Nil Units)	**50.027**	-
SBI Debt Fund Series - C - 8(1175 Days)-DG - 5,001,814 Units (31 March 2017 : Nil Units)	**50.764**	-
Invesco FMP SR 23 Plan L - Reg Plan Growth - Nil Units (31 March 2017 : 5,000,000 Units)	**-**	63.220
Invesco India Annual Interval Fund-Plan B - 5,000,000 Units (31 March 2017 : 5,000,000 Units)	**62.227**	58.440
Franklin India Low Duration Fund - Monthly Div. - 2,586,973 Units (31 March 2017 : 11,430,519 Units)	**27.279**	120.841
Franklin India Ultra Short Bond Fund-Wkly. Div. - 2,700,301 Units (31 March 2017 : 11,960,649 Units)	**27.325**	120.990
Franklin India Ultra Short Bond Fund - GW - 4,161,725 Units (31 March 2017 : Nil Units)	**100.102**	-
Franklin India Low Duration Fund - GW - 5,006,107 Units (31 March 2017 : Nil Units)	**100.000**	-
Tata Short Term Bond Fund Plan A - Fortnight - 663,648 Units (31 March 2017 : 3,880,396 Units)	**10.046**	57.499
Tata Fixed Maturity Plan SRS 53 Scheme A - 5,000,000 Units (31 March 2017 : Nil Units)	**50.251**	-
Tata Ultra Short Term Fund Regular Plan - GW- 18,994 Units (31 March 2017 : Nil Units)	**50.028**	-
Tata Short Term Bond Fund Reg Plan - GW - 1,549,225 Units (31 March 2017 : Nil Units)	**50.024**	-
UTI - Short Term Income Fund - Insti Option - GW - 6,120,700 Units (31 March 2017 : 6,120,700 Units)	**129.283**	122.038
DSP Blackrock Banking & PSU Debt Fund-WD - Nil Units (31 March 2017 : 5,088,457 Units)	**-**	51.750
DHFL Pramerica Ultra Short Term Fund-GW - 2,372,491 Units (31 March 2017 : Nil Units)	**50.028**	-
Total	**1788.740**	1343.289
(ii) Investments at amortised cost		
Unquoted investments:		
Deposit with Bajaj Finance Limited	**100.000**	-
Total current	**1888.740**	1343.289
Total Investments	**3661.934**	3012.852
Aggregate book value of quoted investments	**1888.700**	1343.289
Aggregate market value of quoted investments	**1889.350**	1343.289
Aggregate book value of unquoted investments	**1773.234**	1669.563

Notes to the Financial Statements for the year ended 31st March, 2018

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

	Particulars	31 March 2018	31 March 2017
5	**Loans**		
	Non-current		
	Security deposits		
	Unsecured considered good	**42.226**	37.696
		42.226	37.696
	Current		
	Security deposits		
	Unsecured considered good	**0.706**	0.179
		0.706	0.179
	Total Loans	**42.932**	37.875
	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		
	Deposits with banks with an original maturity of more than 12 months	**0.020**	100.020
		0.020	100.020
	Current		
	Advances to subsidiaries	**7.521**	16.699
	Foreign exchange forward contracts	**1.205**	20.601
	Interest accrued on fixed deposits and bonds	**11.062**	8.130
		19.788	45.430
	Total other financial assets	**19.808**	145.450
7	**Other assets**		
	Non-current		
	Capital advances	**7.844**	88.917
	Prepaid expenses	**3.295**	3.300
	Others	**11.034**	11.034
		22.173	103.251
	Current		
	Contracts in progress (Refer Note 29)	**1188.377**	1604.471
	Advances to suppliers	**129.949**	133.062
	Balances with Indirect tax authorities	**73.958**	93.721
	Prepaid expenses	**47.941**	60.318
	Amounts receivable in cash or kind	**79.414**	64.381
		1519.639	1955.953
	Total Other assets	**1541.812**	2059.204
8	**Inventories (valued at lower of cost and net realisable value)**		
	Raw materials	**353.830**	507.830
	Work in progress	**88.666**	77.656
	Finished goods	**29.216**	50.679
		471.712	636.165

Notes to the Financial Statements for the year ended 31st March, 2018

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

	Particulars	31 March 2018	31 March 2017
9	**Trade Receivables**		
	Current		
	- **From related parties**		
	Unsecured, considered good	**23.446**	17.609
	- **From others**		
	Unsecured, considered good	**1828.856**	2163.988
	Unsecured, considered doubtful	**626.780**	521.534
		2479.082	2703.131
	Less: Impairment allowance (allowance for bad and doubtful debts)	**626.780**	521.534
		1852.302	2181.597
	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	**254.180**	198.377
	Deposits with original maturity of less than 3 months	**421.967**	349.793
	Cheques, drafts on hand	**-**	20.000
	Cash on hand	**0.732**	0.744
		676.879	568.914
11	**Other bank balances**		
	Unclaimed dividend account	**10.359**	8.828
	Deposits with maturity for more than 3 months but less than 12 months	**-**	35.000
		10.359	43.828

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

	Particulars	31 March 2018	31 March 2017
12	**Equity Share Capital**		
	Authorised shares		
	450,000,000 (31 March 2017: 450,000,000) equity shares of INR 2 each	**900.000**	900.000
	Issued, subscribed and fully paid-up shares		
	180,932,415 (31 March 2017: 179,444,188) equity shares of INR 2 each	**361.865**	358.888
	Total	**361.865**	358.888

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period:

	31 March 2018 No.	31 March 2018 Amount	31 March 2017 No.	31 March 2017 Amount
At the beginning of the period	**179,444,188**	**358.888**	177,972,409	355.945
Add: Allotted during the period pursuant to exercise of employees stock options (Refer note 34)	**1,488,227**	**2.977**	1,471,779	2.943
Outstanding at the end of the period	**180,932,415**	**361.865**	179,444,188	358.888

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 2017 and the same was approved by the shareholders at the Annual General Meeting held on 11 August 2017. The amount was recognised as distributions to equity shareholders during the year ended 31 March 2018.

The Board of Directors proposed a final dividend of INR 1.62 per equity share for the financial year ended 31 March 2018. 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 2019. This event is considered as non-adjusting event.

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 2018 No.	31 March 2018 % of holding	31 March 2017 No.	31 March 2017 % of holding
Pramod Chaudhari (Promoter)	**38,700,000**	**21.39%**	38,700,000	21.57%
Parimal Chaudhari (Promoter)	**21,600,000**	**11.94%**	21,600,000	12.04%
HDFC Trustee Company Limited - HDFC Equity Fund	**15,971,366**	**8.83%**	15,971,366	8.90%
Tata Capital Financial Services Limited	**13,422,400**	**7.42%**	13,422,400	7.48%
Sundaram Mutual Fund - Sundaram Smile Fund	**10,773,840**	**5.95%**	-	-

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 2018	31 March 2017
Shares bought back by the Company in 2012-13	**-**	2,083,013

Notes to the Financial Statements for the year ended 31st March, 2018

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

	Particulars	31 March 2018	31 March 2017
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	**710.312**	605.606
	Add : Employee stock options exercised	**82.328**	86.078
	Add : Transfer from Share option outstanding account on exercise of options	**22.761**	18.628
	Balance at the end of the year	**815.401**	710.312
	Share option outstanding account		
	Balance as at the beginning of the year	**38.115**	58.737
	Add : Employee stock option expense	**27.317**	14.829
	Less: Employee stock options expired and transferred to surplus in statement of profit and loss	**1.717**	16.823
	Less : Transfer to Securities Premium on exercise of options	**22.761**	18.628
	Balance at the end of the year	**40.954**	38.115
	Special Economic Zone Re-investment Reserve		
	Balance as at the beginning of the year	**-**	-
	Add : Transfer from Surplus in the Statement of Profit and Loss	**71.548**	-
	Balance at the end of the year	**71.548**	-
	General Reserve		
	Balance as at the beginning of the year	**956.511**	956.511
	Add : Amounts transferred from surplus balance in statement of profit and loss	**-**	-
	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	**5067.275**	4580.321
	Profit as per statement of profit and loss	**314.798**	468.642
	Other comprehensive income	**6.960**	1.489
	Add: Employee stock options expired and transferred from share option outstanding account	**1.717**	16.823
	Less: Appropriations		
	Final equity dividend	**291.242**	-
	Tax on final equity dividend	**59.290**	-
	Transfer to Special Economic Zone Re-investment Reserve	**71.548**	-
	Net Surplus in Statement of profit and loss	**4968.670**	5067.275
	Total Other Equity	**6870.807**	6789.936

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

	Particulars	31 March 2018	31 March 2017
14	**Borrowings**		
	Non-current		
	Unsecured loan		
	Government loan	**0.820**	1.229
	Less: Current maturities of non-current borrowings disclosed under the head 'other financial liabilities - current' (Refer note 17)	**0.410**	0.410
	Total borrowings	**0.410**	0.819
	Loan received from Department of Biotechnology (DBT) carrying interest at the rate of 2%. Repayment schedule is as below:		
	i. Repayable within 1 to 2 years	**0.410**	0.410
	ii. Repayable within 2 to 3 years	**-**	0.410
	iii. Repayable after 3 years	**-**	-
15	**Provisions**		
	Non-current		
	Provision for employee benefits		
	Compensated absences	**59.664**	54.473
	Gratuity	**92.515**	96.353
		152.179	150.826
	Current		
	Provision for employee benefits		
	Compensated absences	**28.303**	29.474
	Gratuity	**10.000**	10.000
	Performance incentive	**37.974**	132.336
		76.277	171.810
	Total provisions	**228.456**	322.636
16	**Trade payables**		
	Current		
	-To related parties	**8.128**	0.774
	-To others		
	Total outstanding dues of micro enterprises and small enterprises (Refer note ii)	**120.208**	205.672
	Total outstanding dues of creditors other than micro enterprises and small enterprises (MSMED)	**1211.487**	1394.500
		1339.823	1600.946
	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	**10.279**	8.748
	Financial guarantee contracts	**2.619**	2.162
	Employee benefits payable	**47.865**	35.033
	Other payables	**34.534**	6.802
		95.707	53.155
18	**Other liabilities**		
	Current		
	Advances received from customers	**1292.221**	1538.815
	Dues to customers relating to contracts in progress (Refer Note 29)	**287.295**	225.814
	Statutory dues payable	**27.263**	38.839
		1606.779	1803.468

Notes to the Financial Statements for the year ended 31st March, 2018

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

	Particulars		31 March 2018	31 March 2017
19	**Revenue from operations**			
	Sale of Products and Projects (including excise duty)		**6909.419**	5947.291
	Add: Closing Contracts in progress		**901.082**	1378.657
	Less: Opening Contracts in progress		**1378.657**	303.778
		(a)	**6431.844**	7022.170
	Sale of services	(b)	**435.086**	478.463
	Other Operating Revenue			
	Scrap Sales		**128.830**	91.558
	Sale of Licenses		**23.923**	-
		(c)	**152.753**	91.558
	Total Revenue from operations (a+b+c)		**7019.683**	7592.191
20	**Other income**			
	Foreign Exchange fluctuation gain (net)		**101.471**	33.547
	Dividend from mutual fund investments-Current Investment		**30.443**	43.366
	Gain on redemption of investments (net)		**73.739**	11.189
	Investment In Mutual Fund-Fair Valuation Gain/(Loss)		**(34.288)**	56.080
	Interest			
	- on fixed deposits		**18.075**	17.269
	- others		**7.087**	5.625
	(Loss) / profit on sale of property, plant and equipment (net)		**(0.466)**	(0.033)
	Excess provision / creditors written back (including advances)		**2.427**	20.777
	Other non-operating income		**64.692**	6.661
			263.180	194.481
21	**Cost of materials consumed**			
	Raw material consumed		**3652.180**	3879.351
			3652.180	3879.351
22	**(Increase) / Decrease in inventories of Finished Goods and Work in Progress**			
	Inventories at the end of the year			
	Work in progress		**88.666**	77.656
	Finished goods		**29.216**	50.679
			117.882	128.335
	Inventories at the beginning of the year			
	Work in progress		**77.656**	47.503
	Finished goods		**50.679**	43.887
			128.335	91.390
	(Increase) / Decrease in inventories		**10.453**	(36.945)

Notes to the Financial Statements for the year ended 31st March, 2018

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

	Particulars	31 March 2018	31 March 2017
23	**Employee Benefit Expenses**		
	Salaries, wages and bonus	**1083.106**	1093.664
	Contributions to provident and other funds (Refer note 33 a)	**46.018**	40.895
	Gratuity expense (Refer note 33 b)	**15.298**	15.851
	Employee stock option expense	**27.318**	14.828
	Staff welfare	**45.568**	47.842
		1217.308	1213.080
24	**Finance costs**		
	Interest expense	**1.577**	0.118
	Net interest on defined benefit plan	**6.999**	7.185
		8.576	7.303
25	**Other Expenses**		
	Consumption of Stores and spares	**87.852**	98.769
	Site expenses and labour charges	**391.144**	399.684
	Freight and transport	**238.845**	161.791
	Bad debts written off / Provision for doubtful debts and advances	**109.559**	50.091
	Sales commission	**122.209**	64.454
	Travel and conveyance	**152.677**	177.303
	Professional consultancy charges	**165.034**	147.809
	Insurance	**31.182**	31.712
	Rent (Refer note 32)	**50.061**	47.493
	Power and fuel	**59.844**	50.208
	Advertising and exhibition expenses	**17.931**	19.777
	Communication expenses	**17.782**	21.021
	Testing charges	**23.134**	23.114
	Repairs and maintenance:		
	Building	**2.590**	3.895
	Plant and Machinery	**19.165**	15.992
	Others	**15.946**	16.261
	Auditors' remuneration		
	for audit services	**3.100**	3.281
	for taxation services	**0.600**	0.623
	out of pocket expenses	**0.060**	0.047
	Rates and taxes	**1.838**	2.797
	Miscellaneous expenses	**222.658**	224.272
		1733.211	1560.394

