Hay, you are real gold !

Annual Report 2018-19

praj
Innovate • Integrate • Deliver

Achievements

Pramod Chaudhari with Mr. Patrick Tay Teck Guan, Member of Parliament, West Coast GRC (Boon Lay), Singapore at the Award Ceremony held on 21st January 2019 at Singapore.

Praj Industries Limited is recognized as "Asia's Greatest Brand of 2018" and Pramod Chaudhari, Executive Chairman, Praj Industries as "Asia's Greatest Leader of 2018" by URS media in collaboration with PricewaterhouseCoopers (pwc) who reviewed and validated the award process.

US Based Biofuels Digest, a leading industry publication, announced Praj Industries as 8th in the list of Top 50 Hottest Companies in the Advanced Bioeconomy 2019 at a gala event on 4th April 2019 at Washington DC, USA.

Hay, you are real gold !

"Praj's process-technology solutions bring infinite possibilities to conserve the environment through sustainable decarbonization and address energy challenges by deploying nature's endless resources.

Praj's endeavors of using agri-waste to produce bio-energy and renewable chemicals that are gaining increasing industry-wide acceptance, resonates well with development of eco-system for a sustainable circular bio-economy.

This, well and truly epitomizes waste to wealth movement."

Board of Directors

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

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Company Profile

Board of Directors:	**Executive Directors**
	Pramod Chaudhari, Executive Chairman
	Shishir Joshipura, CEO and Managing Director
	Sachin Raole, CFO and Director – Finance & Commercial
	Non Executive Directors
	Berjis Desai
	Daljit Mirchandani
	Mrunalini Joshi
	Parimal Chaudhari
	Rajiv Maliwal
	Sivaramakrishnan Iyer
	Dr. Shirdhar 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 – R&D 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 Units Kandla:	SEZ Unit I (Plot Nos. 307 to 314) and Unit II (Plot Nos. 282 to 286 and 294 to 298), Sector IV, Gandhidham, Kutch 370230, Gujarat, India
Presence in:	India, Thailand, USA and The Philippines

Chairman's Message

Dear Shareholders,

It is my privilege to present the 33rd Annual Report of your Company for FY 2018-19.

Besides completion of 35 years of glorious journey, the year also coincided with Silver Jubilee year of Praj's listing on the stock exchange. I would like to gratefully acknowledge your continued patronage and encouragement throughout this enthralling journey.

To combat evils of climate change, nations are working towards sustainable low carbon economy. By developing innovative decarbonization solutions using Circular bio economy, Your Company is playing a very crucial role in this regard. Circular bio economy implies processing biological resources for value creation by way of renewable energy and products, and whilst in use recover and regenerate products as well as materials at the end of service life.

Our vision is expected to result in threefold benefits viz. environmental, economic and social. It reduces carbon footprints, contributes to economic growth, productivity and competitiveness of the country. As for society, circular bio economy plays an important role by boosting rural economy by way of job creation and additional income source for farmers.

I am pleased to share that Your Company's endeavors in bio industrial space have received a global recognition by way of 8th rank from last year's 34th in the list of "Hottest 50 companies in the Advanced Bio Economy 2019" as released by industry's leading publication "Biofuels Digest", USA.

Praj's state-of-the-art 'Innovation Centre'- Praj Matrix, successfully completed 10 years of operations. Over the past decade, Praj Matrix has developed and commercialized futuristic technology solutions that have helped your Company to maintain its leadership position in the bioenergy space. With renewable chemicals gaining increasing acceptance globally, especially in packaging, cosmetic, furniture industry among others, our scientists at Praj Matrix are striving hard to introduce new molecules and enhancing techno-commercial feasibility for increased usage of renewable chemicals.

Your Company continues its R&D endeavors towards improving commercial viability of 2nd generation smart integrated bio refinery. This bio refinery has capability to process various feedstocks such as Rice (paddy) Straw, Wheat Straw, Corn Cobs & Corn Stover, Sugar Cane bagasse & Cane trash, Cotton stalk etc. to produce multiple products viz. Bio-ethanol, Compressed Bio Gas, Bio fertilizer and variety of Biochemicals, etc.

For the flagship bioenergy business, this has been an eventful year as it witnessed various favorable steps by Government of India in terms of new policies. The industry is showing buoyancy as we see increasing number of enquiries.

This year, in line with GOI's initiative SATAT, your Company expanded its bio-energy basket by adding Compressed Bio Gas (CBG) technology solution that uses biomass and different agri waste as feedstock. CBG is poised to play a key role in greenhouse gas (GHG) reductions in addition to facilitating India's pursuits for energy self-reliance. We expect the new Government will not only continue these policies but also step up them further.

Outlook for Engineering and High Purity business segments is promising. These businesses have entered newer customer segments and geographies. With strong focus on collaboration, your Company has secured preferred partner status with leading technology licensors and global EPC companies.

While closing, I wish to reiterate that Your Company will continue to relentlessly focus on creating and delivering value for customers to capitalize on the opportunities, both in domestic and international markets.

Your Company is leapfrogging to make significant contribution towards opportunities of new India.

I remain confident of your continued support in realizing company's vision of making the world a better place.

Pramod Chaudhari
Executive Chairman
May 2019, Pune

CEO & MD's Note

Dear Shareholders,

It gives me pleasure to share the performance of your company for FY 2018-19 with you.

During FY 2018-19 on consolidated basis, revenues stood at ₹ 1141.11 cr as against ₹ 923.46 cr in FY 2017-18 an improvement of 24%. PAT stood at ₹ 68.22 cr an improvement 73% over previous year.

Please allow me to walk you through the some of the important developments for Financial Year 2018-19.

When you take a bold step, the providence conspires to help you – Government announced several progressive policy initiatives in the Bio energy sector aimed at accelerating the ethanol production along with launch of the ambitious SATAT program for Compressed Biogas (CBG) as a sustainable alternative for automotive fuels. These initiatives aim meeting multiple goals - increasing farmer's income, reducing air pollution and resultant health issues created by burning of Hay, creating a technologically superior alternative to fossil fuels, generating rural employment, meeting India's commitment on Paris accord for CO_2 footprint reduction and enriching the soil. All this without taxing the consumer!

Highlights of Performance in Financial Year 2018-19

Our flagship Bioenergy business is ready to translate the emerging opportunities to performance. Leveraging the core value of innovation, we have introduced several innovative solutions to improve operational efficiency and profitability of ethanol plants while optimizing water and energy footprint. We have expanded our global footprint with installations in Bolivia and Kazakhstan. Execution of the 4 integrated 2G bio refineries is progressing as per schedule.

We have embarked upon a program to enhance the value proposition for our 2G ethanol plants through co-product development and value added waste stream treatment. Our innovation of ethanol from corn fiber is generating interest amongst customers in advanced markets. Your Company is setting up an integrated CBG demo plant- a first in the country. This will help our customers de-risk their feedstock supply chain to multiple feedstocks and also help the company take the pole position in fast emerging CBG market.

Strong on field performance and deep-rooted customer relationships have helped our Brewery Business deliver its best ever performance. Strong focus on seeding and cultivating relationships with key customers in international markets is helping Critical Process Equipment and Skids (CPES) business build a very robust foundation for sustainable growth. A segment focused approach combined with strong application engineering and execution is helping us win customers who value technology play for highly complex Zero Liquid Discharge (ZLD) systems.

Pharmaceutical industry is experiencing a very challenging environment over the last couple of years leading to reduced capital expenditure on building of new production facilities. We have taken this situation as an opportunity to innovate and improve our offerings to build a platform for future growth for our HiPurity business.

We are enhancing our offering by leveraging opportunities offered by digitalization and expanding our offerings to include Operation and Maintenance (O&M) services.
People are the most important resource for a knowledge-based organization. We are paying special attention to nurturing and growing talent with a view to make organization future ready.

As I complete my first year at Praj, I will be amiss if I fail to acknowledge the guidance and direction I received from the members of the Board. I thank my business partners, team members and other stakeholders for support extended. I thank you my dear shareholders for your continued faith in Praj's vision and mission.

My team and I remain confident that we will continue to build on this year's performance and traverse the path to a more promising future.

S. Joshipura

Shishir Joshipura
CEO & MD
May 2019, Pune

Ready for the future

Dr. Anil Kakodkar, Chairman - High Level Committee and Chairman - Scientific Advisory Committee on Hydrocarbons of Ministry of Petroleum and Natural Gas with Pramod Chaudhari, Executive Chairman Praj Industries at a ground breaking ceremony of **Integrated Demo Plant of Compressed Bio Gas (CBG)**. The ceremony was held on Wednesday, 9th Jan 2019, at Shreenath Mhaskoba Sugar Factory near Pune.

Visitors from European Union and South East Asia at Praj's 2nd Generation Integrated Bio-Refinery Demo Plant near Pune.