Notes to the Financial Statements for the year ended 31st March, 2018

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

	Particulars	31 March 2018	31 March 2017
26	**Income tax**		
A	**Statement of profit and loss:**		
	Current income tax:		
	Current income tax charge	**106.228**	135.684
	Tax relating to earlier periods	**1.289**	3.986
	Deferred tax:		
	Relating to origination and reversal of temporary differences	**(23.833)**	66.011
	Income tax expense reported in the statement of profit and loss	**83.684**	205.681
B	**Statement of other comprehensive income:**		
	Deferred tax:		
	Remeasurements gains and losses on post employment benefits	**3.684**	0.788
	Income tax expense reported in the statement of other comprehensive income	**3.684**	0.788
C	**Reconciliation of effective tax rate**		
	Accounting profit before tax	**398.482**	674.323
	Tax using the Company's domestic tax rate (34.608%)	**137.907**	233.370
	Adjustments in respect of current income tax of previous years	**1.289**	3.986
	Less: Tax effect of:		
	i. Tax rate difference on book profit as per Minimum Alternate Tax	**(64.801)**	(84.344)
	ii. Tax effect on exempt income dividend	**(10.537)**	(15.008)
	Add: Tax effect of		
	i. Tax liability on IND AS adjustment to Retained earnings	**1.752**	1.752
	ii. Tax liability on permanent Difference 14A Disallowance	**1.800**	1.556
	iii. Effect on deduction claimed in MAT for Doubtful debt provision written back	**36.423**	(2.430)
	iv. Deferred Tax expenses accounted as no effect of Timing differences on MAT liability	**(20.149)**	66.799
	Total	**83.684**	205.681
	Income tax expense reported in the statement of profit and loss	**83.684**	205.681

(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 2018	31 March 2017	31 March 2018	31 March 2017
Deferred tax asset				
Provision for doubtful debts and advances	**222.903**	184.336	**(38.567)**	2.430
Gratuity	**35.823**	36.806	**0.983**	(0.776)
Long term capital losses	**27.125**	27.939	**0.814**	-
Carry forward business loss	**-**	22.838	**22.838**	(22.838)
Compensated absences	**30.739**	29.052	**(1.687)**	(1.575)
Others	**5.483**	7.933	**2.450**	1.247
Total	**322.073**	308.904	**(13.169)**	(21.512)
Deferred tax liability				
Property, plant & equipment and intangible assets	**(318.984)**	(325.814)	**(6.830)**	88.644
Amortisation of prepaid lease rentals / others	**(2.853)**	(3.003)	**(0.150)**	(0.333)
Total	**(321.837)**	(328.817)	**(6.980)**	88.311
Net deferred tax asset / (liability)	**0.236**	(19.913)		
Deferred tax expense/(income)			**(20.149)**	66.799
- Recognised in the statement of profit and loss			**(23.833)**	66.011
- Recognised in the statement of other comprehensive income			**3.684**	0.788

27 Earnings per share

Particulars	31 March 2018	31 March 2017
Reconciliation of basic and diluted shares used in computing earnings per share		
Weighted average number of basic equity shares	**179,976,373**	178,470,172
Add: effect of dilutive potential equity shares:		
- Employee stock options	**776,034**	706,477
Weighted average number of diluted equity shares	**180,752,407**	179,176,649
Computation of basic and diluted earnings per share		
Net profit after tax attributable to equity shareholders	**314.798**	468.642
Basic earnings per equity share of INR 2 each	**1.75**	2.63
Diluted earnings per equity share of INR 2 each	**1.74**	2.62

28 Capital commitments and contingent liabilities

Particulars	31 March 2018	31 March 2017
Capital commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	**1.880**	51.189
Contingent liabilities		
Claims against Company not acknowledged as debts (primarily relating to performance related claims filed by customers)	**20.309**	39.979
Disputed demands in appeal towards income tax, service tax & sales tax	**199.325**	197.884
Guarantee issued in respect of obligations of a subsidiary	**929.165**	703.650

Notes to the Financial Statements for the year ended 31st March, 2018

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

29 Disclosures pursuant to Ind AS 11 – Construction contracts

Particulars	31 March 2018	31 March 2017
Contract revenue recognised during the year (excluding taxes)	**6326.911**	6809.883
Aggregate amount of contract costs incurred and recognised profits (less recognised losses)	**12375.700**	11867.345
Customer advances outstanding for contracts in progress	**1022.568**	1357.011
Retention money due from customers for contracts in progress	**627.464**	606.499
Gross amount due from customers for contract work (presented as contracts in progress)	**1188.377**	1604.471
Gross amount due to customers for contract work (presented as dues to customers relating to contracts in progress)	**(287.295)**	(225.814)

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) Limited
Praj Far East (Philippines) Inc.

Step down subsidiaries

Praj Industries (Tanzania) Limited (upto 23 October 2017)
Praj Industries (Sierra Leone) Limited

b) Key management personnel and their close members of family

Executive chairman	Mr. Pramod Chaudhari
Chief Financial Officer & 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 (Upto 11 August 2017)
	Mrs. Parimal Chaudhari
	Mr. Prakash Kulkarni (Upto 11 August 2017)
	Mr. Rajiv Maliwal
	Mr. Sivaramakrishnan S. Iyer
	Mrs. Mrunalini Joshi (w.e.f 11 August 2017)
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
Plutus Properties LLP

(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 2018	31 March 2017
Praj Engineering & Infra Limited (Formerly Pacecon Engineering Projects Limited)		
Advances provided & recovered during the year	**0.454**	9.769
Expenses incurred and reimbursed by the Company	**1.237**	2.108
Expenses incurred and reimbursed by subsidiary	**7.796**	14.197
Rent received	**0.060**	0.060
Receivable	**0.057**	10.301
Praj Far East Co. Ltd		
Sales commission	**12.323**	4.299
Expenses incurred and reimbursed by the Company	**0.512**	0.629
Financial guarantee given on behalf of subsidiary (income)	**-**	0.132
Waiver of receivable in respect of financial guarantee	**-**	0.132
Payable	**0.143**	1.059
Receivable	**6.911**	6.899
Praj Americas Inc.		
Sales commission	**32.169**	12.692
Purchase of Services	**6.462**	-
Payable	**7.820**	0.695
Expenses incurred and reimbursed by the Company	**-**	0.146
Praj Industries (Tanzania) Limited		
Sales commission	**-**	4.826
Praj HiPurity Systems Limited		
Sales of goods and services	**7.990**	0.239
Purchase of goods & services (without taxes)	**5.223**	0.199
Purchase of capital goods & services (without taxes)	**-**	17.939
Expenses incurred and reimbursed by the Company	**0.815**	1.276
Expenses incurred and reimbursed by subsidiary	**11.542**	11.462
Financial guarantee given on behalf of subsidiary (income)	**2.588**	2.094
Waiver of receivable in respect of financial guarantee	**3.045**	3.045
Payable	**0.165**	0.052
Receivable	**7.480**	2.664
Praj Industries (Namibia) Limited		
Receivable	**17.526**	17.496
Praj Industries Philippines Limited		
Financial guarantee given on behalf of subsidiary (income)	**-**	0.395
Waiver of receivable in respect of financial guarantee	**-**	0.395
Praj Foundation		
Donation paid	**15.773**	18.531
Plutus Properties LLP		
Rent paid	**3.063**	1.250
Pramod Chaudhari		
Short term employee benefits	**43.175**	49.280
Post employment benefits	**4.392**	4.392
Other long term employee benefits	**1.500**	1.500
Dividend	**62.694**	-
Payable	**10.240**	0.100

Notes to the Financial Statements for the year ended 31st March, 2018

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

Particulars	31 March 2018	31 March 2017
Gajanan Nabar		
Short term employee benefits	-	12.148
Post employment benefits	-	0.646
Payable	-	0.100
Sachin Raole		
Short term employee benefits	**6.220**	2.668
Post employment benefits	**0.366**	0.185
Other long term employee benefit	**0.226**	0.166
Share based payment	**2.213**	1.352
Payable	**1.291**	0.655
Dattatraya Nimbolkar		
Short term employee benefits	**5.842**	6.754
Post employment benefits	**0.306**	0.382
Other long term employee benefit	**(0.025)**	0.181
Share based payment	**0.605**	0.355
Payable	**1.012**	1.440
Parimal Chaudhari		
Commission on profit	**1.000**	1.000
Dividend	**34.992**	-
Payable	**1.000**	1.000
Parth Chaudhari		
Remuneration	**2.916**	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 2018	31 March 2017
Future minimum lease payments in respect of non-cancellable leases		
- amount due within one year from the balance sheet date	**39.095**	37.164
- amount due in the period between one year and five years	**173.507**	162.928
- amount due after five years	**82.455**	126.357
Lease payments debited to statement of profit and loss		
- cancellable leases	**7.383**	6.980
- non-cancellable leases	**42.678**	40.513

33 Employee benefits

a) Defined contribution plans

The Company has recognised INR 46.018 (31 March 2017: INR 40.895) 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:

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

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

Particulars	31 March 2018	31 March 2017
Present value of obligation as at the beginning of the period	**197.165**	179.827
Interest cost	**13.760**	13.297
Current service cost	**15.349**	16.472
Benefits paid	**(6.735)**	(9.739)
Remeasurements on obligation - (gain) / loss	**(8.977)**	(2.691)
Present value of obligation as at the end of the period	**210.562**	197.166

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

Particulars	31 March 2018	31 March 2017
Fair value of plan assets at the beginning of the period	**90.812**	75.718
Interest income	**6.760**	6.112
Contributions	**8.809**	9.397
Return on plan assets, excluding amount recognized in interest income - gain / (loss)	**1.667**	(0.414)
Fair value of plan assets as at the end of the period	**108.048**	90.813

Amounts recognised in the balance sheet are as follows:

Particulars	31 March 2018	31 March 2017
Present value of obligation as at the end of the period	**210.562**	197.166
Fair value of plan assets as at the end of the period	**108.048**	90.813
Surplus / (deficit)	**(102.514)**	(106.353)

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

Particulars	31 March 2018	31 March 2017
Current service cost *	**15.349**	16.472
Net interest (income) / expense	**7.000**	7.185
Net periodic benefit cost recognised in the statement of profit and loss at the end of the period	**22.349**	23.657

* INR 0.051 million (31 March 2017: INR 0.621 million) capitalised in Integrated Bio-Refinery 2nd Generation Demonstration Plant

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

Particulars	31 March 2018	31 March 2017
Remeasurement for the year - obligation (gain) / loss	**(8.977)**	(2.691)
Remeasurement for the year - plan assets (gain) / loss	**(1.667)**	0.414
Total remeasurements cost / (credit) for the year	**(10.644)**	(2.277)

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

Particulars	31 March 2018	31 March 2017
Interest (income) / expense - obligation	**13.760**	13.297
Interest (income) / expense - plan assets	**(6.760)**	(6.112)
Net interest (income) / expense for the year	**7.000**	7.185

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

Particulars	31 March 2018	31 March 2017
Funds managed by insurer	**100%**	100%

Notes to the Financial Statements for the year ended 31st March, 2018

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

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

Particulars	31 March 2018	31 March 2017
Discount rate	**7.50%**	7.10%
Rate of increase in compensation levels	**8.00%**	8.00%
Expected rate of return on plan assets	**7.10%**	7.60%
Expected average remaining working lives of employees (in years)	**9.78**	9.89
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 2018	31 March 2017
Decrease by 1% to 6.50%	**221.060**	207.434
Increase by 1% to 8.50%	**201.284**	188.112

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 2018	31 March 2017
Decrease by 1% to 7.00%	**202.458**	189.248
Increase by 1% to 9.00%	**219.533**	205.945

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 2018	31 March 2017
Decrease by 1% to 6.00%	**210.869**	197.704
Increase by 1% to 8.00%	**210.286**	196.680

(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 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. During the year 2017-18 1,969,700 options were granted to certain employees of the Company as ESOP 2011 – Grant VII. 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 2018	31 March 2017
Expense arising from equity-settled share-based payment transactions	**27.318**	14.828

There were no cancellations or modifications to the awards in 31 March 2018 or 31 March 2017.

Movements during the year

I. ESOP 2005 Grant IV (Plan A)

Particulars	31 March 2018		31 March 2017	
	Options	**Weighted average exercise price INR**	Options	Weighted average exercise price INR
Options outstanding at the beginning of the year	**-**	**-**	**820,000**	**72.70**
Options granted during the year	-	-	-	-
Options exercised during the year	-	-	(411,179)	72.70
Options cancelled during the year	-	-	(408,821)	72.70
Options outstanding at the end of the year	**-**	**-**	**-**	**-**
Options exercisable at the end of the year	-	-	-	-
Range of exercise price of options outstanding at the end of the year	**NA**		NA	
Average share price during the year	**INR 84.95**		INR 84.95	
Weighted average remaining contractual life of options outstanding at the end of the year	**NA**		NA	
Weighted average fair value of option as on date of grant	**16 Nov 2010**	**38.19**	16 Nov 2010	38.19

Notes to the Financial Statements for the year ended 31st March, 2018

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

II. ESOP 2011 Grant I to VII

Particulars	31 March 2018		31 March 2017	
	Options	**Weighted average exercise price INR**	Options	Weighted average exercise price INR
Number of options outstanding at the beginning of the year	**2,502,060**	**61.06**	**3,767,670**	**58.49**
Number of options granted during the year	**1,969,700**	**50.00**	100,000	85.25
Number of options exercised during the year	**(1,488,227)**	**57.32**	(1,060,600)	55.75
Number of options forfeited during the year	**(98,000)**	**76.46**	(305,010)	55.75
Number of options outstanding at the end of the year	**2,885,533**	**54.91**	**2,502,060**	**61.06**
Number of options exercisable at the end of the year	**890,493**	**64.60**	1,230,195	59.90
Range of exercise price of options outstanding at the end of the year	**INR 50.00 to 114.32**		INR 55.75 to 114.32	
Average share price during the year	**INR 85.16**		INR 84.95	
Weighted average remaining contractual life of options outstanding at the end of the year	**1.15 years**		1.32 years	
Weighted average fair value of option as on date of grant (granted during the year)	**27-Sep-2017**	**24.18**	22-Jul-2016	27.75

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 2017-18
Grant date	**27-Sept-2017**
Risk-free interest rate	**6.45%**
Expected life	**1.5 years**
Expected volatility*	**43.01%**
Expected dividend yield	**2.96%**
Price of the underlying share in market at the time of grant of option (INR)	**68.50**

* Expected volatility has been determined based on closing price of the share of the Company over a period of 1.5 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 2018	31 March 2017
Capital expenditure (excluding advances)	**59.355**	289.497
Revenue expenditure	**151.748**	94.552

36 Taxes

The company has not recognised MAT credit entitlement to the extent of INR 294.143 till 31 March, 2018 in respect of Income Tax paid in view of uncertainty of its utilisation for payment of tax in foreseeable future.

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

37 Corporate Social Responsibility (CSR) expenditure

The Company was required to spend INR 16.773 as expenditure on CSR as per requirements of the Companies Act, 2013. During the year, the Company has incurred CSR expenses of INR 16.773 as follows:

Amount spent on	Amounts paid	Yet to be paid	Yet to be paid
Construction/acquisition of asset	Nil	Nil	Nil
On other purposes covered under Schedule VII to Companies Act, 2013	16.773*	Nil	Nil

*Includes INR 15.773 given to Praj Foundation which is a related party.

The above expenditure includes contribution/donation of INR 16.773 to trusts / institute which are engaged in activities eligible under section 135 of Companies Act, 2013 read with Schedule VII thereto.

38 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 2018	31 March 2017
	Levelled at level 2		
	Financial asset		
a)	**Carried at amortised cost**		
	Investment in quoted non-convertible bonds*	**99.960**	-
	Investment in deposits	**100.000**	-
	Security deposits	**42.932**	37.875
	Trade receivable	**1852.302**	2181.597
	Deposits with banks	**0.020**	100.020
	Advances to subsidiaries	**7.521**	16.699
	Other receivables	**11.062**	8.130
	Cash and cash equivalents and other bank balances	**687.238**	612.742
b)	**Carried at fair value through profit and loss (FVTPL)**		
	Foreign exchange forward contracts	**1.205**	20.601
	Levelled at level 1		
i)	**Investments in mutual funds**	**1788.740**	1343.289
	Levelled at level 2		
	Financial liabilities	**-**	-
ii)	**Carried at amortised cost**		
	Borrowings	**0.820**	1.229
	Trade payables	**1339.823**	1600.946
	Unclaimed dividends	**10.279**	8.748
	Financial guarantee contracts	**2.619**	2.162
	Other payables	**82.399**	41.835
*	Fair value of investment in quoted non-convertible bonds	**100.610**	-

Notes to the Financial Statements for the year ended 31st March, 2018

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

39 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.

(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 2018	31 March 2017
Trade receivables	**2479.082**	2703.131
Less : expected loss	**626.780**	521.534
	1852.302	2181.597

	31 March 2018	31 March 2017
Trade receivables		
Neither past due nor impaired	**1079.672**	1248.427
Less than 180 days	**439.779**	599.205
181 - 365 days	**108.196**	77.817
More than 365 days	**224.655**	256.148
Total	**1852.302**	2181.597

Reconciliation of loss provision

	Trade receivables
Loss allowance as at 31 March 2017	**521.534**
Changes in loss allowance	**105.246**
Loss allowance as at 31 March 2018	**626.780**

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 2018	31 March 2017
Interest bearing borrowings		
On demand	**-**	-
Less than 180 days	**0.205**	0.205
181 - 365 days	**0.205**	0.205
More than 365 days	**0.410**	0.820
Total	**0.820**	1.230
Other liabilities		
On demand	**10.279**	8.748
Less than 180 days	**85.018**	43.997
181 - 365 days	**-**	-
More than 365 days	**-**	-
Total	**95.297**	52.745
Trade payables		
On demand	**-**	-
Less than 180 days	**1339.823**	1600.946
181 - 365 days	**-**	-
More than 365 days	**-**	-
Total	**1339.823**	1600.946

Notes to the Financial Statements for the year ended 31st March, 2018

(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

	31 March 2018	31 March 2017
Expiring within one year	**1203.600**	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 2018	31 March 2017	31 March 2018	31 March 2017
Trade receivables	EUR	**0.815**	0.869	**65.078**	59.544
	USD	**9.683**	10.566	**624.554**	680.345
	GBP	**0.244**	0.180	**22.267**	14.432
Bank accounts	EUR	**0.053**	-	**4.229**	-
	USD	**3.328**	2.769	**214.423**	178.074
Foreign exchange forward contracts	EUR	**-**	0.285	**-**	19.528
	USD	**12.050**	4.850	**777.225**	312.292

Financial liabilities	**Currency**	**Amount in foreign currency**		**Amount in INR**	
		31 March 2018	31 March 2017	31 March 2018	31 March 2017
Trade payables	EUR	**0.168**	0.427	**13.682**	29.869
	USD	**1.062**	0.860	**69.444**	56.175
	GBP	**0.002**	0.006	**0.186**	0.491

Currency wise net exposure (assets -liabilities)

Particulars	**Amount in foreign currency**		**Amount in INR**	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
EUR	**0.700**	0.727	**55.625**	49.203
USD	**23.999**	17.325	**1546.758**	1114.536
GBP	**0.242**	0.174	**22.081**	13.941

Sensitivity analysis

Currency	**Amount in INR**		**Sensitivity %**	**Impact on profit-strengthen [Loss / (Gain)]**		**Impact on profit-weakening [Loss / (Gain)]**	
	2018	2017		2018	2017	2018	2017
EUR	**55.625**	49.203	5.00%	**(2.781)**	(2.460)	**2.781**	2.460
USD	**1546.758**	1114.536	5.00%	**(77.338)**	(55.727)	**77.338**	55.727
GBP	**22.081**	13.941	5.00%	**(1.104)**	(0.697)	**1.104**	0.697
Total	**1624.464**	1177.680		**(81.223)**	(58.884)	**81.223**	58.884

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

40 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 2018	31 March 2017
Loans and borrowings	**0.410**	0.819
Less: cash and cash equivalents	**676.879**	568.914
Net debt	**-**	-
Equity	**7232.672**	7148.824
Capital and net debt	**7232.672**	7148.824
Gearing ratio	**0%**	0%

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

Pramod Chaudhari
Executive Chairman
(DIN : 00196415)

Shishir Joshipura
CEO and Managing Director
(DIN : 00574970)

Sachin Raole
CFO and Director- Finance & Commercial
(DIN : 00431438)

Dattatraya Nimbolkar
Chief Internal Auditor and Company Secretary
(M. No.: ACS4660)

Place: Pune
Date: 16 May 2018

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, 2018, 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, 2018, 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

We did not audit the financial statements of four subsidiaries whose financial statements reflect total assets of ₹ 146.237 Million as at 31st March, 2018, total revenues of ₹ 125.281 Million and net cash outflows amounting to ₹ 77.264 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.

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, 2018 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, 2018 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.

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

Sandeep Rao
Partner
Membership No.: 47235

Place: Pune
Date: 16th May, 2018

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, 2018 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 2018, 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

Place: Pune
Date: 16th May, 2018

Consolidated Balance Sheet as at 31st March, 2018

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

Particulars	Note no.	31 March 2018	31 March 2017
ASSETS			
Non-current assets			
Property, plant and equipment	3	**2197.656**	1915.277
Capital work-in-progress	3	**41.699**	314.564
Investment property	3	**136.928**	136.928
Goodwill	3	**626.150**	626.150
Intangible assets	3	**10.461**	20.209
Financial assets			
Investments	4	**100.075**	0.115
Loans	5	**72.117**	61.493
Others	6	**70.245**	232.515
Deferred tax assets (net)	26	**41.312**	25.797
Other assets	7	**116.431**	187.981
		3413.074	3521.029
Current assets			
Inventories	8	**807.853**	1045.254
Financial assets			
Investments	4	**1908.591**	1343.287
Trade receivables	9	**2625.014**	2948.786
Cash and cash equivalents	10	**772.250**	691.832
Other bank balances	11	**30.269**	43.828
Loans	5	**0.706**	0.179
Others	6	**15.879**	33.005
Current tax asset (net)		**54.751**	83.235
Other assets	7	**1704.324**	2163.652
		7919.637	8353.058
TOTAL ASSETS		**11332.711**	11874.087
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	12	**361.865**	358.888
Other equity	13	**6899.492**	6737.453
Sub-total - total equity attributable to parent		**7261.357**	7096.341
Non-controlling interests		**6.599**	2.791
Total equity		**7267.956**	7099.132
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Borrowings	14	**0.410**	0.819
Provisions	15	**159.187**	157.767
		159.597	158.586
Current liabilities			
Financial liabilities			
Borrowings	14	**59.418**	42.592
Trade payables	16	**1763.649**	2134.398
Other financial liabilities	17	**125.497**	64.478
Other current liabilities	18	**1871.458**	2196.347
Provisions	15	**85.136**	178.554
		3905.158	4616.369
TOTAL LIABILITIES		**4064.755**	4774.955
TOTAL EQUITY AND LIABILITIES		**11332.711**	11874.087
Corporate Information	1		
Summary of significant accounting policies	2		

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

As per our report of even date.
For **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
(DIN : 00196415)

Shishir Joshipura
CEO and Managing Director
(DIN : 00574970)

Sachin Raole
CFO and Director- Finance & Commercial
(DIN : 00431438)

Dattatraya Nimbolkar
Chief Internal Auditor and Company Secretary
(M. No.: ACS4660)

Place: Pune
Date: 16 May 2018

Consolidated Statement of Profit and Loss for the year ended 31st March, 2018

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

Particulars	Note no.	31 March 2018	31 March 2017
INCOME			
Revenue from operations	19	**9234.568**	9551.624
Other income	20	**267.249**	222.781
Total Income		**9501.817**	9774.405
EXPENSES			
Cost of materials consumed	21	**4712.004**	4770.073
Changes in inventories of finished goods, stock-in-trade and work-in-progress	22	**(19.203)**	(98.665)
Employee benefits expense	23	**1494.651**	1480.358
Finance costs	24	**11.420**	13.078
Depreciation and amortization expense	3	**240.925**	221.243
Excise duty expense		**68.704**	401.712
Other expenses	25	**2463.191**	2311.353
Total expenses		**8971.692**	9099.152
Profit before tax		**530.125**	675.253
Tax expenses	26		
Current tax		**154.919**	180.841
Deferred tax		**(19.919)**	47.546
Adjustments of tax relating to earlier periods		**0.248**	0.867
Total tax expenses		**135.248**	229.254
Profit for the year		**394.877**	445.999
Attributable to :			
Non-controlling interests		**(0.032)**	(0.029)
Owners of the company		**394.909**	446.028
Other comprehensive income			
Items that will not be reclassified to profit and loss:			
Re-measurement of defined benefit plans		**11.558**	1.473
Income tax effect		**(3.984)**	(0.508)
		7.574	0.965
Items that will be reclassified to profit and loss:			
Exchange differences on translation of foreign operations		**0.443**	(7.349)
		0.443	(7.349)
Other comprehensive income		**8.017**	(6.384)
Total comprehensive income for the year		**402.894**	439.615
Attributable to :			
Non-controlling interests		**(0.032)**	(0.029)
Owners of the company		**402.926**	439.644
Earnings per equity share (Nominal value per share INR 2 each)	27		
(1) Basic		**2.19**	2.50
(2) Diluted		**2.18**	2.49
Corporate Information	1		
Summary of significant accounting policies	2		
The accompanying notes are an integral part of the financial statements.			

As per our report of even date.
For **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
(DIN : 00196415)

Shishir Joshipura
CEO and Managing Director
(DIN : 00574970)

Sachin Raole
CFO and Director- Finance & Commercial
(DIN : 00431438)

Dattatraya Nimbolkar
Chief Internal Auditor and Company Secretary
(M. No.: ACS4660)

Place: Pune
Date: 16 May 2018

Consolidated Cash Flow Statement for the year ended 31st March, 2018

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

		31 March 2018	31 March 2017
A.	**Cash flow from operating activities**		
	Net profit before tax	**530.125**	675.253
	Adjustments for:		
	Loss / (profit) on sale of property, plant and equipment	**0.261**	0.021
	Loss / (profit) on discardment of property, plant and equipment	**0.551**	-
	Gain on redemption of mutual fund investments	**(73.739)**	(8.586)
	Gain on redemption of bonds	**-**	(2.603)
	Bad Debts / Provision for doubtful debts and advances	**136.263**	109.428
	Excess provision / creditors written back (including advances)	**(3.229)**	(25.453)
	Provision for diminution in value of investment / Loss on sale of shares	**0.237**	-
	Unrealised foreign exchange (gain) / loss (net)	**(21.298)**	(3.754)
	Sundry Balances Written Off	**1.178**	-
	Income from Debentures	**(0.461)**	-
	Depreciation and amortisation	**240.925**	221.243
	Interest earned	**(35.989)**	(33.992)
	Unrealised gain on mutual fund investments	**34.288**	(56.080)
	Dividend from mutual fund investments	**(30.443)**	(43.374)
	Interest charged	**3.943**	5.564
	Equity-settled share-based payment transactions	**27.318**	14.828
	Operating profit before working capital changes	**809.930**	852.495
	Changes in working capital		
	(Increase) /decrease in trade receivables	**209.939**	595.793
	(Increase)/decrease in inventories (including contracts in progress)	**665.863**	(860.318)
	(Increase)/decrease in non-current loans	**(10.624)**	(0.350)
	(Increase)/decrease in other non-current financial assets	**162.270**	(125.195)
	(Increase)/decrease in other non-current assets	**(9.523)**	(34.941)
	(Increase)/decrease in current loans	**(0.527)**	10.385
	(Increase)/decrease in other current assets	**29.335**	54.085
	Increase/(decrease) in trade payables	**(369.937)**	91.360
	Increase/(decrease) in other current financial liabilities	**59.488**	(4.844)
	Increase/(decrease) in other current liabilities	**(324.889)**	(216.686)
	Increase/(decrease) in long term provisions	**1.420**	29.031
	Increase/(decrease) in short term provisions	**(81.860)**	16.157
	Cash generated from operations	**1140.885**	406.972
	Direct taxes paid (including taxes deducted at source), net of refunds	**(126.683)**	(205.092)
	NET CASH FROM OPERATING ACTIVITIES	**1014.202**	201.880
B.	**Cash flow from investing activities**		
	Purchase of property, plant and equipment and intangible assets	**(161.067)**	(367.213)
	Investments:		
	- in mutual funds	**(1556.595)**	(670.491)
	- in debentures & bonds	**(99.960)**	-
	Sale of investments		
	- in mutual funds	**1150.592**	608.389
	- in debentures & bonds	**-**	102.633
	Provision for diminution in value of investment / Loss on sale of shares	**(0.237)**	-
	Proceeds from sale of property, plant and equipment	**0.637**	1.216
	Interest received on investments	**33.719**	37.101
	Dividend received on investments	**30.443**	43.374
	Income from Debentures	**0.461**	-
	Investment /(redemption) in fixed deposits	**(104.760)**	164.679
	NET CASH FROM / (USED) IN INVESTING ACTIVITIES	**(706.767)**	(80.312)

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

		31 March 2018	31 March 2017
C.	**Cash flow from financing activities**		
	Proceeds from exercise of employee stock options	**89.145**	89.021
	Increase / (Decrease) in Long term borrowings	**(0.409)**	(0.410)
	Increase / (Decrease) in borrowings	**16.826**	(116.497)
	Dividend paid including dividend distribution tax	**(349.001)**	(5.122)
	Interest paid	**(3.943)**	(5.564)
	NET CASH FROM / (USED) IN FINANCING ACTIVITIES	**(247.382)**	(38.573)
	Net increase/(decrease) in cash and cash equivalents (A+B+C)	**60.053**	82.995
	Cash and cash equivalents at the beginning of the year (Refer Note 10)	**691.832**	604.782
	Add: effect of exchange rate changes on cash and cash equivalents	**20.365**	4.055
	Cash and cash equivalents at the end of the year (Refer Note 10)	**772.250**	691.832