Praj at Glance (Consolidated)

	UOM	18-19	17-18	16-17	15-16	14-15
Sales (Gross)	₹ Mln	11411.120	9234.568	9551.624	10638.168	10122.032
Sales (Net Of Excise)	₹ Mln	11411.120	9165.864	9149.912	10236.038	10122.032
Other Income	₹ Mln	322.966	267.249	222.781	183.562	336.588
Total Income	₹ Mln	11734.086	9501.817	9774.405	10821.730	10458.620
Total Expenditure Excluding Depreciation	₹ Mln	10625.337	8730.767	8877.909	9517.385	9216.541
EBIDTA (Excluding Other Income)	₹ Mln	883.323	610.296	732.168	1154.199	930.163
Depreciation	₹ Mln	229.496	240.925	221.243	250.249	378.260
Profit Before Tax	₹ Mln	879.253	530.125	675.253	1054.096	863.819
PAT Before Minority Interest	₹ Mln	682.075	394.877	445.999	824.722	782.289
PAT After Minority Interest	₹ Mln	682.032	394.909	446.028	824.623	762.662
Other Comprehensive Income	₹ Mln	6.291	8.017	(6.384)	6.843	-
Total Comprehensive Income	₹ Mln	688.366	402.894	439.615	831.565	-
Net Block Of Fixed Assets + CWIP	₹ Mln	2928.679	3020.738	3102.045	2957.310	3071.989
Share Capital	₹ Mln	365.296	361.865	358.888	355.945	354.930
Reserves And Surplus	₹ Mln	7084.856	6899.492	6737.453	6196.902	5866.654
Net Worth	₹ Mln	7450.152	7261.357	7096.341	6552.847	6221.584
EPS Basic	₹	3.75	2.19	2.50	4.64	4.30
RATIOS	UOM	18-19	17-18	16-17	15-16	14-15
EBIDTA (Excluding Other Income)To Sales	%	8%	7%	8%	11%	9%
PBT To Sales	%	8%	6%	7%	10%	9%
PAT To Sales	%	6%	4%	5%	8%	8%
RONW	%	9%	6%	7%	13%	13%
ROCE	%	12%	7%	10%	16%	14%
No. Of Shares	Nos.	182,647,850	180,932,415	179,444,188	177,972,409	177,465,079
Dividend	%	106%	81%	81%	81%	81%
Book Value Per Share	₹	40.79	40.13	39.55	36.82	35.06
Cash EPS	₹	5.01	3.53	3.74	6.05	6.43

*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 33rd Annual Report and the Audited Financial Statements for the year ended 31st March, 2019.

Financial Results

During the year under review, your Company has recorded total income of ₹ 9517 Mn (previous year ₹ 7283 Mn), registering increase of 31% in total income. Profit before Tax increased by 103% to ₹ 809 Mn (previous year ₹ 399 Mn). The performance summary is presented herewith:

(₹ Mn.)

Particulars	2018-19	2017-18
Turnover	**9233**	7020
Other Income	**284**	263
Total Income	**9517**	7283
Total Expenses	**8708**	6884
PBT	**809**	399
PAT	**624**	315
Other Comprehensive Income	**5**	7
Total Comprehensive Income	**629**	322
(+) Balance in Profit & Loss account	**4969**	5067
(+) INDAS Adjustments (ESOPs)	**9**	2
(-) IND AS Adjustment (Adjustment to opening Retained Earnings – IND AS 115: Revenue Recognition)	**(154)**	-
Profit Available for Appropriations	**5453**	5391
Appropriations		
Dividend (Including Special Interim Dividend)		
Dividend	**386**	291
Dividend Tax (Including Special Interim Dividend)	**79**	59
Transfer to Special Economic Zone Re-investment Reserve	**62**	72
Balance in Statement of Profit & Loss	**4926**	4969

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 ₹ 11734 Mn which is more by 23% over last year(₹ 9502 Mn). Profit before tax at ₹ 879 Mn is higher by 66% over last year (₹ 530 Mn). The performance summary is presented herewith:

(₹ in Mn)

Particulars	2018-19	2017-18
Turnover	**11411**	9235
Other income	**323**	267
Total income	**11734**	9502
Total expenses	**10855**	8972
PBT	**879**	530
PAT (after Minority Interest)	**682**	395
(+) Other Comprehensive Income	**6**	8
Total Comprehensive Income	**688**	403

Dividend

The Board of Directors at its meeting held on 28th January, 2019, declared and paid Special Interim Dividend of ₹ 0.50 per equity share (25%) of Face value of ₹ 2/- for the financial year 2018-19. The Special Interim Dividend pay-out was ₹ 110.029 Mn (Dividend: ₹ 91.266 Mn and Dividend Distribution Tax ₹ 18.763 Mn).

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, 2019. 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 ₹ 356.992 Mn (Dividend: ₹ 296.123 Mn and Dividend Distribution Tax ₹ 60.869 Mn).

With this, the total dividend payout, including dividend distribution tax for the financial year 2018-19 will be ₹ 467.021 Mn

The dividend payout is in accordance with the Company's Dividend Distribution Policy.

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

Investor Education and Protection Fund (IEPF)

Pursuant to the Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company has transferred unclaimed/ unpaid dividend of ₹ 10,93,699/- to Investor Education and Protection Fund pertaining to the financial year 2010-11 on 14/09/2018. Further, the Company has also transferred 39,880 shares to IEPF on 26/10/2018.

Details of Nodal Officer:

Mr. Dattatraya Nimbolkar, Chief Internal Auditor and Company Secretary has been appointed as Nodal Officer of the Company. Details in this regard are available on the website of the Company at www.praj.net

Reserves

The Company is not proposing any transfer to the General Reserve for the year 2018-19.

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

Praj Engineering & Infra 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

Shareholders at their 32nd Annual General Meeting held on 6th August, 2018, approved 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 and appointment of Dr. Shridhar Shukla (DIN 00007607) as an Independent Director for a period of Five (5) years with effect from 12th April, 2018.

Mr. Daljit Mirchandani Director (DIN: 00022951) is retiring by rotation at the ensuing Annual General Meeting. However, due to his other pre-occupations, Mr. Daljit Mirchandani is not offering himself for re-appointment. The Board wishes to place on record its appreciation for his valuable contribution during his tenure as Director of the Company.

Ms. Parimal Chaudhari (DIN 00724911) will retire at 33rd Annual General Meeting and being eligible, has offered herself for re-appointment as Director of the Company.

The existing Agreement entered into with Mr. Pramod Chaudhari, Executive Chairman (DIN 00196415) expires on 31st July, 2019. Based on the recommendation of Nomination and Remuneration Committee, your Directors have approved the extension of tenure of Mr. Pramod Chaudhari for further period of three (3) years up to 31st July, 2022, subject to approval of shareholders at the ensuing Annual General Meeting of the Company.

Item No. 5 of Notice of 33rd Annual General Meeting contains necessary details of Special Resolution in this regard.

The existing Agreement entered into with Mr. Sachin Raole, CFO and Director-Finance & Commercial (DIN 00431438) expires on 31st July, 2019. Based on the recommendation of Nomination and Remuneration Committee, your Directors have approved the extension of tenure of Mr. Sachin Raole for further period of three (3) years, up to 31st July, 2022, subject to approval of shareholders at the ensuing Annual General Meeting of the Company.

Item No. 6 of Notice of 33rd Annual General Meeting contains necessary details of Ordinary Resolution in this regard.

Members at 28th Annual General Meeting held on 28th July, 2014, had appointed Mr. Berjis Desai, Mr. Rajiv Maliwal and Mr. Sivaramakrishnan S. Iyer as Independent Directors of your Company for a period of five (5) years.

As per provisions of Section 149 (10) of the Companies Act, 2013 read with relevant Rules and Schedule IV, Independent Director can be re-appointed for consecutive term of five (5) years, subject to approval of shareholders by way of Special Resolution.

Mr. Berjis Desai (DIN 00153675) and Mr. Sivaramakrishnan S. Iyer (DIN 00503487) have given their consent for re-appointment as Independent Directors.

Item Nos. 7 & 8 of Notice of 33rd Annual General Meeting contain necessary details of Special Resolution of respective Independent Directors.

The tenure of Mr. Rajiv Maliwal (DIN 00869035) as Independent Director expires at the conclusion of 33rd Annual General Meeting of the Company. However, he is not offering himself for reappointment. The Board wishes to place on record its appreciation for his valuable contribution during his tenure as Director of the Company.

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.

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 confirming 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.

The Board has appointed Khare Deshmukh & Co., Chartered Accountants Pune, as Internal Auditors of the Company for the financial year 2019-20.

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 2019-20 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 & Co., LLP, Pune, were appointed to conduct the Secretarial Audit of the Company for the financial year 2018-19, as required under Section 204 of the Companies Act, 2013 read with rules framed thereunder. The Secretarial Audit Report (MR-3) for F.Y. 2018-19 forms part of the Annual Report as **Annexure 6**.

The Board has appointed KANJ & Co. L.L.P., Pune, as Secretarial Auditors of the Company for the financial year 2019-20.

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 2018-19 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 1,715,435 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 180,932,415 (₹ 361.865 Mn) shares to 182,647,850 (₹ 365.296 Mn.) as of 31st March, 2019.

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 VIII	90,000	₹ 50/- per option
Grant IX	1,135,000	₹ 70/- per option
Grant X	400,000	₹ 70/ per option

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 2018-19, 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.

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, 2019 is as per Annexure 5 to this report.

Number of Board Meetings conducted during the year under review

The Board met five 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, there was no such incidence of fraud reported by Statutory Auditors to the Management.

However, there was one case involving unauthorized transfer of secret information relating to the business of the Company by one of the employees of the Company to the outsiders, for which necessary legal action has been initiated by the Company.