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

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

Sandeep Rao
Partner
Membership No.: 47235

Pramod Chaudhari
Executive Chairman
(DIN : 00196415)

Shishir Joshipura
CEO and Managing Director
(DIN : 00574970)

Sachin Raole
CFO and Director- Finance & Commercial
(DIN : 00431438)

Dattatraya Nimbolkar
Chief Internal Auditor and Company Secretary
(M. No.: ACS4660)

Place: Pune
Date: 16 May 2018

Statement of changes in equity for the year ended 31st March, 2018

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

A. Equity share capital

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
Balance as on 1 April 2017	**Changes in equity share capital during the year**	**Balance as on 31 March 2018**
358.888	2.977	361.865

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	Special Economic Zone Re-investment Reserve						
Balance at the beginning of the reporting period as at 1 April 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)								-		-		-
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**
Balance at the beginning of the reporting period as at 1 April 2017	**0.033**	**710.312**	**14.627**	**3.063**	**38.115**	**-**	**958.500**	**4996.644**	**16.159**	**6737.453**	**2.791**	**6740.244**
Investment by Minority shareholders										-	3.840	3.840
Profit for the year								394.909		394.909	(0.032)	394.877
Other comprehensive income								7.574	0.443	8.017		8.017
Dividends (including dividend distribution tax)								(350.532)		(350.532)		(350.532)
Employee stock options exercised during the year		105.089			(22.761)					82.328		82.328
Equity settled share based payment to employees					27.317					27.317		27.317
Employee stock options expired and transferred to/from statement of profit and loss					(1.717)			1.717		-		-
Transfer to Special Economic Zone Re-investment Reserve						71.548		(71.548)		-		-
Balance as on 31 March 2018	**0.033**	**815.401**	**14.627**	**3.063**	**40.954**	**71.548**	**958.500**	**4978.764**	**16.602**	**6899.492**	**6.599**	**6906.091**

Notes to the Consolidated Financial Statements for the year ended 31st March, 2018

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 consolidated financial statements were authorised for issue by the Board of Directors on 16 May 2018.

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 results 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 39

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 is 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 2018. 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 2018	31 March 2017
Praj Engineering & Infra Ltd. (Formerly known as 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 (Formerly known as Neela Systems Limited)	India	**100.00%**	100.00%
Praj Industries (Africa) Pty. Ltd.	South Africa	**100.00%**	100.00%
Praj Far East Philippines 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 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 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, goods and services tax 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.

Notes to the Consolidated Financial Statements for the year ended 31st March, 2018

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

Ind AS 115 - Revenue from Contracts with Customers

On 28 March 2018, the Ministry of Corporate Affairs (the MCA) notified the Ind AS 115. The effective date for adoption of Ind AS 115 is financial period beginning on or after 1 April 2018. Ind AS 115 establishes a five-step model that will apply to revenue earned from a contract with a customer (with limited exceptions), regardless of the type of revenue transaction or the industry. Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligation; changes in contract asset and liability account balances between periods and key judgments and estimates. The standard permits the use of either the retrospective or cumulative effect transition method. The Company is evaluating the requirements of Ind AS 115 and its impact on the financial statements.

Appendix B to Ind AS 21 Foreign Currency Transactions and Advance Consideration

On 28 March 2018, the MCA notified the Indian Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21. The Appendix clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration.

Entities may apply the Appendix requirements on a fully retrospective basis. Alternatively, an entity may apply these requirements prospectively to all assets, expenses and income in its scope that are initially recognised on or after:

(i) The beginning of the reporting period in which the entity first applies the Appendix, or

(ii) The beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the Appendix.

The Appendix is effective for annual periods beginning on or after April 1, 2018. The Company is evaluating the requirements of the Appendix and its impact on the financial statements.

(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 2017	11.000	230.308	1449.276	1227.527	273.463	44.464	243.266	3479.304	91.050	97.801	188.851	822.712	136.928	4627.795
Additions/adjustments (**)	-	140.209	-	353.456	7.580	11.432	1.889	514.566	-	0.439	0.439	-	-	515.005
Deletions	-	-	-	4.673	-	3.442	1.530	9.645	-	-	-	-	-	9.645
As at 31 March 2018	**11.000**	**370.517**	**1449.276**	**1576.310**	**281.043**	**52.454**	**243.625**	**3984.225**	**91.050**	**98.240**	**189.290**	**822.712**	**136.928**	**5133.155**
Accumulated depreciation and amortisation														
As at 1 April 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
Charge for the year	0.122	-	43.671	141.000	18.452	5.503	21.990	230.738	5.250	4.937	10.187	-	-	240.925
Deletions/Adjustments (**)	-	-	-	4.187	-	2.561	1.448	8.196	-	-	-	-	-	8.196
As at 31 March 2018	**0.637**	**-**	**371.336**	**958.156**	**254.227**	**23.746**	**178.467**	**1786.569**	**88.818**	**90.011**	**178.829**	**196.562**	**-**	**2161.960**
Net Carrying value														
As at 31 March 2018	**10.363**	**370.517**	**1077.940**	**618.154**	**26.816**	**28.708**	**65.158**	**2197.656**	**2.232**	**8.229**	**10.461**	**626.150**	**136.928**	**2971.195**
As at 1 April 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

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.

Notes to the Consolidated Financial Statements for the year ended 31st March, 2018

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

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 2018	31 March 2017	31 March 2018	31 March 2017
Balance at start of the year	**314.564**	7.638	**-**	0.700
Add: Additions during the year	**12.455**	312.188	**-**	-
Less: Capitalised during the year	**285.320**	5.262	**-**	0.700
Balance at the end of the year	**41.699**	314.564	**-**	-

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

a. Building INR 39.901 million (31 March 2017 INR 28.146 million)

b. Machinery INR 1.798 million (31 March 2017 INR 2.418 million)

c. Integrated Bio-refinery 2nd Generation Demonstration Plant developed and constructed in house ("Demo Plant") INR NIL (31 March 2017 INR 284.000 million)

Investment property: reconciliation of fair value

Particulars	Land
Fair value as at 31 March 2017	331.200
Fair value difference	18.968
Fair value as at 31 March 2018	350.168

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.

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

	31 March 2018	31 March 2017
4 Investments		
(i) Unquoted Investments:		
Investment in Shares	**0.102**	0.102
5100 (31 March 2017 : 5100) shares of INR 20 each fully paid of The Cosmos Co-operative Bank Limited.		
	0.102	0.102
Investment in National saving certificate	**0.013**	0.013
	0.115	0.115
(ii) Investments at amortised cost		
Quoted investments in non-convertible debentures / bonds:		
Bonds issued by HDFC Bank Limited Unsecured Non-Convertible Perpetual Bonds Series 1/2017-18, Coupon 8.85% (31 March, 2017 : Nil)	**99.960**	-
	99.960	-
Total non-current	**100.075**	0.115
Current investments		
(i) Investments at fair value through profit and loss (FVTPL)		
Quoted mutual funds		
ABSL Treasury Optimizer Plan - Qtrly Div - Reg Pln - 670,124 Units (31 March 2017 : 1,096,960 Units)	**69.280**	114.914
ABSL Treasury Optimizer Plan - Growth Plan - 455,134 Units (31 March 2017 : Nil Units)	**100.842**	-
ABSL Savings Fund - Wkly Div - Reg Plan - 42,540 Units (31 March 2017 : 516,196 Units)	**4.274**	51.772
ABSL Savings Fund - Growth - Regular Plan - 146,324 Units (31 March 2017 : Nil Units)	**50.029**	-
DSP FMP S 220 - 40 M - Direct GW - 5,000,000 Units (31 March 2017 : Nil Units)	**50.586**	-
HSBC Cash Fund - Daily Dividend - 1,870 Units (31 March 2017 : 1,791 Units)	**1.872**	1.792
HSBC FTS 128 -Growth Direct Plan - Tenure 1106 Days - 5,000,000 Units (31 March 2017 : Nil Units)	**53.163**	-
HSBC Cash Fund - Growth- 28,995 Units (31 March 2017 : Nil Units)	**50.032**	-
HDFC Medium Term Opportunities Fund - 2,630,250 Units (31 March 2017 : Nil Units)	**50.792**	-
ICICI Prudential FMP SR 74 - 369 Days - Nil Units (31 March 2017 : 10,000,000 Units)	**-**	126.521
ICICI Prudential Dynamic Bond Fund-Reg P-MD - 983,353 Units (31 March 2017 : 5,373,946 Units)	**10.852**	58.510
ICICI Prudential Short Term - Reg Plan - Fortnight - 818,283 Units (31 March 2017 : 4,658,957 Units)	**10.184**	57.796
ICICI Banking And PSU Debt Fund-WD - 416,652 Units (31 March 2017 : 5,071,037 Units)	**4.295**	51.978
ICICI Short Term- Growth Option - 1,381,402 Units (31 March 2017 : Nil Units)	**50.024**	-
ICICI Banking & PSU Debt Fund-Growth Option - 2,503,969 Units (31 March 2017 : Nil Units)	**50.024**	-
ICICI Fixed Maturity Plan SRS 82 - 1185 Days - 5,000,000 Units (31 March 2017 : Nil Units)	**50.656**	-
ICICI Fixed Maturity Plan SRS 82 - 1135 Days - 5,000,000 Units (31 March 2017 : Nil Units)	**50.175**	-
Kotak FMP Series 154 Direct - GW - Nil Units (31 March 2017 : 5,000,000 Units)	**-**	64.477
Kotak Low Duration Fund - 26,285 Units (31 March 2017 : 26,285 Units)	**55.802**	52.109
Kotak Treasury Advantage Fund - GW - 1,800,031 Units (31 March 2017 : Nil Units)	**50.029**	-
L&T Short Term Opportunities Fund-GW - 3,064,326 Units (31 March 2017 : Nil Units)	**50.914**	-
INVESCO India Active Income Fund-DIR PL-GW - 24,863 Units (31 March 2017 : Nil Units)	**50.591**	-
IDFC Dynamic Bond Fund Plan B-GW - Nil Units (31 March 2017 : 2,871,725 Units)	**-**	60.166

Notes to the Consolidated Financial Statements for the year ended 31st March, 2018

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

		31 March 2018	31 March 2017
	Reliance Medium Term Fund-Direct Growth Plan - 1,612,139 Units (31 March 2017 : 1,612,139 Units)	**59.975**	55.925
	Reliance Fixed Horizon Fund-XXXI-SR9 - 5,000,000 Units (31 March 2017 : 50,00,000 Units)	**56.178**	52.548
	Reliance Fixed Horizon Fund-XXXV-SR14 - 5,000,000 Units (31 March 2017 : Nil Units)	**50.787**	-
	Reliance Money Manager Fund-Growth Plan - 20,892 Units (31 March 2017 : Nil Units)	**50.027**	-
	SBI Debt Fund Series - C - 8(1175 Days)-DG - 5,001,814 Units (31 March 2017 : Nil Units)	**50.764**	-
	INVESCO FMP SR 23 Plan L - Reg Plan Growth - Nil Units (31 March 2017 : 5,000,000 Units)	**-**	63.220
	INVESCO India Annual Interval Fund-Plan B - 5,000,000 Units (31 March 2017 : 5,000,000 Units)	**62.227**	58.440
	Franklin India Low Duration Fund - Monthly Div - 2,586,973 Units (31 March 2017 : 11,430,519 Units)	**27.279**	120.841
	Franklin India Ultra Short Bond Fund-Wkly. Div - 2,700,301 Units (31 March 2017 : 11,960,649 Units)	**27.325**	120.990
	Franklin India Ultra Short Bond Fund - GW - 4,161,725 Units (31 March 2017 : Nil Units)	**100.102**	-
	Franklin India Low Duration Fund - GW - 5,006,107 Units (31 March 2017 : Nil Units)	**100.000**	-
	Tata Short Term Bond Fund Plan A - Fortnight - 663,648 Units (31 March 2017 : 3,880,396 Units)	**10.046**	57.499
	Tata Fixed Maturity Plan SRS 53 Scheme A - 5,000,000 Units (31 March 2017 : Nil Units)	**50.251**	-
	Tata Ultra Short Term Fund Regular Plan - GW- 18,994 Units (31 March 2017 : Nil Units)	**50.028**	-
	Tata Short Term Bond Fund Reg. Plan - GW - 1,549,225 Units (31 March 2017 : Nil Units)	**50.024**	-
	UTI - Short Term Income Fund - Insti. Option - GW - 6,120,700 Units (31 March 2017 : 6,120,700 Units)	**129.283**	122.038
	DSP Blackrock Banking & PSU Debt. Fund-WD - Nil Units (31 March 2017 : 5,088,457 Units)	**-**	51.753
	DHFL Pramerica Ultra Short Term Fund-GW - 2,372,491 Units (31 March 2017 : Nil Units)	**50.028**	-
	Total	**1788.741**	1343.287
(ii)	**Investments at amortised cost**		
	Unquoted investments:		
	Deposit with Bajaj Finance Limited	**119.850**	-
Total current		**1908.591**	1343.287
Aggregate book value of quoted investments		**1888.701**	1343.287
Aggregate market value of quoted investments		**1889.351**	1343.287
Aggregate book value of unquoted investments		**119.965**	0.115

5 Loans

		31 March 2018	31 March 2017
Non-current			
	Security deposits		
	Unsecured considered good	**72.117**	61.493
		72.117	61.493
Current			
	Security deposits		
	Unsecured considered good	**0.706**	0.179
		0.706	0.179
		72.823	61.672

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.

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

		31 March 2018	31 March 2017
6	**Other financial assets**		
	Non-current		
	Deposits with banks with an original maturity of more than 12 months	**70.245**	232.515
		70.245	232.515
	Current		
	Foreign exchange forward contracts	**1.205**	20.601
	Interest accrued on fixed deposits and bonds	**14.674**	12.404
		15.879	33.005
	Total other financial assets	**86.124**	265.520
7	**Other assets**		
	Non-current		
	Capital advances	**7.844**	88.917
	Balances with central excise, customs and Value added tax authorities	**105.293**	95.764
	Prepaid expenses	**3.294**	3.300
		116.431	187.981
	Current		
	Contracts in progress (Refer note 29)	**1208.590**	1637.052
	Advances to suppliers	**155.658**	155.366
	Balances with central excise, customs and Value added tax authorities	**188.915**	229.189
	Prepaid expenses	**56.552**	65.783
	Amounts receivable in cash or kind	**94.609**	76.262
		1704.324	2163.652
	Total Other assets	**1820.755**	2351.633
8	**Inventories (valued at lower of cost and net realisable value)**		
	Raw materials	**502.778**	759.382
	Work in progress	**255.751**	189.037
	Finished goods	**49.324**	96.835
		807.853	1045.254

Notes to the Consolidated Financial Statements for the year ended 31st March, 2018

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

		31 March 2018	31 March 2017
9	**Trade receivables**		
	Current		
	Unsecured, considered good	**2625.014**	2948.786
	Unsecured, considered doubtful	**749.526**	638.638
		3374.540	3587.424
	Less: Impairment allowance (allowance for bad and doubtful debts)	**749.526**	638.638
		2625.014	2948.786
	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	**347.945**	303.401
	Deposits with original maturity of less than 3 months	**421.967**	365.918
	Cheques, drafts on hand	**0.857**	20.671
	Cash on hand	**1.481**	1.842
		772.250	691.832
11	**Other bank balances**		
	Unclaimed dividend account	**10.359**	8.828
	Deposits with maturity for more than 3 months but less than 12 months	**19.910**	35.000
		30.269	43.828

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

		31 March 2018	31 March 2017
12	**Equity share capital**		
	Authorised shares		
	450,000,000 (31 March 2017: 450,000,000) equity shares of INR 2 each	**900.000**	900.000
	Issued, subscribed and fully paid-up shares		
	180,932,415 (31 March 2017: 179,444,188) equity shares of INR 2 each	**361.865**	358.888
	Total	**361.865**	358.888

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period:

	31 March 2018 No.	31 March 2018 Amount	31 March 2017 No.	31 March 2017 Amount
At the beginning of the period	**179,444,188**	**358.888**	177,972,409	355.945
Add: Allotted during the period pursuant to exercise of employees stock options (Refer note 34)	**1,488,227**	**2.977**	1,471,779	2.943
Outstanding at the end of the period	**180,932,415**	**361.865**	179,444,188	358.888

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 2017 and the same was approved by the shareholders at the Annual General Meeting held on 11 August 2017. The amount was recognised as distributions to equity shareholders during the year ended 31 March 2018.

The Board of Directors proposed a final dividend of INR 1.62 per equity share for the financial year ended 31 March 2018. 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 2019. This event is considered as non-adjusting event.

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:

	31 March 2018		31 March 2017	
Equity shares of INR. 2 each fully paid	**No.**	**% of holding**	No.	% of holding
Pramod Chaudhari (Promoter)	**38,700,000**	**21.39%**	38,700,000	21.57%
Parimal Chaudhari (Promoter)	**21,600,000**	**11.94%**	21,600,000	12.04%
HDFC Trustee Company Limited - HDFC Equity Fund	**15,971,366**	**8.83%**	15,971,366	8.90%
Tata Capital Financial Services Limited	**13,422,400**	**7.42%**	13,422,400	7.48%
Sundaram Mutual Fund - Sundaram Smile Fund	**10,773,840**	**5.95%**	-	-

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 2018	31 March 2017
Shares bought back by the Company in 2012-13	**-**	2,083,013

Notes to the Consolidated Financial Statements for the year ended 31st March, 2018

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

		31 March 2018	31 March 2017
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	**710.312**	605.606
	Add : Employee stock options exercised	**82.328**	86.078
	Add : Transfer from Share option outstanding account on exercise of options	**22.761**	18.628
	Balance at the end of the year	**815.401**	710.312
	Share option outstanding account		
	Balance as at the beginning of the year	**38.115**	58.737
	Add : Employee stock option expense	**27.317**	14.829
	Less: Employee stock options expired and transferred to surplus in statement of profit and loss	**1.717**	16.823
	Less : Transfer to Securities Premium on exercise of options	**22.761**	18.628
	Balance at the end of the year	**40.954**	38.115
	Special Economic Zone Re-investment Reserve		
	Balance as at the beginning of the year	**-**	-
	Add : Transfer from Surplus in the Statement of Profit and Loss	**71.548**	-
	Balance at the end of the year	**71.548**	-
	General Reserve		
	Balance as at the beginning of the year	**958.500**	958.500
	Add : amounts transferred from surplus balance in statement of profit and loss	**-**	-
	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	**16.159**	23.508
	Add : due to transactions during the year	**0.443**	(7.349)
	Balance at the end of the year	**16.602**	16.159
	Surplus in the Statement of Profit and Loss		
	Balance as at the beginning of the year	**4996.644**	4532.828
	Profit as per statement of profit and loss	**394.909**	446.028
	Other comprehensive income	**7.574**	0.965
	Add: Employee stock options expired and transferred from share option outstanding account	**1.717**	16.823
	Less: Appropriations		
	Final equity dividend	**291.242**	-
	Tax on final equity dividend	**59.290**	-
	Transfer to Special Economic Zone Re-investment Reserve	**71.548**	-
	Net Surplus in Statement of Profit and Loss	**4978.764**	4996.644
	Total Other Equity	**6899.492**	6737.453

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

		31 March 2018	31 March 2017
14	**Borrowings**		
	Non-current		
	Unsecured loan		
	Non-current government loan	**0.820**	1.229
	Less: Current maturities of non-current borrowings disclosed under the head 'other financial liabilities - current' (Refer note 17)	**0.410**	0.410
		0.410	0.819
	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
	ii. Repayable within 2 to 3 years	**0.410**	0.410
	iii. Repayable after 3 years	**-**	-
	Current		
	Secured loans -Loans payable on demand		
	(i) Cash Credit Loan	**28.478**	-
	Non-current	**-**	-
	Current	**28.478**	-
	(ii) PCFC /PSFC Loan	**14.310**	19.452
	Non-current	**-**	-
	Current	**14.310**	19.452
	(iii) Buyers Credit Loan	**16.630**	23.140
	Non-current	**-**	-
	Current	**16.630**	23.140
		59.418	42.592
	Total Borrowings	**59.828**	43.411
15	**Provisions**		
	Provision for Employee Benefits		
	Compensated absences	**66.672**	61.045
	Gratuity	**92.515**	96.722
		159.187	157.767
	Current		
	Provision for Employee Benefits		
	Compensated absences	**29.024**	29.873
	Gratuity	**18.137**	16.344
	Performance Incentive	**37.975**	132.337
		85.136	178.554
	Total provision	**244.323**	336.321
16	**Trade Payables**		
	Current		
	-To related parties	**-**	0.027
	-To others		
	Total outstanding dues of micro enterprises and small enterprises (Refer note ii below)	**120.208**	205.672
	Total outstanding dues of creditors other than micro enterprises and small enterprises	**1643.441**	1928.699
		1763.649	2134.398
	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	**10.279**	8.748
	Employee benefits payable	**76.598**	45.000
	Other payables	**38.210**	10.320
		125.497	64.478

Notes to the Consolidated Financial Statements for the year ended 31st March, 2018

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

		31 March 2018	31 March 2017
18	**Other Liabilities**		
	Current		
	Advances received from customers	**1443.914**	1803.661
	Dues to customers relating to contracts in progress (Refer note 29)	**394.494**	352.608
	Statutory dues payable	**33.050**	40.078
		1871.458	2196.347
19	**Revenue from operations**		
	Sale of Products and Projects (including excise duty)	**8497.377**	7421.701
	Add: Closing contracts in progress	**859.776**	1313.122
	Less: Opening contracts in progress	**1313.122**	278.954
		8044.031	8455.869
	Sale of Services	**1052.868**	1004.828
	Add: Closing contracts in progress	**(45.680)**	(28.678)
	Less: Opening contracts in progress	**(28.678)**	(23.565)
		1035.866	999.715
	Other Operating revenue		
	Scrap Sales	**130.748**	96.040
	Sale of Licenses	**23.923**	-
		154.671	96.040
	Total Revenue from operations	**9234.568**	9551.624
20	**Other Income**		
	Foreign exchange fluctuation gain (net)	**95.075**	45.375
	Dividend from mutual fund investments current investment	**30.443**	43.374
	Gain on redemption of mutual fund investments (net)-current investment	**73.739**	8.586
	Investment In mutual fund fair valuation gain/(loss)	**(34.288)**	56.080
	Interest		
	- on fixed deposits	**27.439**	29.576
	- others	**8.550**	4.416
	(Loss) / profit on sale of property, plant and equipment (net)	**(0.812)**	(0.021)
	Excess provision / creditors written back (including advances)	**3.229**	25.453
	Other non-operating income	**63.874**	9.942
		267.249	222.781
21	**Cost of materials consumed**		
	Raw material consumed	**4712.004**	4770.073
		4712.004	4770.073
22	**(Increase) / Decrease in inventories of Finished Goods, Work in Progress**		
	Inventories at the end of the year		
	Work in progress	**255.751**	189.037
	Finished goods	**49.324**	96.835
		305.075	285.872
	Inventories at the beginning of the year		
	Work in progress	**189.037**	135.890
	Finished goods	**96.835**	51.317
		285.872	187.207
	(Increase) / Decrease in inventories	**(19.203)**	(98.665)

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

		31 March 2018	31 March 2017
23	**Employee Benefit Expenses**		
	Salaries, wages and bonus	**1342.011**	1344.721
	Contributions to provident and other funds (Refer note 33 a)	**52.197**	45.929
	Gratuity Expense (Refer note 33 b)	**17.663**	17.406
	Employee stock option expense	**27.318**	14.828
	Staff welfare	**55.462**	57.474
		1494.651	1480.358
24	**Finance costs**		
	Interest expense	**3.943**	5.564
	Net interest cost on net defined benefit obligations (Refer note 33b)	**7.477**	7.514
		11.420	13.078
25	**Other Expenses**		
	Consumption of stores and spares	**119.528**	129.326
	Site expenses and labour charges	**874.721**	825.905
	Freight and transport	**263.370**	194.942
	Bad debts written off / Provision for doubtful debts and advances	**136.263**	109.428
	Sales commission	**75.385**	45.950
	Travel and conveyance	**211.166**	253.644
	Professional consultancy charges	**186.393**	166.829
	Insurance	**39.348**	39.877
	Rent (Refer note 32)	**81.858**	78.116
	Power and fuel	**64.129**	55.366
	Advertising and exhibition expenses	**23.549**	24.739
	Communication expenses	**23.134**	27.660
	Testing charges	**23.412**	23.210
	Repairs and maintenance:		
	Building	**2.679**	4.387
	Plant and Machinery	**22.834**	19.928
	Others	**18.930**	18.669
	Auditors' remuneration		
	for audit services	**4.690**	5.297
	for taxation services	**1.400**	1.431
	out of pocket expenses	**0.099**	0.076
	Rates and taxes	**3.890**	4.131
	Provision for diminution in value of investment / Loss on sale of shares	**0.237**	-
	Miscellaneous expenses	**286.176**	282.442
		2463.191	2311.353

Notes to the Consolidated Financial Statements for the year ended 31st March, 2018

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

		Particulars	31 March 2018	31 March 2017
26	**Income tax**			
	A	**Statement of profit and loss:**		
		Current income tax:		
		Current income tax charge	**154.919**	180.841
		Tax relating to earlier periods	**0.248**	0.867
		Deferred tax:		
		Relating to origination and reversal of temporary differences	**(19.919)**	47.546
		Income tax expense reported in the statement of profit and loss	**135.248**	229.254
	B	**Statement of other comprehensive income:**		
		Deferred tax:		
		Remeasurements gains and losses on post employment benefits	**(3.984)**	(0.508)
		Income tax expense reported in the statement of other comprehensive income	**(3.984)**	(0.508)
	C	**Reconciliation of effective tax rate**		
		Accounting profit before tax	**530.125**	675.253
		Tax using the Company's domestic tax rate (34.608%)	**183.466**	233.692
		Adjustments in respect of current income tax of previous years	**0.248**	0.867
		Deferred tax effects on earlier year	**(4.095)**	-
		Less: Tax effect of:		
		Tax rate difference on book profit as per Minimum Alternate Tax	**(64.801)**	(84.344)
		Tax effect on exempt income dividend	**(10.536)**	(15.008)
		Add: Tax effect of		
		Tax liability on IND AS adjustment to Retained earnings	**1.752**	1.752
		Tax liability on permanent Difference 14A Disallowance	**1.800**	1.557
		Effect on deduction claimed in MAT for Doubtful debt provision written back	**36.424**	(2.430)
		Deferred Tax expenses accounted as no effect of Timing differences on MAT liability	**(20.149)**	66.011
		Non-deductible expenses	**0.568**	-
		Change in tax rate from 30.90% to 26%	**2.984**	-
		Deferred tax asset not created on tax losses of subsidiaries (including difference in overseas tax rates)	**4.107**	26.008
		Others	**3.480**	1.149
		Total	**135.248**	229.254
		Income tax expense reported in the statement of profit and loss	**135.248**	229.254

(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 2018	31 March 2017	31 March 2018	31 March 2017
Deferred tax asset				
Provision for doubtful debts and advances	**241.963**	204.961	**(37.002)**	1.169
Gratuity	**38.639**	39.100	**0.461**	(1.711)
Long term capital losses	**27.125**	27.939	**0.814**	-
Carry forward business loss	**4.614**	25.845	**21.231**	(25.845)
Compensated absences	**33.449**	31.544	**(1.905)**	(2.217)
Percentage of completion on consolidated basis	**8.402**	14.222	**5.820**	(11.271)
Others	**10.222**	9.786	**(0.436)**	1.355
Total	**364.414**	353.397	**(11.017)**	(38.520)
Deferred tax liability				
Property, plant & equipment and intangible assets	**(320.293)**	(324.597)	**(4.304)**	86.907
Amortisation of prepaid lease rentals / others	**(2.809)**	(3.003)	**(0.194)**	(0.333)
Total	**(323.102)**	(327.600)	**(4.498)**	86.574
Net deferred tax asset / (liability)	**41.312**	25.797		
Deferred tax expense/(income)			**(15.515)**	48.054
- Recognised in the statement of profit and loss			**(19.919)**	47.546
- Recognised in the statement of other comprehensive income			**3.984**	0.508

27 Earnings per share

Particulars	31 March 2018	31 March 2017
Reconciliation of basic and diluted shares used in computing earnings per share		
Weighted average number of basic equity shares	**179,976,373**	178,470,172
Add: effect of dilutive potential equity shares:		
- Employee stock options	**776,034**	706,477
Weighted average number of diluted equity shares	**180,752,407**	179,176,649
Computation of basic and diluted earnings per share		
Net profit after tax attributable to equity shareholders	**394.909**	446.028
Basic earnings per equity share of INR 2 each	**2.19**	2.50
Diluted earnings per equity share of INR 2 each	**2.18**	2.49