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 2018-19 ₹ Mn.	% increase/ (Decrease)in remuneration over FY 2017-18	Ratio of the remuneration of each Director to median remuneration of employees
1	Mr. Pramod Chaudhari	Executive Chairman	51.627	Nil	53.7
2	Mr. Shishir Joshipura	CEO & MD	28.580	NA	29.7
3	Mr. Berjis Desai	Non- Executive Independent Director	2.100	56	2.2
4	Ms. Parimal Chaudhari	Non- Executive Director	1.650	65	1.7
5	Mr. Rajiv Maliwal	Non- Executive Independent Director	0.600	33	0.6
6	Mr. Sivaramakrishnan Iyer	Non- Executive Independent Director	1.750	30	1.8
7	Mr. Daljit Mirchandani	Non-Executive Non – Independent Director	11.700	7	12.2
8	Mr. Sachin Raole	CFO and Director- Finance & Commercial	7.711	1	8.0
9	Ms. Mrunalini Joshi	Non- Executive Independent Director	0.550	57	0.6
10	Dr. Shridhar Shukla	Non- Executive Independent Director	0.550	NA	0.6
11	Mr. Dattatraya Nimbolkar	Chief Internal Auditor & Company Secretary	9.089	4	9.4

The median remuneration of employees of the Company during the financial year was ₹ 0.962 Million. In the financial year, there was an increase of 8% in the median remuneration of employees.

There were 885 permanent employees on the rolls of Company as on 31st March, 2019.

Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2018-19 was around 9% whereas the managerial remuneration for the same financial year increased by around 4%.

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 2018-19.

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.

The Company has constituted Internal Complaint Committee as per the aforesaid Act.

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:

During the year, Praj in its continued endeavor of optimizing energy and water consumption in distillery has come up with Innovative integrated Sustainable Technologies. Adoption of these technologies will help distillery to reduce water and thermal energy requirement by 75%. Praj has successfully commissioned and demonstrated this technology in one of the plants in Maharashtra and already set a new benchmark.

Praj Green fuel production technologies play a key role in meeting greenhouse gas emission reduction target, a step towards global sustainability. Praj has successfully developed and commercialized Process Optimized Flexible Integrated Incineration Technology for improving carbon footprint.

Key highlights:

1. During the year, 13 foreign patents were applied and 10 patents (Indian 7 and foreign 3) were granted.

2. As a part of value maximization initiative, Praj has continued its focus on development of bio-refinery based on 1st generation and 2nd generation feedstocks. Praj's advanced Maximol dehydration technology for throughput enhancement with sweating of plant assets helps to increase profitability for the customers. Process Reliability, equipment performance with respect to uptime (on-stream factor) has been successfully demonstrated on Rice straw and Wheat straw for domestic and international customer. We are glad to announce that Praj has been selected as technology partner for four commercial scale 2nd generation plants announced by OMCs.

3. Praj announced ground-breaking of integrated demo plant of compressed bio-Gas (CBG) at the hands of Dr. Anil Kakodkar, Chairman- High Level Committee and Chairman- Scientific Advisory Committee on Hydrocarbons of Ministry of Petroleum and Natural Gas. The ceremony was held on Wednesday, 9th Jan 2019. Commercial demo plant installation and commissioning will be done in coming financial year.

4. Praj and GEVO has jointly developed advanced biofuel (IBA) technology using Sugary feedstock.

5. Praj has also developed enzymatic bio-diesel technology from oleo-chemical feed stock(UCO). Praj's clean and efficient bio-diesel technology helps to promote waste to energy initiative from Ministry of India.

6. As recognition towards contribution made by Praj in Bio-economy, it gives us immense pleasure to share that Praj is ranked as 8th in the list of TOP 50 hottest companies in Advanced Bio-economy for Year 2019 by Biofuel Digest.

Foreign Exchange Earnings & Outgo

(₹ Mn.)

Particulars	31/3/2019	31/3/2018
Earnings	**2742**	3404
Outgo	**977**	600
Net Foreign Exchange Earnings	**1765**	2804

Your Company has retained its status as a net forex earner consecutively for past 22 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: 16th May, 2019

Pramod Chaudhari
Executive Chairman

ANNEXURE 1
MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Overview

Praj is a leading process solutions company with expertise in integrated offerings for Bio-Energy, High Purity Water Solutions and Engineering led businesses, viz. Zero Liquid Discharge Solutions, Critical Process Equipment & Skids and Brewery Plants. Your Company's technology led futuristic solutions are conceived & developed in-house at its state of the art R&D facility – Praj Matrix. Sustainability is an integral aspect of Your Company's business operations and Corporate Social Responsibility (CSR) endeavors.

Understanding customer's stated & unstated needs and devising solutions to address them, remains the bedrock of Your Company's business philosophy. Your Company's business delivery is ably supported by manufacturing excellence, world class quality standards, competent workforce and best industry practices for project execution. Your Company gives utmost importance to compliance with Health Safety and Environment (HSE) norms. Cutting edge IT infrastructure, data security and customer centric processes facilitate seamless coordination across the value chain to deliver superior customer experience. Your Company is organized by way of business verticals ably supported by staff function that operate in tandem to create value for customers. Clearly articulated vision mission statements and adherence to set of values provide requisite framework to conduct business. Focus on innovation, global reference base and strong brand equity, firmly places Your Company in pole position to capture business opportunities.

Fiscal 2018-19, was an exciting year for Your Company, as it witnessed various favorable steps by the Central Government in terms of new policies to encourage bioenergy industry in India. In global markets too several countries are stepping up efforts to enhance share of renewable energy in their energy portfolio.On the back of these positive developments, Your Company's flagship bioenergy business has done well to grow with existing customers, acquire new customers and also enter new geographies. Your Company also expanded its offerings in the bioenergy basket by adding Compressed Bio Gas (CBG) technology solutions.

Praj HiPurity Systems undertook several measures to effectively deal with challenging business environment in Pharma industry which witnessed reduced capital expenditure.

In the engineering business, Critical Process Equipment and Skids continues to drive focus towards becoming preferred partners for technology licensors and global EPC players. Brewery business reinforced its market leadership in India. With stringent statutory environmental norms coming in play, Water and waste water business has witnessed strong market traction across industry spectrum.

Business Snapshot

Bioenergy

Your Company's flagship bio energy business had an eventful year FY 2018-19. Key highlights among others include healthy order intake on the back of conducive policy environment for accelerating ethanol blending Program (EBP), steady progress on the execution of 1st batch of 4 numbers of 2nd Gen integrated bio refineries and addition of Compressed Bio Gas (CBG) technology solutions to its bioenergy offerings.

For ethanol supply year 2018-19, a quantity of 2.37 billion liters of ethanol has been finalized by oil marketing companies (OMC) towards EBP as against 1.5 billion liters last year. The ethanol blending rate is expected to reach level of 7.2% in current year as against 4.22% for the same period last year.

The new Biofuel Policy 2018 has fixed a target of achieving 20% ethanol blending with petrol by 2030. The government is targeting to achieve the first milestone of 10% by 2022.

In FY 2018-19 the government announced several policy interventions to boost ethanol production.

- The National Policy on biofuels 2018 is a huge step undertaken by the government to structure the ecosystem for sustainable adoption of biofuels and enhance their usage in the energy and transportation sectors in the coming years. It expanded the range of feedstock by permitting the use of B heavy molasses & 100% sugarcane juice as well as damaged food grains, rotten potatoes, corn and sugar beet for ethanol production. This step helps to bring in abundant feedstock into the system setting the stage to significantly accelerate ethanol production across the country.
- Cabinet Committee on Economic Affairs (CCEA) approved raising the ex-mill price of ethanol derived from different feedstock. This step gives flexibility to sugar mills to define the product mix between sugar and ethanol through C molasses, B heavy molasses or sugar cane juice. The Government has reduced GST on ethanol for blending in fuel from 18% to 5%.
- The Government also announced a bailout package for the sugar industry which included interest subvention for mills for undertaking expansion of ethanol plant capacity. In response the Department of Food and Public Distribution received

over 250 applications for Brownfield or Greenfield expansion of new ethanol plants.

- On the 2G ethanol front, the Cabinet Committee on Economic Affairs has approved the "Pradhan Mantri JI-VAN Yojana" that has allocated ₹ 1,800 crore for supporting 12 Commercial projects. Additionally, ₹ 150 crore has been allocated for supporting 10 demonstration Projects.

The industry has responded positively to these policy interventions and your Company has witnessed a significant improvement in the order pipeline. Having set up ethanol plants in overseas markets that use B heavy or sugarcane juice or grains as feedstock, Your Company has a head start in terms of thorough understanding of associated nuances. This has positioned Your Company as a front runner to grab related opportunities.

Recently your Company successfully introduced technologies developed in-house to reduce water consumption in ethanol plants by almost 75%. Your Company has also introduced a Revolutionary Technology Solution - "PROFIIT". This zero liquid discharge solution for molasses based ethanol plants significantly improves the operational efficiency and profitability.

Your Company is making healthy progress on 1st batch of 4 numbers of 2nd Gen integrated bio refinery projects in India. These projects are being set up by leading OMCs viz Indian Oil Corporation Limited (IOCL), Bharat Petroleum Corporation Limited (BPCL), Hindustan Petroleum Corporation Limited (HPCL) and Mangalore Refinery Private Limited (MRPL). Design engineering work is already complete for three projects. We have secured first order worth INR 80.36 Crores from IOCL for supply of critical equipment of their process plant.

In another key development, the government announced ambitious "Sustainable Alternative Towards Affordable Transportation" (SATAT) policy. SATAT envisages setting up of 5,000 Compress Bio Gas (CBG) plants nationwide by year 2025. CBG is a gaseous renewable transportation fuel produced using bio feedstock such as agricultural residue, press mud, cattle dung and municipal solid waste.