28 Capital commitments and contingent liabilities

Particulars	31 March 2018	31 March 2017
Capital commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	**1.880**	51.189
Contingent liabilities		
Claims against Company not acknowledged as debts (primarily relating to performance related claims filed by customers)	**44.469**	60.731
Disputed demands in appeal towards income tax, service tax & sales tax	**211.625**	210.794
Guarantee issued in respect of obligations of a subsidiary	**929.165**	703.650

Notes to the Consolidated Financial Statements for the year ended 31st March, 2018

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

29 Disclosures pursuant to Ind AS 11 – Construction contracts

Particulars	31 March 2018	31 March 2017
Contract revenue recognised during the year (excluding taxes)	**6715.937**	7131.105
Aggregate amount of contract costs incurred and recognised profits (less recognised losses)	**13284.574**	12296.637
Customer advances outstanding for contracts in progress	**1062.142**	1446.575
Retention money due from customers for contracts in progress	**650.594**	665.969
Gross amount due from customers for contract work (presented as contracts in progress)	**1208.590**	1637.052
Gross amount due to customers for contract work (presented as dues to customers relating to contracts in progress)	**(394.494)**	(352.607)

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
Chief Financial Officer & 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 (Upto 11 August 2017)
	Mrs. Parimal Chaudhari
	Mr. Prakash Kulkarni (Upto 11 August 2017)
	Mr. Rajiv Maliwal
	Mr. Sivaramakrishnan S. Iyer
	Mrs. Mrunalini Joshi (w.e.f 11 August 2017)
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 (a)

Praj Foundation

Plutus Properties LLP

(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 2018	31 March 2017
Praj Foundation		
Donation paid	**15.773**	18.531
Plutus Properties LLP		
Rent	**3.063**	1.250
Pramod Chaudhari		
Short term employee benefits	**43.175**	49.280
Post employment benefits	**4.392**	4.392
Other long term employee benefits	**1.500**	1.500
Dividend	**62.694**	-
Payable	**10.240**	0.100
Gajanan Nabar		
Short term employee benefits	**-**	18.121
Post employment benefits	**-**	0.646
Payable	**-**	0.100
Sachin Raole		
Short term employee benefits	**6.220**	2.668
Post employment benefits	**0.366**	0.185
Other long term employee benefit	**0.226**	0.166
Share based payment	**2.213**	1.352
Payable	**1.291**	0.655
Dattatraya Nimbolkar		
Short term employee benefits	**5.842**	6.914
Post employment benefits	**0.306**	0.382
Other long term employee benefit	**(0.025)**	0.181
Share based payment	**0.605**	0.355
Payable	**1.012**	1.440
Parimal Chaudhari		
Commission on profit	**1.000**	1.000
Dividend	**34.992**	-
Payable	**1.000**	1.000
Parth Chaudhari		
Remuneration	**2.916**	2.700

Notes to the Consolidated Financial Statements for the year ended 31st March, 2018

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

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 2018	31 March 2017
Future minimum lease payments in respect of non-cancellable leases		
- amount due within one year from the balance sheet date	**57.427**	62.956
- amount due in the period between one year and five years	**225.568**	201.496
- amount due after five years	**82.455**	126.357
Lease payments debited to statement of profit and loss		
- cancellable leases	**22.084**	11.897
- non-cancellable leases	**59.773**	66.218

33 Employee benefits

a) Defined contribution plans

The Company has recognised INR 52.197 (31 March 2017: INR 45.929) 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 2018	31 March 2017
Present value of obligation as at the beginning of the period	**207.656**	187.705
Interest cost	**14.500**	13.920
Past service cost	**0.420**	-
Current service cost	**17.295**	18.027
Benefits paid	**(7.440)**	(10.090)
Remeasurements on obligation - (gain) / loss	**(9.890)**	(1.906)
Present value of obligation as at the end of the period	**222.541**	207.656

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

Particulars	31 March 2018	31 March 2017
Fair value of plan assets at the beginning of the period	**94.591**	79.386
Interest income	**7.023**	6.407
Contributions	**9.109**	9.697
Benefits paid	**0.999**	(0.351)
Mortality Charges and Taxes	**(0.121)**	(0.115)
Return on plan assets, excluding amount recognized in interest income - gain / (loss)	**0.001**	(0.433)
Adjustment entry	**0.535**	-
Fair value of plan assets as at the end of the period	**112.137**	94.591

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

Amounts recognised in the balance sheet are as follows:

Particulars	31 March 2018	31 March 2017
Present value of obligation as at the end of the period	**222.541**	207.656
Fair value of plan assets as at the end of the period	**112.137**	94.591
Surplus / (deficit)	**(110.404)**	(113.066)

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

Particulars	31 March 2018	31 March 2017
Current service cost*	**17.295**	18.027
Past service cost	**0.420**	-
Net interest (income) / expense	**7.477**	7.514
Net periodic benefit cost recognised in the statement of profit and loss at the end of the period	**25.192**	25.542

* INR 0.051 (31 March 2017: INR 0.621) capitalised during the year in Bio-refinery 2nd Generation Demonstration Plant.

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

Particulars	31 March 2018	31 March 2017
Remeasurement for the year - obligation (gain) / loss	**(9.890)**	(1.906)
Remeasurement for the year - plan assets (gain) / loss	**(1.668)**	0.433
Total remeasurements cost / (credit) for the year	**(11.558)**	(1.473)

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

Particulars	31 March 2018	31 March 2017
Interest (income) / expense - obligation	**14.500**	13.920
Interest (income) / expense - plan assets	**(7.023)**	(6.407)
Net interest (income) / expense for the year	**7.477**	7.513

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

Particulars	31 March 2018	31 March 2017
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 2018	31 March 2017
Discount rate	**7.50%-7.80%**	7.10%-7.30%
Rate of increase in compensation levels	**5%-8%**	5%-8%
Expected rate of return on plan assets	**7.1%-7.30%**	7.6% - 8.10%
Expected average remaining working lives of employees (in years)	**9.78-16.46**	9.89 -16.84
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%).

Notes to the Consolidated Financial Statements for the year ended 31st March, 2018

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

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 2018	31 March 2017
Decrease by 1%	**234.669**	219.438
Increase by 1%	**211.886**	197.338

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 2018	31 March 2017
Decrease by 1%	**213.117**	198.623
Increase by 1%	**233.034**	217.683

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 2018	31 March 2017
Decrease by 1%	**222.410**	207.816
Increase by 1%	**222.654**	207.507

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. During the year 2017-18 1,969,700 options were granted to certain employees of the Company as ESOP 2011 – Grant VII. 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 2018	31 March 2017
Expense arising from equity-settled share-based payment transactions	**27.318**	14.828

There were no cancellations or modifications to the awards in 31 March 2018 or 31 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 2018		31 March 2017	
	Options	Weighted average exercise price INR	Options	Weighted average exercise price INR
Options outstanding at the beginning of the year	**-**	**-**	820,000	72.70
Options granted during the year	**-**	**-**	-	NA
Options exercised during the year	**-**	**-**	(411,179)	72.70
Options cancelled during the year	**-**	**-**	(408,821)	72.70
Options outstanding at the end of the year	**-**	**-**	-	-
Options exercisable at the end of the year	**-**	**-**	-	-
Range of exercise price of options outstanding at the end of the year	**NA**		NA	
Average share price during the year	**INR 84.95**		INR 84.95	
Weighted average remaining contractual life of options outstanding at the end of the year	**NA**		NA	
Weighted average fair value of option as on date of grant	**16 Nov 2010**	**38.19**	16 Nov 2010	38.19

II. ESOP 2011 Grant I to VI

Particulars	31 March 2018		31 March 2017	
	Options	Weighted average exercise price INR	Options	Weighted average exercise price INR
Number of options outstanding at the beginning of the year	**2,502,060**	**61.06**	3,767,670	58.49
Number of options granted during the year	**1,969,700**	**50.00**	100,000	85.25
Number of options exercised during the year	**(1,488,227)**	**57.32**	(1,060,600)	55.75
Number of options forfeited during the year	**(98,000)**	**76.46**	(305,010)	55.75
Number of options outstanding at the end of the year	**2,885,533**	**54.91**	2,502,060	61.06
Number of options exercisable at the end of the year	**890,493**	**64.60**	1,230,195	59.90
Range of exercise price of options outstanding at the end of the year	**INR 50.00 to 114.32**		INR 55.75 to 114.32	
Average share price during the year	**INR 85.16**		INR 84.95	
Weighted average remaining contractual life of options outstanding at the end of the year	**1.15 years**		1.32 years	
Weighted average fair value of option as on date of grant (granted during the year)	**27-Sep-2017**	**24.18**	22-Jul-2016	27.75

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 2017-18
Grant date	27 Sept 2017
Risk-free interest rate	6.45%
Expected life	1.5 years
Expected volatility*	43.01%
Expected dividend yield	2.96%
Price of the underlying share in market at the time of grant of option (INR)	68.50

* Expected volatility has been determined based on closing price of the share of the Company over a period of 1.5 years

Notes to the Consolidated Financial Statements for the year ended 31st March, 2018

(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.

Particulars	31 March 2018	31 March 2017
Capital expenditure (Including capital work-in-progress and excluding advances)	**59.355**	289.497
Revenue expenditure	**151.748**	94.552

36 Taxes

The company has not recognised MAT credit entitlement to the extent of INR 294.143 till 31st March, 2018 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

During the year, the Company has incurred CSR expenses of INR 16.773 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	16.773*	Nil	16.773*

*Includes INR 15.773 given to Praj Foundation which is a related party.

The above expenditure includes contribution/donation of INR 16.773 to trusts / institute which are engaged in activities eligible under section 135 of Companies Act, 2013 read with Schedule VII thereto.

38 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 2018	31 March 2017
	Financial asset		
	Levelled at level 2		
a)	**Carried at amortised cost**		
	Investment in Shares	**0.102**	0.102
	Investment in quoted perpetual bonds*	**99.960**	-
	Investment in deposits	**119.850**	-
	Investment in National saving certificate	**0.013**	0.013
	Security deposits	**72.823**	61.672
	Trade receivable	**2625.014**	2948.785
	Deposits with banks	**70.245**	232.515
	Other receivables	**14.674**	12.404
	Cash and cash equivalents & Other bank balances	**802.519**	735.660
b)	**Carried at fair value through profit and loss (FVTPL)**		
	Foreign exchange forward contracts	**1.205**	20.601
	Levelled at level 1		
i)	**Investments in mutual funds**	**1788.741**	1343.287
	Levelled at level 2		
	Financial liabilities	**-**	-
ii)	**Carried at amortised cost**		
	Borrowings	**60.238**	43.821
	Trade payables	**1763.649**	2134.398
	Unclaimed dividends	**10.279**	8.748
	Financial guarantee contracts	**-**	-
	Other payables	**114.808**	55.320
*	Fair value of investment in quoted perpetual bonds	**100.610**	-

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

39 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, 2018

(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 2018	31 March 2017
Trade receivables	**3374.540**	3587.424
Less : expected loss	**749.526**	638.638
	2625.014	2948.786

	31 March 2018	31 March 2017
Trade receivables		
Neither past due nor impaired	**1447.460**	1553.306
Less than 180 days	**764.399**	989.155
181 - 365 days	**152.374**	113.508
More than 365 days	**260.781**	292.817
Total	**2625.014**	2948.786

Reconciliation of loss provision

	Trade receivables
Loss allowance as at 31 March 2017	**638.638**
Changes in loss allowance	**110.888**
Loss allowance as at 31 March 2018	**749.526**

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 2018	31 March 2017
Interest bearing borrowings		
On demand	**59.418**	42.592
Less than 180 days	**0.205**	0.205
181 - 365 days	**0.205**	0.205
More than 365 days	**0.410**	0.820
Total	**60.238**	43.822
Other liabilities		
On demand	**10.279**	8.748
Less than 180 days	**114.808**	55.320
181 - 365 days	**-**	-
More than 365 days	**-**	-
Total	**125.087**	64.068
Trade payables		
On demand	**-**	-
Less than 180 days	**1763.649**	2134.398
181 - 365 days	**-**	-
More than 365 days	**-**	-
Total	**1763.649**	2134.398

The group has access to following undrawn facilities at the end of the reporting period.

	31 March 2018	31 March 2017
Expiring within one year	**1506.400**	852.500
Expiring beyond one year	**-**	-

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

(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 :

Financial assets	Currency	Amount in foreign currency		Amount in INR	
		31 March 2018	31 March 2017	31 March 2018	31 March 2017
Trade receivables	EUR	**1.224**	1.164	**95.689**	80.209
	USD	**10.039**	11.267	**647.857**	726.226
	GBP	**0.244**	0.180	**22.249**	14.417
Bank accounts	EUR	**0.053**	0.007	**4.243**	0.457
	USD	**3.328**	2.769	**214.425**	178.059
Foreign exchange forward contracts	EUR	**-**	0.285	**-**	19.528
	USD	**12.050**	4.850	**777.225**	312.292

Financial liabilities	Currency	Amount in foreign currency		Amount in INR	
		31 March 2018	31 March 2017	31 March 2018	31 March 2017
Trade payables	EUR	**0.457**	0.722	**36.620**	43.567
	USD	**1.384**	1.148	**90.070**	75.677
	GBP	**0.002**	0.011	**0.182**	0.904
PCFC	USD	**0.220**	0.300	**14.310**	19.452
Buyer's credit	USD	**0.206**	0.357	**16.630**	23.140

Currency wise net exposure (assets -liabilities)

Particulars	Amount in foreign currency		Amount in INR	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
EUR	**0.820**	0.734	**63.312**	56.627
USD	**23.607**	17.081	**1518.497**	1098.308
GBP	**0.242**	0.169	**22.067**	13.513

Sensitivity analysis

Currency	Amount in INR		Sensitivity %	Impact on profit-strengthen [Loss/(Gain)]		Impact on profit- weakening [Loss/(Gain)]	
	2018	2017		2018	2017	2018	2017
EUR	**63.312**	56.171	5.00%	**(3.166)**	(1.432)	**3.166**	1.432
GBP	**1518.497**	1098.529	5.00%	**(75.925)**	(55.036)	**75.925**	55.036
USD	**22.067**	13.513	5.00%	**(1.103)**	(1.022)	**1.103**	1.022
Total	**1168.213**	1168.213		**(80.194)**	(57.490)	**80.194**	57.490

(GBP - Great Britain Pound, EUR- Euro, USD - US Dollar)

Notes to the Consolidated Financial Statements for the year ended 31st March, 2018

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

40 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 and net debt (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 2018	31 March 2017
Loans and borrowings	**0.410**	0.820
Other financial liability	**59.828**	43.002
Less: cash and cash equivalents	**772.250**	691.832
Net debt	**-**	-
Equity	**7267.957**	7099.132
Capital and net debt	**7267.957**	7099.132
Gearing ratio	**0%**	0%

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

41 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	99.51%	7232.671	79.72%	314.800	86.82%	6.960	79.86%	321.760
Subsidiaries								
Indian								
1 Praj HiPurity Systems Limited, India.	13.64%	991.570	20.49%	80.925	5.95%	0.477	20.20%	81.402
2 Praj Engineering and infra Limited, India	0.81%	58.817	-2.30%	(9.066)	1.70%	0.136	-2.22%	(8.930)
Foreign								
1 Praj Far East Philippines Ltd., Philippines	0.75%	54.528	2.11%	8.339	14.97%	1.200	2.37%	9.539
2 Praj Industries (Africa) Pty. Limited, South Africa	0.13%	9.341	-1.78%	(7.044)	8.59%	0.689	-1.58%	(6.355)
3 Praj Americas Inc. USA	0.00%	(0.338)	1.55%	6.137	-0.12%	(0.010)	1.52%	6.127
4 Praj Far East Co., Ltd. Thailand	-0.03%	(2.518)	-2.32%	(9.162)	0.81%	0.065	-2.26%	(9.097)
5 Praj Industries Namibia Limited, Namibia	-0.17%	(12.126)	0.05%	0.208	-18.72%	(1.501)	-0.32%	(1.293)
Minority Interests in all subsidiaries	0.00%	0.195	-0.01%	(0.032)	0.00%	-	-0.01%	(0.032)
Inter Company Eliminations/ Goodwill Amortisation	-14.64%	(1064.184)	2.47%	9.772	0.00%	-	2.43%	9.772
Total	100.00%	7267.956	100.00%	394.877	99.99%	8.016	100.00%	402.893

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

Pramod Chaudhari
Executive Chairman
(DIN : 00196415)

Shishir Joshipura
CEO and Managing Director
(DIN : 00574970)

Sachin Raole
CFO and Director- Finance & Commercial
(DIN : 00431438)

Dattatraya Nimbolkar
Chief Internal Auditor and Company Secretary
(M. No.: ACS4660)

Place: Pune
Date: 16 May 2018

Notice

Notice is hereby given that the Thirty Second Annual General Meeting of **PRAJ INDUSTRIES LIMITED** will be held on **Monday, the 6th August, 2018 at 10.00 A.M.** 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, 2018 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, 2018 together with the report of the Auditors thereon.

2. To declare Dividend on Equity Shares.

3. To appoint a Director in place of Ms. Parimal Chaudhari (DIN: 00724911) who retires by rotation and being eligible, offers herself for re-appointment.

   In this matter, to consider and if thought fit, to pass the following resolution as an Ordinary Resolution;

   "RESOLVED THAT Ms. Parimal Chaudhari (DIN: 00724911), 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 herself for re-appointment be and is hereby re-appointed as a Director of the Company."

SPECIAL BUSINESS

4. **To ratify the remuneration of Dhananjay V. Joshi & Associates, Cost Accountants, Pune as Cost Auditors for the financial year ending 31st March, 2019 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 actual on submission of supporting bills, plus applicable taxes, 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, 2019."

5. **To consider and approve appointment of Ms. Mrunalini Joshi (DIN: 00957617) as Director and in this regard to consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:-**

   "RESOLVED that Ms. Mrunalini Joshi (DIN: 00957617) who was appointed as an Additional Director of the Company with effect from 11th August, 2017, by the Board of Directors and who holds office up to the date of 32nd Annual General Meeting 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 her candidature for the office of Director, be and is hereby appointed as Director of the Company."

6. **To consider and approve appointment of Ms. Mrunalini Joshi (DIN: 00957617) as an Independent Director of the Company and in this regard to consider and if thought fit, to pass the following resolution as an Ordinary Resolution:-**

   "RESOLVED THAT in accordance with the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act"), read with Schedule IV 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 Ms. Mrunalini Joshi (DIN: 00957617) as Independent Director of the Company to hold office with effect from 11th August, 2017 till the conclusion of Annual General Meeting to be held for adoption of accounts for the financial year 2019-20 or 10th August, 2020 whichever occurs earlier."

7. **To consider and approve appointment of Mr. Shishir Joshipura (DIN: 00574970) as Director and in this regard to consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:-**

   "RESOLVED that Mr. Shishir Joshipura (DIN: 00574970), who was appointed as an Additional Director of the Company with effect from 2nd April, 2018 by the Board of Directors and who holds office up to the date of 32nd Annual General Meeting 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."

8. To consider and approve appointment of Mr. Shishir Joshipura (DIN: 00574970) as Chief Executive Officer and Managing Director of the Company and in this regard to consider and if thought fit, to pass the following resolution as an Ordinary 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. Shishir Joshipura (DIN: 00574970) as Chief Executive Officer and Managing Director of the Company, for a period of Five (5) years with effect from 2nd April, 2018, 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."

9. To consider and approve appointment of Dr. Shridhar Shukla (DIN: 00007607) as Director and in this regard to consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:-

"RESOLVED that Dr. Shridhar Shukla (DIN: 00007607) who was appointed as an Additional Director of the Company with effect from 12th April, 2018 by the Board of Directors and who holds office up to the date of 32nd Annual General Meeting 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."

10. To consider and approve appointment of Dr. Shridhar Shukla (DIN: 00007607) as Independent Director of the Company and in this regard to consider and if thought fit, to pass the following resolution as an Ordinary Resolution:-

"RESOLVED THAT in accordance with the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act"), read with Schedule IV 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 Dr. Sridhar Shukla (DIN: 00007607) as Independent Director of the Company to hold office for a period of Five (5) years with effect from 12th April, 2018.

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."

By Order of the Board of Directors

Dattatraya Nimbolkar
Chief Internal Auditor &
Company Secretary

Place: Pune
Date: 12th June, 2018

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/ herself 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**
Ms. Parimal Chaudhari (DIN 00724911)	01/08/1956 14,400,000 Equity shares of ₹ 2/- each.	Post Graduate degree in Journalism & Communications from Pune University and MS in Television-Radio-Film (TRF) from Syracuse University, USA. Wife of Mr. Pramod Chaudhari	Communication and human resource development. As Managing Trustee of Praj Foundation, she steers the CSR activities.	Praj Industries Ltd.	Stakeholders' Relationship Committee of Praj Industries Ltd.
Ms. Mrunalini Joshi (DIN 00957617)	10/02/1967 No. of shares held : Nil	Science graduate	Ms. Mrunalini Joshi has 15 years of rich business experience in the packaging machinery industry. In addition to market research for various industries, she has expertise in international marketing, branding and corporate communication. She is also actively involved in several social initiatives around Pune district.	(i) Praj Industries Ltd. (ii) Praj HiPurity Systems Ltd. (iii) Nichrome India Limited	Member of Audit Committee of Praj HiPurity Systems Ltd.
Mr. Shishir Joshipura (DIN 00574970)	22/01/1962 No. of shares held : Nil	Graduate Mechanical Engineer from BITS Pilani and an Advanced Management Graduate from Harvard Business School.	Mr. Shishir possesses a strong business and leadership record. He is passionate about smart manufacturing and regularly speaks on topic at various forums. He co-chairs the CII Innovation Council for Western Region and is a Member of the CII National Committee on Capital goods, Smart Manufacturing, Trades and Fairs. He is also the Founding Director for Alliance for Energy Efficient Economy (AEEE) – an industry think tank and policy advocacy organisation for energy efficiency in India.	(i) Praj Industries Ltd. (ii) Praj HiPurity Systems Ltd.	Nil
Dr. Shridhar Shukla (DIN 00007607)	05/01/1962 No. of shares: Nil	Ph.D. in Computer Engineering North Carolina State University, USA, M.S. in Electrical Engineering , Virginia Tech USA., B. Tech in Electrical Engineering, IIT Bombay	Dr. Shridhar Shukla is a software entrepreneur with a technology and academic background since 1995; business expertise in building and running software companies; expertise in infrastructure software products and services; created, established and grew multiple lines of business; organization building, software R&D, software sales and marketing; interest in improving education.	Nil	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 **Tuesday, the 31st July, 2018 to Monday, the 6th August, 2018 (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 30th July, 2018** 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 30th July, 2018.

c. The dividend on Equity Shares, if declared at the Meeting, will be credited / dispatched on or after 13th August, 2018 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 11th August, 2017 (date of previous Annual General Meeting) on the website of the Company (www.praj.net), as also on the website of the Ministry of Corporate Affairs. Further, pursuant to the Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company has transferred 105,596 shares to Investor Education and Protection Fund on 29th November, 2017.

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 32nd Annual General Meeting and instructions for remote e-voting, along with 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. latest by 3rd August, 2018 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: Pune
Date: 12th June, 2018

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 32nd Annual General Meeting to be held on **Monday, the 6th August, 2018** 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 Monday, the 6th August, 2018.

(ii) The voting period begins on **Friday, the 3rd August, 2018 at 9.00 A.M. IST and ends on Sunday, the 5th August, 2018 at 5.00 P.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 Monday, the 30th July, 2018 (cut- off date) may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(iii) The shareholders should log on to the e-voting website www.evotingindia.com.

(iv) Click on Shareholders / Members

(v) Now Enter your User ID

For CDSL: 16 digits beneficiary ID,

For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

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 Postal Ballot / Attendance Slip indicated in the PAN field.
Dividend Bank Details **OR** Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. 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 (iv).

(ix) After entering these details appropriately, click on "SUBMIT" tab.

(x) Members holding shares in physical form will then directly reach 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 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 choose 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 votes cast by clicking on “Click here to print” option on the Voting page.

(xviii) If a demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xvix) 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 Monday, the 30th July, 2018 and not casting their vote electronically, may only cast their vote at the Annual General Meeting.

Mr. Sunil Nanal, Partner KANJ & Co., L.L.P. (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- e-voting 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 30th July, 2018.

The results shall be declared on or after the AGM of the Company. The results declared along with 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 32nd Annual General Meeting of the Company on Monday, the 6th August, 2018, 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. 30th July, 2018, 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
(M. No.: ACS4660)

Place: Pune
Date: 12th June, 2018

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 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, 2019 for a total remuneration of ₹ 2,75,000/- as Audit fees plus out of pocket expenses at actual on submission of supporting bills and taxes as may be applicable.

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. 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 & 6:

Ms. Mrunalini Joshi (DIN: 00957617) was appointed by the Board at its meeting held on 11th August, 2017 as an Additional Director of the Company with effect from 11th August, 2017. The Board of Directors has received a notice from the shareholder proposing the candidature of Ms. Mrunalini Joshi as Director to be appointed under the provisions of Section 149 and 152 of the Companies Act, 2013.

Ms. Mrunalini Joshi is a Science graduate by education, with a rich business experience spanning over 15 years in the packaging machinery industry. In addition to market research for various industries, she has expertise in international marketing, branding and corporate communication. She is also actively involved in several social initiatives around Pune district.

The Company has received from Ms. Mrunalini Joshi;

(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 she is not disqualified under sub-section 2 of Section 164 of the Companies Act, 2013.

None of the Directors / Key Managerial Personnel of the Company / their relatives is, in any way, concerned or interested, financially or otherwise, except, Ms. Mrunalini Joshi, in the resolution set out at Item Nos. 5 & 6 of the Notice.

The Resolutions as set out at Item Nos. 5 & 6 seeks the approval of members for the appointment of Ms. Mrunalini Joshi as Independent Director, not liable to retire by rotation.

Item No. 7 & 8

Mr. Shishir Joshipura (hereinafter referred to as "SJ") (DIN: 00574970) was appointed by the Board at its meeting held on 14th March, 2018 as an additional director with effect from 2nd April, 2018. The Board of Directors has received a notice from the shareholder proposing the candidature of SJ as Director to be appointed under the provisions of Section 149 and 152 of the Companies Act, 2013.

SJ is a Graduate Mechanical Engineer from BITS Pilani and an Advanced Management Graduate from Harvard Business School. He has over 35 years of rich experience in varied fields of engineering.

SJ possesses a strong business and leadership record. He is passionate about smart manufacturing and regularly speaks on topic at various forums. He co-chairs the CII Innovation Council for Western Region and is a Member of the CII National Committee on Capital goods, Smart Manufacturing, Trades and Fairs. He is also the Founding Director for Alliance for Energy Efficient Economy (AEEE) – an industry think tank and policy advocacy organisation for energy efficiency in India.

The Company has received from SJ;

(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 Resolutions as set out at Item No. 7 & 8 seeks the approval of members for the appointment of SJ as Director, not 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 SJ also, as Chief Executive Officer and Managing Director of the Company for a period of Five (5) years with effect from 2nd April, 2018.

Brief terms of appointment of SJ, in terms of agreement dated 2nd April 2018 entered into with him, including remuneration are as follows;

1. **Powers to be exercised by SJ as Chief Executive Officer and Managing Director**

   A. SJ shall be vested with substantial powers of management and shall have the authority for general conduct and management of the whole of the business and affairs of the Companies except in the matters which may be specifically required to be done by the Board either by the Act or by the Memorandum and Articles of Association of the Companies. He shall also exercise and perform such powers and duties as the 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 Companies, and in particular but without in any way restricting the general powers and authorities herein before conferred on him, he shall be solely responsible for the operating performance including Regulatory Compliances, Finance, Human Capital, Investor Relationship and Sustainability of Companies. SJ shall have the following powers to be exercised on behalf of the Companies namely:-

   (i) To manage, conduct and transact all the business affairs and operations of the Companies 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 all deeds, instruments, contracts, receipts and all other documents or writings on behalf of the Companies whether or not required to be executed under its common seal or not otherwise provided for in the Articles of Association of the Companies for ensuring sustainability of operations.

2. **Annual Remuneration;**

   B. Remuneration

   SJ as from date of joining till as long as he performs the services and complies with the terms and conditions provided by this Agreement shall be entitled to and paid the following remuneration during the term of this agreement:

   (a) Salary

   Starting basic salary of SJ will be ₹ 10, 81,500 (Rupees Ten Lakhs Eighty One Thousand and Five Hundred only) per month.

   First increment will fall due after 15 months i.e. on 1st July 2019. The quantum of revision will depend on Individual and Group performance of Companies.

   (b) Commission on Profits:

   SJ will not be eligible for any Commission on Profits for Financial Year 2018/19.

   From Financial Year 2019/20 onwards, in addition to salary, SJ will be eligible for Commission on Profits not exceeding 0.25% of Consolidated Profit after Tax (PAT) for respective Financial Year. However actual amount of Commission on Profits payable to SJ will be recommended by Nomination and Remuneration Committee within overall limits of 0.25% of Consolidated PAT as specified above.