Your Company will shortly commission its integrated demo plant of CBG based on the proprietary microbial treatment process, adjacent to existing 2nd Gen Bio-Refinery demo facility. Praj's CBG demo plant will be first of its kind integrated demo plant in the country. With its flexible and highly instrumented plant design capabilities, Your Company is in the pole positions to cater to opportunities that are emanating in near future.

You Company is also witnessing increased momentum in select international markets with several countries positively considering expanding biofuels in their energy mix.

- In South East Asia, Thailand is enforcing stricter implementation of E12 blending mandates. This along with tax holidays for biomass processing makes it an attractive business opportunity.
- Latin American markets are also showing traction with Argentina pushing for E15 and Bolivia for E10 mandates for ethanol blending. Rise in Ethanol demand due to RENOVABIO-2030 policy will be met through corn-based fuel in Brazil.
- After Renewable Energy Directive ('RED II') was agreed among EU Institutions, European customers are taking keen interest in Praj's 2G ethanol technology solutions. Several prospective customers have contacted us, visited our 2G demo plant and further discussions for setting up 2nd Gen refineries are underway.
- Corn fiber ethanol technologies are being rapidly adopted by corn ethanol refiners in USA who are attracted by the rise of ethanol and corn oil yields as well as the cellulosic incentive tax credits.

In this financial year, Your Company expanded its global footprints by successfully entering into two new countries; Bolivia and Kazakhstan.

Praj HiPurity Systems (PHS)

FY 2018-19 was difficult year for the Pharma industry as it experienced headwinds in the form of regulatory challenges leading to a reduced capital expenditure on building of new production capacity.

We have taken this situation as an opportunity to drive focused improvements in our execution capability with strong emphasis on improvement on timely delivery, introduce new products/solutions for improved plant performance and continue deep investment in customer relationships to build a platform for future growth for our Hi-Purity business.

Time to market is dropping year on year as customers demand short delivery cycles. PHS has renewed its focus on timely delivery to fulfill customer needs. Diligence in internal processes has helped collapse delivery timelines while maintaining the quality.

Technology transfer arrangement with M/s Aquanova, Sweden for local manufacturing of systems for water for injection and pure steam generation is giving Your Company a competitive edge. With pharma industry's focus continuing on Injectables and Biosimilars, demand for Aquanova systems will continue to grow. Your Company will continue to position itself as one of the most reliable solution providers in fermentation based facilities and complex injectables space.

Your Company has charted out specific internationalization plans with two pronged approach; one to leverage existing references and second concentrate on strategic markets such as MENA region, Turkey, South East Asia and the USA.

Your Company has a strong captive customer base with more than 350 customers in India and abroad. Through our Value Added Services (VAS) offerings, we have been helping them operate and maintain plants. VAS will play a major role in retaining and growing this customer base by providing them innovative plant up gradation solutions besides spares and service support.

Engineering Businesses

Critical Process Equipment & Skids (CPES)

In FY 2018-19, the CPES business unit successfully delivered the highly complex equipment for critical applications to an international customer in Hydrocarbon industry. Currently many heavy equipment and process skids are under manufacturing for global customers from Oil & Gas, Petrochemical and Chemical sectors.

CPES works closely with leading technology licensors and global EPC companies to secure preferred vendor status. In this endeavor, Your Company has already had success this year in getting approved as a global supplier for large EPC company and has received major orders.

CPES business has established multi-disciplinary engineering capabilities and state-of-the-art manufacturing set-up that is recognized by international customers. With its strong customer focus and delivery capabilities the business is poised for robust growth in the years ahead.

Brewery Plants & Equipment

Brewery business reported the highest ever order book in FY 2018-19 since its inception over two decades back. This year your company built India's largest Unitank with a capacity of 6000HL for a multinational client. Relentless focus on strengthening customer relationships and sharpening delivery capabilities have contributed to this achievement.

Annual consumption of beer in India touched around 26 mn hector-liter in FY 2018-19, reporting high single digit growth after slump of 2 years. India's per capita beer consumption is only 2 liters, compared to around 20 liters in South Asian countries. This shows promising potential for growth in India. There is an upward trend observed in consumption of Craft and Flavored beer, which is prompting beer manufacturers to increase their manufacturing capacities. All beer manufacturers in India are considering strengthening portfolios, launch of premium brands, introducing flavored and craft beers for consumers.

Your Company is already a market leader in India with a distinctive portfolio of offerings for the segment. In order to fulfill its growth aspirations, it is actively considering participating in select international opportunities in Africa and South East Asia

Water & Waste Water Treatment Solutions

Water tables in India are fast depleting and unpredictability of the monsoon is further adding to water stress. To combat water scarcity and water pollution, the Central Government has enforced strict compliance norms for water usage especially for treatment of industrial effluents.

As a result, Industries are attaching high prominence of Zero Liquid Discharge (ZLD) systems. This presents a huge opportunity for the effluent treatment and ZLD solutions.

Your Company has a strong technology play by way of setting up ZLD plants for treatment of complex effluents for industries. It has focus on the latest waste water recycling technologies involving thermal solutions that give Zero Liquid Discharge in the Industrial waste water segment. Target customer segments include steel, power, chemicals, food and pharma.

During this year, our focused market approach and execution excellence has resulted in a profitable performance and repeat orders from marquee customers. Your Company remains confident of building on this success.

Innovation and R&D

Praj Matrix – R&D Center completed 10 years of existence. It is a one of its kind R&D center where biologists, chemists and engineers work together to develop breakthrough technologies in the field of industrial biotechnology.

In FY 2018-19 Praj Matrix licensed technology for production of Hyaluronic acid solely made using non animal sourced ingredients in fermentation. The R&D center is ready with Natural Vit. E (Tocopherol), Phytosterol and Rice Bran wax technologies for licensing. Microbial technology, new technology to efficiently stabilize and convert press mud and biomass to biogas is ready for launch.

In the year gone by, your Company was granted 7 Indian patents and 3 foreign patents. Your company filed 13 international patents last year. In all, Your Company has 27 patents granted to its name.

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, Urawade, Wada in Maharashtra and Kandla (Gujarat).

Manufacturing facility located in Special Economic Zone (SEZ) of Kandla is approved by global multinational and EPC companies for supply of equipment and skids. 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

Your Company truly believes that people are its true assets. Attract Retain, Grow and Nurture talent is a way of life at Praj. Your Company recognizes the imperative to invest and create a robust resource pool of talent, in order to make the organization ready for the next phase of growth

With exciting business opportunities emanating in different business verticals, Your Company is paying special attention to nurturing and growing talent. Strategic learning and development initiatives for leadership development at Senior and Middle management are being taken up to make the organization future ready.

Awards & Recognition

In FY 2018-19, Your Company was bestowed with the following awards, certifications and accolades-

- Ranked 8th position from 34th in 2018 in the list of **Top 50 Hottest Companies in Advanced Bio-Economy** for the year 2019 by Biofuels Digest
- Asia's Biggest Brand by URS Media
- CHEMTECH CEW Leadership and Excellence Award 2019 for outstanding achievement in R&D Excellence-2018"
- "HIGHEST EXPORT AWARD" to Kandla manufacturing unit of Praj Industries under the category of Engineering & Metallurgical products for the year 2017-18
- IT Security-Now 2018 Award in Best Batsman (Quickest implementation & stabilization) of the year category
- Pune Corporate Social Responsibility Leadership Award
- Overall Excellence in Procurement & Sourcing Award to Supply Chain Management
- Pune Best In Class Manufacturing Leadership Award 2018 to Critical Process Equipment & Skid Business Unit and Manufacturing

Future Outlook

With rising concerns over global warming and climate change, conserving environment by working towards sustainable low carbon economy remains top priority for nations all over the world. Role of renewable energy and especially transportable renewable fuels is well recognized in this endeavor. Renewable transportable fuels namely ethanol and Compressed Bio Gas (CBG) facilitate energy security and energy self-reliance besides protecting environment.

As they work on the principle of circular bio economy, they function as socio economic enablers and are frontiers for inclusive growth as they boost rural economy.

This leaves no doubt about the fact that the future for biofuels remains bright and promising.

Therefore contribution of biofuels in achieving sustainable decarbonization has to be looked at in holistic perspective.

As for society, circular bio economy plays an important role by not only reducing environment pollution induced health hazards but also boosting rural economy by way of job creation and additional income source for farmers.

Along with ethanol, Your Company is also exploring opportunities in developing other renewable fuels.CBG, a gaseous renewable fuel technology, has tremendous potential as it complements Compressed Natural Gas (CNG). Recognizing the pressing needs of the nation, The Government of India has ambitious plans to set up 5,000 CBG plans in next five years.

Isobutanol is a high energy feedstock for Jet biofuels that presents emerging opportunity for aviation and racing industry. Your Company has joined hands with Gevo, Inc, USA, to develop and commercialize technology for the production of Isobutanol using sugary-based feedstock. This is an important element to enable it to reach closer towards its vision of an integrated bio-refinery.

Your Company being a global leader in the biofuels industry, with its strong customer base and innovative technology solutions will look to capitalize on these new opportunities.

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.

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

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 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.

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.