   The quantum of commission as recommended by Nomination and Remuneration Committee will be finally approved by the Board within the overall limits approved by the shareholders. The Commission will be paid after approval of Audited Accounts by the Shareholders, for respective Financial Year.

   (c) Variable Performance Pay

   SJ will not be eligible for any Variable Performance Pay for Financial Year 2018/19. From Financial Year 2019/20 onwards, in addition to salary, SJ shall be eligible for Variable Performance Pay up to 20% of CTC [basic salary + 150% of the basic salary towards cost of perquisites as defined in (d) below] per year depending on the performance of the Companies to be evaluated in terms of EVA achieved by the Companies for respective Financial Years. Modalities for Variable Performance Pay and computation thereof shall be mutually agreed upon and the amount finalized shall be recommended by the Chairman to the Committee and the Board for approval.

   (d) Perquisites

   The following perquisites shall be allowed in addition to above so however that the total cost of perquisites to the Company shall not exceed 150% of basic salary as mentioned in 2(a) above.

   (i) House Rent Allowance / Rent Free Accommodation

   House Rent Allowance equivalent to 60% of basic salary given in para 2(a) above, or alternatively the Company shall provide SJ rent free unfurnished residential accommodation, provided that the rent of such accommodation that is borne by the Company shall not exceed 60% of the basic salary given in para 2(a) above.

(ii) Medical Reimbursement

Medical expenses incurred for SJ and his family subject to the ceiling of 10.50% basic salary as per para 2 (a) above in a year shall be allowed to be reimbursed on the production of bills or a written undertaking regarding the actual incurring of such expenditure.

(iii) Leave Travel Concession

Reimbursement of expenses incurred by SJ or his family for proceeding on leave to any destination in India once in a year shall be allowed. The expenses to be reimbursed may be in the nature of traveling, lodging, boarding and other incidentals. The said reimbursement shall be subject to a ceiling of one month's basic salary as per para 2(a) above.

(iv) Leave and Leave Encashment

SJ shall be entitled to 30 days leave for each year of service. The leave can be accumulated up to 90 days and can be encashed beyond accumulation over 90 days.

(v) Housing Expenses

SJ shall be reimbursed for all expenses incurred on watchman's salary, gardener's salary, electricity expenses, corporation taxes and other domestic assistance at his residence subject to a ceiling of 30% of basic salary given in para 2(a) above.

(vi) Provident Fund

The Company shall contribute to a statutory or recognized provident fund on behalf of SJ to the extent that such contribution is not taxable in the hands of SJ under the provisions of Income Tax Act, 1961 as subsisting from time to time. Presently it is 12% of basic salary.

(vii) Superannuation

The Company shall contribute ₹ 1,50,000 (Rupees One Lac and fifty thousand only) per annum to a recognized or statutory superannuation fund or annuity fund on behalf of SJ.

(viii) An amount representing excess of 15% of SJ's basic salary over ₹ 1,50,000/- should be paid to him as an ex-gratia on an annual basis.

(ix) Gratuity

Gratuity shall be payable to SJ on the termination of this Agreement 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.

(x) National Pension Scheme:

The Company shall contribute 10% of SJ's basic salary to National Pension Scheme.

For the purposes of the perquisites mentioned at Clause (i) to (ix) above the term "family" means spouse, dependent child of SJ.

(e) Other Benefits

(i) Club Fees

Membership fees of a maximum of two clubs in Pune shall be allowed to be reimbursed to SJ in respect of his personal membership. No admission fees and life membership fees shall be reimbursed. Fees for obtaining credit cards are not covered by this clause.

(ii) Personal Accident Insurance

Insurance premium not exceeding ₹ 58,165/- per annum for insuring accidental / medical risks of SJ shall be reimbursed to him / paid by the Company.

(iii) Car, Driver, and Telephone

The Company shall provide chauffeur driven car for official and local personal purposes. The Company shall provide and pay for all running, maintenance, repairs and upkeep expenses of Car.

The Company shall reimburse all telephone expenses incurred on the telephone at the residence of SJ. Personal long distance calls on telephone shall be billed by the Company to and recovered from SJ.

(iv) Reimbursement of expenses and credit cards

SJ shall be reimbursed at actual all traveling, entertainment and other out of pocket expenses actually incurred by him while conducting and in connection with or for the business of the Company. This shall not constitute his remuneration.

SJ's international travel shall be by Business Class (as per prevailing policy of the Company) and domestic travel by Economy Class.

The Company shall procure at its own cost one domestic and one international credit card in the personal name of SJ and shall reimburse him for all expenses incurred by him through such credit cards for and while conducting and in connection with the business of the Companies. Such facility and reimbursement shall not constitute his remuneration.

3. Applicability of all the policies of the Company:

Notwithstanding anything contained herein above and though not specifically mentioned in this Agreement, SJ shall always be governed by all the Company Policies applicable to other Senior employees of the Company and shall abide by the same.

4. Inadequacy or Absence of Profits

If the Company has no profits or its profits are inadequate, the Company may pay SJ 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 Section II of Part II of Schedule V to the Companies Act, 2013.

5. Sitting Fees

SJ shall not be entitled for any remuneration for attending any of the meetings of the Board of the Companies.

6. Confidentiality, Secrecy and Non-competition

A. SJ 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 Companies or as to any trade secrets or secret processes of the Companies and he shall during the continuance of his employment hereunder, also use his best endeavors to prevent any other person, firm, company, body corporate or concern from doing so. Further, SJ shall not, at least for two years after termination of the agreement, work for Company's customers/competitors.

B. SJ acknowledges that the Company shall be entitled to injunctive reliefs to restrain him from committing a breach of Clause 6 A above.

C. Position as Director

SJ acknowledges that he shall be a director on the Board by virtue of his being the Managing Director and hence, if SJ ceases to be Managing Director for any reason whatsoever, he shall automatically, without any act or application either on part of the Company or SJ, deemed to have ceased to be a director of the Companies. Accordingly, SJ 's office as director shall not be liable to retirement by rotation.

7. Termination

7.1 Either Party may terminate this Agreement without being bound to assign any reason by giving six months' notice in writing to the other. The Company shall have the option to pay SJ six months remuneration in lieu of notice. However, SJ has no such option.

This Agreement shall automatically stand terminated upon the happening of any of the following events:-

(i) SJ commits any act of insolvency;

(ii) If SJ suffers from any legal disability which renders his continuance as a director on the Board illegal or undesirable;

(iii) If SJ 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 SJ as Managing Director on the grounds that SJ has committed a material breach of the provisions of this Agreement or any other sufficient cause which renders SJ's continuance in office as not being in the interest of the Companies.

7.2 SJ acknowledges that he has wide supervisory and managerial functions and he is not a workman within the meaning of the Industrial Disputes Act or under any other law.

7.3 SJ further acknowledges that in the event that SJ contending that the Company has unlawfully terminated this Agreement, SJ shall only be entitled to claim damages but shall not be entitled to claim any injunctive or other interlocutory reliefs against the Company.

No Director or Key Managerial Personnel of the Company and/ or their relatives, except SJ in his personal capacity for whom the Resolutions relate, is interested or concerned in the Resolutions.

The Board recommends the Ordinary Resolutions as set out at Item No 7 & 8 respectively of the Notice for approval by the shareholders.

Item No. 9 & 10:

Dr. Shridhar Shukla (DIN: 00007607) was appointed by the Board vide Circular Resolution dated 12th April, 2018 as an additional director with effect from 12th April, 2018. The Board of Directors has received a notice from the shareholder proposing the candidature of Dr. Shridhar Shukla as Director to be appointed under the provisions of Section 149 and 152 of the Companies Act, 2013.

Dr. Shridhar Shukla is a Ph. D. in Computer Engineering, North Carolina State University, USA, M. S. in Electrical Engineering, Virginia Tech, USA, and B. Tech. in Electrical Engineering, Indian Institute of Technology, Bombay.

Dr. Shridhar Shukla, a software entrepreneur with a technology and academic background since 1995; business expertise in building and running software companies; expertise in infrastructure software products and services; created, established and grew multiple lines of business; organization building, software R&D, software sales and marketing; interest in improving education.

The Company has received from Dr. Shridhar Shukla;

(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.

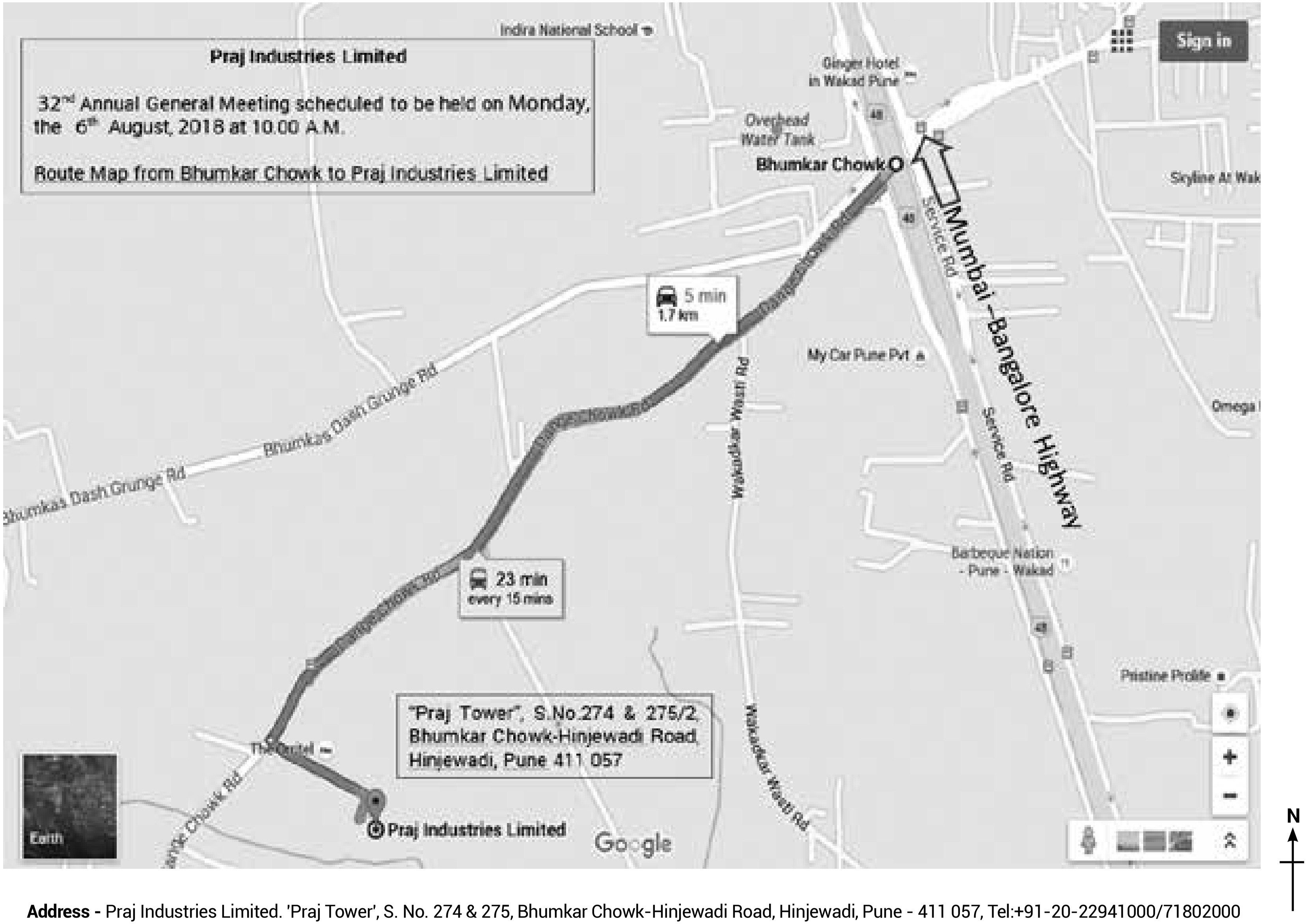
None of the Directors / Key Managerial Personnel of the Company / their relatives is, in any way, concerned or interested, financially or otherwise, except, Dr. Shridhar Shukla, in the resolution set out at Item Nos. 9 & 10 of the Notice.

The Resolutions as set out at Item Nos. 9 & 10 seeks the approval of members for the appointment of Dr. Shridhar Shukla, as Independent Director, not liable to retire by rotation.

By Order of the Board of Directors

Dattatraya Nimbolkar
Chief Internal Auditor &
Company Secretary

Place: Pune
Date: 12th June, 2018



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 Second Annual General Meeting** of the Company, to be held on **Monday, the 6th August, 2018 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, 2018 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, 2018 together with the report of the Auditors thereon.		
2. Declaration of Dividend on Equity Shares.		
3. Appointment of Ms. Parimal Chaudhari (DIN: 00724911) who retires by rotation and being eligible, offers herself for re-appointment.		
4. Ratification of remuneration of Dhananjay V. Joshi & Associates, Cost Accountants, Pune as Cost Auditors for the financial year ending 31st March, 2019.		
5. Appointment of Ms. Mrunalini Joshi (DIN: 00957617) as Director.		
6. Appointment of Ms. Mrunalini Joshi (DIN: 00957617) as Independent Director.		
7. Appointment of Mr. Shishir Joshipura (DIN: 00574970) as Director.		
8. Appointment of Mr. Shishir Joshipura (DIN: 00574970) as Chief Executive Officer and Managing Director.		
9. Appointment of Dr. Shridhar Shukla (DIN: 00007607) as Director.		
10. Appointment of Dr. Shridhar Shukla (DIN: 00007607) as Independent Director.		

Affix Revenue Stamp 15 paise

Signature of shareholder

Signed this _________ day of _____________2018.

______________________ __________________ ________________

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.

Praj wins BT-CSR Excellence Awards 2017 in Water Saving Category

Praj's commitment to the community

Praj is committed to give back to the society in which it operates. Praj Foundation, a trust that steers our social responsibility engagements, has a clear focus on promoting sustainability in three key areas - health, education and environment. In association with our NGO partners, we take projects in and around Pune. Water conservation in drought affected areas of Maharashtra, conservation of forests and natural habitats, industry relevant vocational training for students, preventive healthcare, solid waste management in urban areas are some of the ongoing projects that we feel passionately about.

Personal Social Responsibility aims to positively influence and impact people and environment outside the immediate circle of our employees. Our employees contribute their skills and time by active involvement in various initiatives.

Praj proves its mettle in manufacturing

Praj delivered a 70 meter long distillation column for a prestigious client in the Oil & Gas sector. This is the longest column dispatched in one single piece on Indian roads. The column manufactured at Kandla facility is meant for petroleum crude oil refining service. Praj's world-class manufacturing infrastructure serves the vital sectors of oil & gas, petrochemicals and fertilizers with process systems for safe and reliable operations.

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