Details of significant changes (i.e. change of 25% or more as compared to the immediately previous financial year) in Key Financial Ratios along with detailed explanations therefor required vide part B of Schedule V to SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations 2018:

Sr No	Ratio	U/M	Financial Year 2018/19	Financial Year 2017/18	Variation over 2017/18	Major reasons for variance
1	Debtors' Turnover	Days	99	93	6%	No significant variation
2	Inventory Turnover	Days	97	95	2%	No significant variation
3	Interest Coverage	Times	N.A.	N.A.	N.A.	N.A.
4	Current Ratio	Times	1.71	2.07	17%	No significant variation
5	Debt Equity Ratio	Times	N.A.	N.A.	N.A.	N.A.
6	Operating Profit Margin	%	8.63%	6.52%	32%	Increase in sales by 32% Better control on overheads and expenses.
7	Net Profit Margin	%	6.76%	4.48%	51%	Increase in sales by 32% Better control on overheads and expenses.

Details of any change in Return on Net Worth as compared to the immediately previous financial year along with detailed explanations therefor required vide part B of Schedule V to SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations 2018:

Ratio	U/M	Financial Year 2018/19	Financial Year 2017/18	Variation over 2017/18	Major reasons for variance
Return on Net Worth	%	8.55%	4.38%	95%	Better profit margin as compared to the previous year.

Forward looking statements

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

ANNEXURE 2
CSR REPORT

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

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

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

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

To ensure this, PIL shall undertake the following activities:

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

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

PIL spends, in every financial year, at least 2 per cent of the average net profits of the Company made during the 3 immediately preceding financial years, in pursuance of the Companies Act, 2013 and rules framed there under for the purposes specified in Schedule VII and also in pursuance of this CSR Policy. Surplus arising out of the CSR activity does not form the part of business profits of the Company.

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 is conducted at suitable intervals 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. Sivaramakrishnan S. Iyer	Member	25.10.2013
Mr. Daljit Mirchandani	Member	10.02.2017
Ms. Mrunalini Joshi	Member	11.08.2017

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

₹ 732.599 Mn.

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

₹ 14.652 Mn.

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

(a) Total amount spent for the financial year;

₹ 14.661 Mn.

(b) Amount unspent, if any;

Nil

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

S.No	CSR Project or Activity Identified	Sector in which the project is covered	Projects or Programmes 1) Local Area or other 2) Specify the state and district where projects or programme was undertaken	Budget amount	Amount spent from 1st April, 2018 till 31st Mar 2019	Cumulative Expenditure upto the reporting period	Amount spent Direct or through implementing agency
1	Preventive health awareness among women	Clause I Schedule VII	Women beneficiaries in VelheTaluka	500,000	497,732	2,325,357	Through Rachana Society for Social Reconstruction
2	Preventive health awareness among women	Clause I Schedule VII	Women beneficiaries in Velhe Taluka	500,000	496,850	1,729,350	Through Samaj Vikas Sanstha
3	Support to needy patients for MHD	Clause I Schedule VII	Needy patients at KEM hospital	200,000	180,000	640,800	Through KEM Hospital Pune
4	Providing safe sanitation facility in school near Sanaswadi	Clause I Schedule VII	Students of Secondary School	60,000	55,442	554,215	Through Praj Foundation
5	Providing cooling jackets & caps for traffic police in Pune	Clause I Schedule VII	500traffic police in Pune	1,050,000	1,025,622	1,025,622	Through Traffic Branch, Pune Police
6	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	1,250,000	1,232,520	8,904,556	Through Vigyan Ashram
7	Science Outreach Program in Municipal Schools	Clause II Schedule VII	Std VII-Xth students from Pune Municipal Schools	250,000	250,000	1,200,000	Through IISER.
8	Educational Scholarship to needy girl	Clause II Schedule VII	Ms. Ankita Bhapkar	50,000	49,308	296,195	Through Praj Foundation
9	Educational support to a special child	Clause II Schedule VII	Ms. Pooja Bodas	25,000	25,000	25,000	Through Praj Foundation
10	Skills upgradation of special children	Clause II Schedule VII	2 Special children	100,000	100,000	500,000	Through Tamahar Trust
11	Vocational training to special children	Clause II Schedule VII	Special children of Snehkshitij	150,000	150,000	150,000	Through Snehkshitij
12	Operation ofSHREEVATSA(A CHILD CARE CENTER OF SOFOSH)	Clause III Schedule VII	Orphans and family deprived children	400,000	400,000	2,000,000	Through Society of Friends of Sasoon Hospitals (SOFOSH)
13	Desilting of Nallah in 7 villages in Madha Taluka	Clause IV Schedule VII	Villagers of Madha	400,000	350,000	350,000	Through Grampanchayats of 7 villages in Madha Taluka

S.No	CSR Project or Activity Identified	Sector in which the project is covered	Projects or Programmes 1) Local Area or other 2) Specify the state and district where projects or programme was undertaken	Budget amount	Amount spent from 1st April, 2018 till 31st Mar 2019	Cumulative Expenditure upto the reporting period	Amount spent Direct or through implementing agency
14	Water Resource Development at Kharadgaon Phase III	Clause IV Schedule VII	Villagers of Kharadgaon	300,000	250,000	250,000	Through Jan Kalyan Samiti
15	Water Resource Development at Kolvihire	Clause IV Schedule VII	Villagers of Kolvihire	800,000	747,180	747,180	Through Gram Gaurav Pratishthan
16	Water Resource Development at Handalwadi, Taluka Pathardi	Clause IV Schedule VII	Villagers of Handalwadi	1,550,000	1,512,000	1,512,000	Through Jan Kalyan Samiti
17	Water Resource Development at Dev Pimpalgaon, Tal. Badnapur, Dist. Jalna	Clause IV Schedule VII	Villagers of Dev Pimpalgaon	2,600,000	2,450,000	2,450,000	Through Savitribai Phule Mahila Ekatma Samaj Mandal.
18	Water Resource Development at Katewadi, Tal. Shevgaon, Dist. Ahmednagar	Clause IV Schedule VII	Villagers of Katewadi	1,550,000	1,503,000	1,503,000	Through Jan Kalyan Samiti
19	Water esource development at Vadhule, Dist. Ahmednagar	Clause IV Schedule VII	Villagers of Vadhule	1,850,000	1,838,000	1,838,000	Through Jan Kalyan Samiti
20	Traffic warden at Ghotawade Phata for improving traffic flow and reducing fuel wastage	Clause IV Schedule VII	Commuters from Urawade, Paud	260,000	251,712	796,831	Through Sumeet Facilities Ltd.
21	Greening initiative at Kandla SEZ	Clause IV Schedule VII	Citizens in Kandla SEZ	150,000	136,810	397,118	Through Praj Foundation
22	Restoration of sacred Grove at Kulye, Sangameshwar	Clause IV Schedule VII	Villagers of Kulye village	200,000	160,000	160,000	Through Applied Environmental Research Foundation
23	IIT Bombay	Clause IX Schedule VII	Students of IIT Bombay	1,000,000	1,000,000	5,000,000	Through IIT Bombay
			Total	**15,195,000**	**14,661,176**	**34,355,224**	

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.'

Shishir Joshipura
CEO & Managing Director

Parimal Chaudhari
Chairperson - CSR Committee

Place: Pune
Date: 16th May, 2019

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 Ten Directors as on 31st March, 2019, comprising of three Whole-time Directors, seven Non-Executive Directors. Five of the Non-Executive Directors are Independent Directors. As on the date of this report, all Directors of the Company meet the criteria of maximum number of Directorship as laid down in Section 165 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

b) Details of skills/ expertise/ competence of Board of Directors:

The Board of Directors of your Company has identified following core skills / expertise / competencies as required in the context of your Company's business for it to function effectively:

Knowledge about project industry with special emphasis on project and process design/ engineering, Project Management, Finance, Risk Assessment & Management, Manufacturing & Supply Chain, Human Capital, Information Technology,

The Board of Directors of your Company consists of eminent personalities from varied disciplines / skills such as in depth experience in all facets of project industry/ management, risk assessment and management, finance,human capital, information technology, legal and commercial aspects with special emphasis on Ethanol, Brewery, Water & Waste Water Management, Critical Process Equipment.

c) 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	5	Yes	8	4	5
Ms. Parimal Chaudhari[1]	PD, NED	5	Yes	Nil	Nil	1
Mr. Rajiv Maliwal	ID, NED	4	Yes	Nil	Nil	Nil
Mr. Sivaramakrishnan S. Iyer	ID, NED	4	Yes	2	2	1
Mr. Daljit Mirchandani	NED, NID	5	Yes	1	1	1
Mr. Sachin Raole	ED	5	Yes	1	Nil	2
Ms. Mrunalini Joshi	ID, NED	5	Yes	2	Nil	2
Dr. Shridhar Shukla	ID, NED	4	No	1	Nil	1
Mr. Shishir Joshipura	ED	5	Yes	2	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 of Public Companies only have been considered for this purpose.

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

Names of Listed Companies in which Director holds Directorship and category of directorship pursuant to SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018.

Sr. No.	Name of the Director	Name of Listed Companies in which Director holds Directorship and category of Directorship.
01	Mr. Pramod Chaudhari	Praj Industries Ltd.-Executive Chairman (Executive Director)
02	Mr. Shishir Joshipura	Praj Industries Ltd-CEO & Managing Director (Executive Director)
03	Mr. Sachin Raole	Praj Industries Ltd-CFO & Director –Finance & Commercial (Executive Director)
04	Mr. Berjis Desai	Praj Industries Ltd.-Independent Director
		Jubilant Food Works Ltd-Independent Director
		Edelweiss Financial Services Ltd- Independent Director
		Man Infraconstruction Ltd.-Chairman, Independent Director.
		Deepak Fertilizers and Petrochemicals Corporation Ltd-Independent Director.
05	Mr. Rajiv Maliwal	Praj Industries Ltd-Independent Director
06	Mr. Sivaramakrishnan S. Iyer	Praj Industries Ltd-Independent Director
		The Phoenix Mills Limited – Independent Director
07	Ms. Parimal Chaudhari	Praj Industries Ltd-Non-Executive Non Independent Director
08	Mr. Daljit Mirchandani	Praj Industries Ltd-Non-Executive Non Independent Director
		Mahindra CIE Automotive Limited-Independent Director
09	Ms. Mrunalini Joshi	Praj Industries Ltd-Non-Executive- Independent Director
10	Dr. Shridhar Shukla	Praj Industries Ltd-Non-Executive- Independent Director

d) Number of Board Meetings and Dates :

Five (5)Board Meetings were held during the year ended 31st March, 2019. The dates are – 16th May, 12th June, 6th August, 25th October in the calendar year 2018 and 28th January in the calendar year 2019.

e) Number of shares and convertible instruments held by Non Executive Directors ason 31/03/2019 :

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	12,000	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.
Dr. Shridhar Shukla	Nil	Nil	N. A.	N. A.

f) 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.

g) 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.

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, 2019, the Audit Committee of the Company comprises of three Independent Non-Executive Directors namely Mr. Berjis Desai (Chairman of the Committee), Mr. Sivaramakrishnan S. Iyer and Ms. Mrunalini Joshi and one Executive Director namely Mr. Sachin Raole. 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 as amended.

c. Meetings:

This Committee met five times during the year i.e. 16th May, 6th August, 31st August, 25th October in the calendar year 2018 and 28th January in the calendar year 2019.

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	3
Mr. Sachin Raole	5	5
Ms. Mrunalini Joshi	5	5

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 and further amendments thereto. The Nomination & Remuneration Policy of the Company is attached as Annexure –8 to the Directors' Report.

b. Composition:

As on 31st March, 2019, 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 two times during the year i.e. on 16th May in the calendar year 2018 and 28th January in the calendar year 2019.

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	2	2
Mr. Rajiv Maliwal	2	1
Mr. Sivaramakrishnan S. Iyer	2	1
Mr. Pramod Chaudhari	2	2

5. Performance Evaluation Criteria for Independent Directors :

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

Remuneration Policy:

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

The Policy is displayed on Company's website i.e. 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, 2019 to the Executive Directors is as follows:

Mr. Pramod Chaudhari, Executive Chairman ₹ 51.627 Mn. (Salary Rs 48.600 Mn, Perquisites ₹ 3.027, Commission & Variable Pay ₹ NIL), Mr. Shishir Joshipura, CEO and Managing Director ₹ 28.580 Mn (salary ₹ 27.177, Perquisites ₹ 1.403 Mn, variable pay ₹ Nil), Mr. Sachin Raole, CFO and Director – Finance & Commercial ₹ 7.711 Mn. (Salary ₹ 5.677 Mn., Perquisites ₹ 0.234 Mn, Variable pay ₹ 1.800 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.

Based on recommendation made by Nomination and Remuneration Committee at its meeting held on 16th May, 2019, and subject to approval of shareholders at ensuing Annual General Meeting, the Board has extended the tenure of appointment of Mr. Pramod Chaudhari for a further period of three (3) years till 31/07/2022.

The current tenure of office of the Chief Executive Officer and Managing Director is for a period of 5 years from the date of appointment i.e. up to 31st March, 2023. Notice period is six (6) months.

The current tenure of office of the CFO and Director-Finance & Commercial expires on 31st July, 2019.

Based on recommendation made by Nomination and Remuneration Committee at its meeting held on 28th January, 2019 and subject to approval of shareholders at next Annual General Meeting, the Board has extended the tenure of service of Mr. Sachin Raole till 31st July, 2022. As per agreement, notice period is 3 months.

Under ESOP 2011 Grant VI, 100,000 Options were granted to Mr. Sachin Raole at Fair Market Value (not issued at discount). During the year under review, Mr. Sachin Raole has surrendered entire options granted to him. Therefore Grant VI under ESOP 2011 has been cancelled.

Further, under ESOP 2011 Grant VII, 75,000 Options have been granted to Mr. Sachin Raole at ₹ 50/- per option. All 75,000 options, have been vested on 27/09/2018 and the same are exercisable by him on or before 30/09/2020 as per the terms of the Scheme.

Under ESOP 2011 Grant X, 2,50,000 Options (fixed options 1,00,000 and variable options 1,50,000) and 1,50,000 options (fixed options 1,00,000 and variable options 50,000) have been granted to Mr. Shishir Joshipura and Mr. Sachin Raole respectively at ₹ 70/- per option.

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 2018-19 is ₹ 7.200 Mn. The details are as follows:

Mr. Berjis Desai ₹ 2.100 Mn., Ms. Parimal Chaudhari ₹ 1.650 Mn., Mr. Rajiv Maliwal ₹ 0.600 Mn., Mr. Sivaramakrishnan S. Iyer ₹ 1.750 Mn., Ms. Mrunalini Joshi ₹ 0.550 Mn and Dr. Shridhar Shukla ₹ 0.550 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, 2019, 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 4 complaints which were duly attended to. No investors' complaint is pending as on 31st March, 2019. All the complaints were solved to the satisfaction of shareholders.

d. Meetings:

This Committee met three times during the year ended 31st March, 2019. The dates are – 16th May, 25th October in the calendar year 2018 and 28th January in the calendar year 2019.

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
Mr. Sivaramakrishnan S. Iyer	3	2
Ms. Parimal Chaudhari	3	3
Mr. Sachin Raole	3	3

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, 2019, the Corporate Social Responsibility Committee of the Board comprises of four 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 16th May and 6th August in the Calendar year 2018 and 28th January in the calendar year 2019.

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. Sivaramakrishnan S. Iyer	3	2
Mr. Daljit Mirchandani	3	3
Ms. Mrunalini Joshi	3	3

8. Share Transfer Committee:

a. Composition:

As on 31st March, 2019, 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 three times during the year ended 31st March, 2019. The dates are- 3rd April, 16th May and 8th October 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	3	3
Ms. Parimal Chaudhari	3	3
Mr. Sivaramakrishnan S. Iyer	3	0

9. Compensation & Share Allotment Committee :

a. Composition:

As on 31st March, 2019, the Compensation & Share Allotment Committee of the Board comprises of Five (5) 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 thirteen (13) times during the year ended 31st March, 2019. The dates are – 18th April, 16th May, 12th June, 26th June, 6th August, 5th October, 25th October, 23rd November and 15th December in the calendar year 2018 and 15th January, 28th January, 14th February and 14th March in the calendar year 2019.

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	13	4
Mr. Berjis Desai	13	5
Mr. Pramod Chaudhari	13	13
Mr. Daljit Mirchandani	13	9
Ms. Mrunalini Joshi	13	12

10. General Body Meetings:

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

Year	Venue	Date & Time	Special Resolutions passed
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
2017-18	"Praj Tower", S.No. 274 & 275/2, Bhumkar Chowk-Hinjewadi Road, Hinjewadi, Pune – 411 057	6th August, 2018 10.00 a.m.	Nil

No Special Resolution was passed through postal ballot during the year 2018-19.

11. Means of Communication:

- The quarterly / half – yearly financial results : Quarterly / half yearly financial results are published in widely circulating dailies such as Loksatta, Financial Express.
- 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	:	Tuesday, the 23rd July, 2019 at 10.00 a.m.
Venue	:	"Praj Tower, S. No. 274 & 275/2, Bhumkar Chowk,
	:	Hinjewadi Road, Hinjewadi, Pune 411 057
Financial Year	:	1st April to 31st March
Dividend Payment Date	:	By 16th August, 2019

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

National Stock Exchange 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 2018-2019 have been paid to both the Stock Exchanges.

Financial Calendar

For the year ended 31st March, 2019 quarterly results were announced on:

Results for the quarter ended June 2018	6th August, 2018
Results for the quarter ended September 2018	25th October , 2018
Results for the quarter ended December 2018	28th January , 2019
Results for financial year ended March 2019	16th May, 2019

For the year ended 31st March, 2020, the tentative announcement dates are:

Results for the quarter ending June 2019	**First** week of August 2019
Results for the quarter ending September 2019	**Third** week of October 2019
Results for the quarter ending December 2019	**Fourth** week of January 2020
Results for last quarter ending March 2020	**Third** week of May 2020

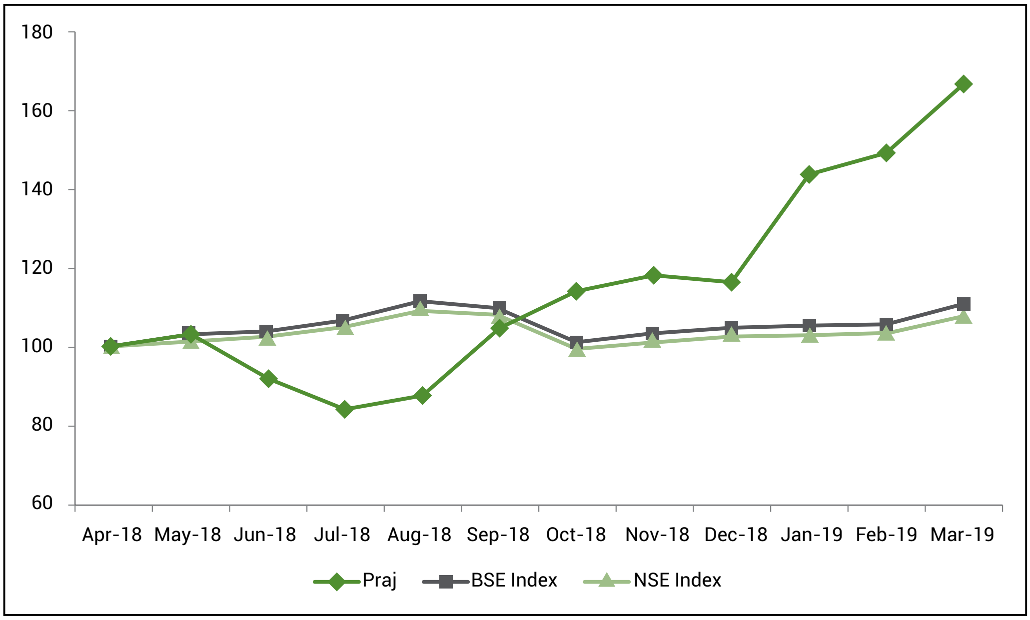
Stock Market Price Data

Monthly high / low during the year 2018– 2019 on BSE & NSE:

Month	BSE		NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April 2018	99.50	80.00	99.90	80.60
May 2018	105.15	91.50	101.50	91.50
June 2018	96.85	77.50	96.70	77.40
July 2018	82.90	72.50	83.10	72.25
August 2018	87.00	77.80	87.30	77.70
September 2018	120.35	81.00	120.40	80.90
October 2018	124.00	82.00	124.40	82.30
November 2018	120.50	104.00	120.35	104.15
December 2018	115.25	99.50	115.30	99.45
January 2019	164.65	100.00	164.80	109.00
February 2019	151.30	120.00	151.50	120.05
March 2019	168.00	145.60	167.90	145.55

(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 Agent, 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 Agent 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 Agent.

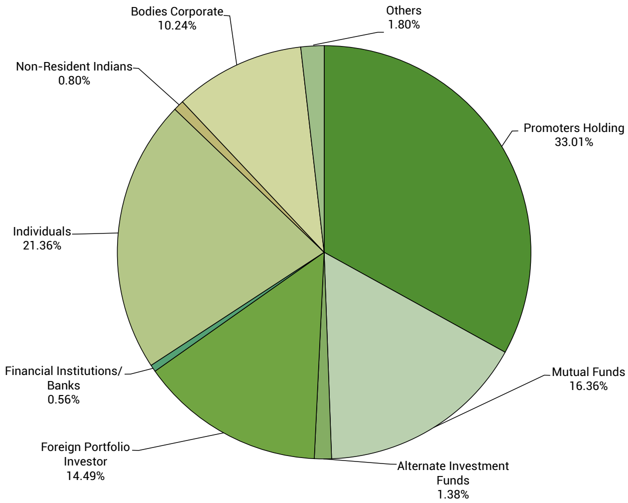
Distribution of shareholding as on 31st March, 2019

Shareholding of nominal value	Shareholders	Percentage	Nominal Value of Equity Shares in ₹	Percentage
1 - 5000	89,236	97.48	37,519,156	10.27
5001 - 10000	1,200	1.30	8,694,070	2.38
10001 - 20000	531	0.58	7,866,032	2.15
20001 - 30000	161	0.18	4,005,550	1.10
30001 - 40000	81	0.09	2,918,012	0.80
40001 - 50000	61	0.07	2,797,414	0.77
50001 - 100000	128	0.14	9,228,020	2.53
100001 and above	143	0.16	292,267,446	80.00
Total	**91,541**	**100.00**	**365,295,700**	**100.00**

Shareholding Pattern as on 31st March, 2019

	31/03/2019		31/03/2018	
Category	**No. Of shares of ₹ 2/- each**	**% of holding**	**No. Of shares of ₹ 2/- each**	**% of holding**
Promoters' Holding	**60,300,000**	**33.01**	60,300,000	33.33
Total (A)	**60,300,000**	**33.01**	**60,300,000**	**33.33**
Non – Promoter Holding				
Mutual Funds	**29,881,563**	**16.36**	28,770,961	15.90
Alternate Investment Funds	**2,520,589**	**1.38**	2,585,000	1.43
Foreign Portfolio Investor	**26,466,539**	**14.49**	23,952,180	13.24
Central Government/ State Government	**145,476**	**0.08**	105,596	0.06
Financial Institutions/ Banks/NBFCs	**1,013,947**	**0.56**	2,339,198	1.29
Individuals	**39,010,767**	**21.36**	39,391,639	21.77
Trusts	**3,100**	**-**	5,100	0.003
Hindu Undivided Family	**1,211,211**	**0.66**	1,411,237	0.78
Non-Resident Indians	**1,460,420**	**0.80**	1,559,983	0.86
Clearing Members	**1,368,380**	**0.75**	989,745	0.55
Bodies Corporate	**18,706,755**	**10.24**	18,957,941	10.48
ESOP	**559,103**	**0.31**	563,835	0.31
Total (B)	**122,347,850**	**66.99**	**120,632,415**	**66.67**
Total (A) + (B)	**182,647,850**	**100.00**	**180,932,415**	**100.00**

Pie chart regarding shareholding pattern:



Dematerialisation of Shares and Liquidity:

As on 31st March, 2019, 99.88% of shareholding was held in dematerialized form with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL).

Physical and Demat Shares:

	As on 31st March, 2019	**%**
No. of Shares held by NSDL	94,064,301	51.50
No. of Shares held by CDSL	88,360,989	48.38
Physical Shares	222,560	0.12
Total	**182,647,850**	**100**

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 by the Company.

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**
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
2017-18	Dividend 2017-18	06/08/2018	10/10/2025
2018-19	Interim Dividend 2018-19	28/01/2019	03/04/2026

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, except fine of ₹ 10,000/- each paid to BSE Ltd. and National Stock Exchange of India Ltd. regarding violation of regulation 29 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

c. Vigil mechanism / Whistle Blower Policy :

In accordance with requirement of Companies Act,2013 as well as SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and further amendments made thereto 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 and further amendments thereto.

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 and Financial Express 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.

Details of fees paid to M/s. P.G. Bhagwat, Statutory Auditors of the Company for the financial year 2018-19 are as follows:

Audit Fees	₹ 3.600 Mn
Taxation Services	₹ 0.650 Mn
Others	₹ 0.046 Mn
Total	**₹ 4.296 Mn**

iii. Separate posts of Chairperson and Chief Executive Officer :

Mr. Pramod Chaudhari is Executive Chairman and Mr. Shishir Joshipura is a Chief Executive Officer and Managing Director of the Company.

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:

With reference to SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018, the Board has approved revised Code of Conduct for monitoring and regulation insider trading. 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 & Director Finance & Commercial forms part of this Report.

15. Certification by CEO and MD and Chief Financial Officer (CFO):

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, 2019 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 :16th May, 2019
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 :16th May, 2019
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, 2019, as referred to in regulation 15(2) read with clause C of Schedule V read with regulation 34(3) of the said Listing Regulations of the Securities & Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 (hereinafter, collectively referred to as the Listing Regulations).

We have examined the compliance by the Company of the requirements under Listing Regulations, for the year ended 31st March, 2019.

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

16 May 2019

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

Secretarial compliance report of Praj Industries Limited for the year ended 31st March, 2019.

[Pursuant to Regulation 24A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

We, M/s KANJ & Co. LLP have examined

a. all the documents and records made available to us and explanation provided by Praj Industries Limited (“the listed entity”),

b. the filings/ submissions made by the listed entity to the stock exchanges,

c. website of the listed entity,

d. any other document/ filing, as may be relevant, which has been relied upon to make this certification, for the year ended [e] ("Review Period") in respect of compliance with the provisions of:

a. the Securities and Exchange Board of India Act, 1 992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and

b. the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

The specific Regulations, whose provisions and the circulars/ guidelines issued thereunder, have been examined, include: -

a. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 201 5;

b. Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

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

d. Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; (Not Applicable during the year under review)

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

f. Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

g. Securities and Exchange Board of India (Issue and Listing of Nonconvertible and Redeemable Preference Shares) Regulations, 2013; (Not Applicable during the year under review)

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

i. (other regulations as applicable) and circulars/ guidelines issued thereunder

and based on the above examination, we hereby report that, during the review period:

a. The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder, except in respect of matters specified below: -

Sr. No	Compliance Requirement (Regulations/ circulars / guidelines including specific clause)	Deviations	Observations/Remarks of the Practicing Company Secretary
a	Regulation 29 of LODR Giving prior intimation to stock exchange about declaration of dividend	Prior intimation was not given	The Board of Directors declared special interim @ ₹ 0.50 paise per share to commemorate the silver jubilee of its IPO. The item of declaration of dividend was not proposed in the notice and agenda of the meeting. The item was considered by the board in any other business. That resulted into deviation of not giving intimation, as required by Regulation 29 of LODR, to BSE and NSE, Stock exchanges.
b	Regulation 39(3): The listed entity shall submit information regarding loss of share certificates and issue of the duplicate certificates, to the stock exchange within two days of its getting information.	The Company missed to give information about issue of the duplicate certificates, to the stock exchanges within two days of its getting information in respect of two cases.	The Company missed to give information about issue of the duplicate certificates, to the stock exchanges within two days of its getting information. We checked and confirmed from the records of R & T that the register of members that: a. in case of two shareholders, the said shares are still appearing in the name of original holders who lodged the request for issue of duplicate share certificates. b. in case of three shareholders who lodged the request for issue of duplicate share certificates, they dematerialised the said shares and sold the same. However, when observed the listed entity give information about issue of the duplicate certificates.

b. The listed entity has maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued thereunder insofar as it appears from my/our examination of those records.

c. The following are the details of actions taken against the listed entity/ its promoters/ directors/ material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEB/ through various circulars) under the aforesaid Acts/ Regulations and circulars/ guidelines issued thereunder:

Sr. No.	Action taken by	Details of violation	Details of action taken E.g. fines, warning letter, debarment, etc.	Observations/ remarks of the Practicing Company Secretary, if any.
1	BSE and NSE vide letters dated 11 Feb 2019 asking the Company pay fine of ₹ 10,000/- to each Stock Exchange for deviation.	Regulation 29 of the LODR	Both the Stock Exchanges imposed a fine of ₹ 10,000/- each.	The Company paid fine of ₹ 10,000/- each to BSE and NSE.

d. The listed entity has taken the following actions to comply with the observations made in previous reports:

Sr. No.	Observations of the Practicing Company Secretary in the previous reports	Observations made in the secretarial compliance report for the year ended... (The years are to be mentioned)	Actions taken by the listed entity, if any	Comments of the Practicing Company Secretary on the actions taken by the listed entity
	Not Applicable in this year as this is first Compliance Certificate			

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

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

16 May 2019

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

As required by item 10(i) of Part C of Schedule V of the Securities & Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015, on verification declarations made by the directors and records of the Company, we certify that none of the directors on the board of Praj Industries Limited have been debarred or disqualified from being appointed or continuing as directors of companies by the SEBI/Ministry of Corporate Affairs or any such statutory authority.

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

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

Pune
16 May 2019

ANNEXURE 4
ESOP DISCLOSURE

Statement as on 31st March, 2019 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 17th Nov., 2015 ₹ 85.37 22nd July, 2016 ₹ 85.25 27th Sept., 2017 ₹ 50 15th Dec, 2018 ₹ 50 15th Jan.2019, ₹ 70 28th Jan., 2019 ₹ 70
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	2,885,533
	ii. Number of Options granted during the year	1,625,000
	iii. Number of Options forfeited / cancelled / lapsed during the year	400,000
	iv. Number of Options exercised during the year	1,715,435
	v. Number of shares arising as a result of exercise of options	1,715,435
	vi. Money realised by exercise of options during the year	₹ 88.90 Million
	vii. Number of Options outstanding at the end of the year	2,395,098
	viii. Number of Options exercisable at the end of the year	770,098
8	Employee wise details of options granted to:	
	i. Key Managerial Personnel	
	1. Mr. Shishir Joshipura, CEO & Managing Director	250,000
	2. Mr. Sachin Raole, CFO and Director Finance & Commercial	225,000
	3. Mr. Dattatraya Nimbolkar, Chief Internal Auditor & Company Secretary	35,000
	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 15th Dec., 2018 ₹ 59.41 15th Jan., 2019 ₹ 89.90 28th Jan., 2019 ₹ 61.86
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	15th December, 2018	15th January, 2019	28th January, 2019
1) Risk-free interest rate	7.74%	7.80%	7.80%	7.56%	7.68%	6.90%	6.45%	7.04%	6.83%	6.78%
2) Expected Life	1-2 years	1-2 years	1-3 years	1-2 years	1-2 years	1-2 years	1.5 years	1.03 years	1.59 years	1.55 years
3) Expected Volatility *	52.53%	57.55%	59.90%	59.08%	58.95%	59.43%	43.01%	57.46%	60.39%	61.51%
4) Expected Dividend Yield	3.08%	3.08%	3.08%	3.08%	3.08%	3.03%	2.96%	2.07%	2.07%	2.07%
5) Price of the underlying share in market at the time of Options grants	₹ 55.75	₹113.75	₹ 84.45	₹ 81.50	₹ 85.30	₹ 90.50	₹ 68.50	₹ 106.70	₹ 153.10	₹ 121.30

* Expected volatility has been determined based on closing price of the share of the company over a period equivalent to expected life.

ANNEXURE 5
EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31.03.2019

[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:-

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

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. 1181/1182, Solitaire Corporate Park, Building No. 11, 8th Floor, Andheri Ghatkopar Link Road, Andheri (East), Mumbai 400093.	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)

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	33.33	6,03,00,000	Nil	6,03,00,000	33.01	-0.32
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**	**33.33**	**6,03,00,000**	**Nil**	**6,03,00,000**	**33.01**	**-0.32**
(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**	**33.33**	**6,03,00,000**	**Nil**	**6,03,00,000**	**33.01**	**-0.32**
(B) Public Shareholding									
1) Institutions,									
Mutual Funds	2,87,68,961	2,000	2,87,70,961	15.90	2,98,81,563	Nil	2,98,81,563	16.36	0.46
Banks / FI	23,39,198	Nil	23,39,198	1.29	9,84,690	Nil	9,84,690	0.54	-0.75
Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Alternate Investment Funds	25,85,000	Nil	25,85,000	1.43	25,20,589	Nil	25,20,589	1.38	-0.05
Insurance Companies	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Foreign Portfolio Investor	2,39,52,180	Nil	2,39,52,180	13.24	2,64,66,539	Nil	2,64,66,539	14.49	1.25
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):-	**5,76,45,339**	**2,000**	**5,76,47,339**	**31.86**	**5,98,53,381**	**Nil**	**5,98,53,381**	**32.77**	**0.091**
2) Central Govt & State Govt(s)	1,05,596	Nil	1,05,596	0.06	1,45,476	Nil	1,45,476	0.08	0.02
Sub-total (B) (2):	1,05,596	Nil	1,05,596	0.06	1,45,476	Nil	1,45,476	0.08	0.02

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	1,89,56,941	1,000	1,89,57,941	10.48	1,87,05,755	1,000	1,87,06,755	10.248	-0.24
Individuals									
Individual shareholders holding nominal share capital upto ₹1 lakh	3,39,18,078	2,55,070	3,41,73,148	18.89	2,91,67,662	2,21,560	2,93,89,222	16.09	-2.80
Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	52,18,491	Nil	52,18,491	2.88	96,19,846	Nil	96,19,846	5.27	2.38
Others (specify)									
Trusts	5,100	Nil	5,100	0.00	3,100	Nil	3,100	0.00	Nil
Hindu Undivided Family	14,11,237	Nil	14,11,237	0.78	12,11,211	Nil	12,11,211	0.66	-0.12
Non Resident Indians (Non Repat)	4,47,625	Nil	4,47,625	0.25	4,79,655	Nil	4,79,655	0.26	0.01
Non-Resident Indian (Repat)	11,12,358	Nil	11,12,358	0.61	9,80,765	Nil	9,80,765	0.54	-0.07
Clearing Member	9,89,745	Nil	9,89,745	0.55	13,68,380	Nil	13,68,380	0.75	0.20
ESOP	5,63,835	Nil	5,63,835	0.31	5,59,103	Nil	5,59,103	0.31	Nil
Sub-total (B) (3):	**6,26,23,410**	**2,56,070**	**6,28,79,480**	**34.75**	**6,21,26,433**	**2,22,560**	**6,23,48,993**	**34.14**	**-0.61**
Total Public Shareholding (B)=(B)(1)+ (B)(2)+ (B) (3)	12,03,74,345	2,58,070	12,06,32,415	66.67	12,21,25,290	2,22,560	12,23,47,850	66.99	0.32
Total (A) + (B)	18,06,74,345	2,58,070	18,09,32,415	100.00	18,24,25,290	2,22,560	18,26,47,850	100.00	Nil
(C) Non Promoter Non Public									
Shares held by Custodian for GDRs &ADRs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Grand Total (A+B+C)	**18,06,74,345**	**2,58,070**	**18,09,32,415**	**100**	**18,24,25,290**	**2,22,560**	**18,26,47,850**	**100**	**Nil**

(f) Shareholding of Promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	% change in share holding during the year
1	Mr. Pramod Madhukar Chaudhari	3,87,00,000	21.39	Nil	3,87,00,000	21.19	Nil	-0.20
2	Ms. Parimal Pramod Chaudhari	1,44,00,000	7.96	Nil	1,44,00,000	7.88	Nil	-0.08
3	Ms. Parimal Praomd Chaudhari (A/c Moriyaset Trust)	72,00,000	3.98	Nil	72,00,000	3.94	Nil	-0.04
	Total	**6,03,00,000**	**33.33**	**Nil**	**6,03,00,000**	**33.01**	**Nil**	**-0.32**

(g) Change in promoters' Shareholding

Sl. No.	Name	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01.04.2018 to 31.03.2019)	
		No. of shares at the beginning (01.04.2018)/ end of he year (31.03.2019)	% 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	21.39 21.19	01.04.2018 31.03.2019	Nil	No Change during the year.	3,87,00,000	21.19
2	Ms. Parimal Pramod Chaudhari	1,44,00,000 1,44,00,000	7.96 7.88	01.04.2018 31.03.2019	Nil	No Change during the year.	1,44,00,000	7.88
3	Ms. Parimal Pramod Chaudhari (A/c Moriyaset Trust)	72,00,000 72,00,000	3.98 3.94	01.04.2018 31.03.2019	Nil	No Change during the year.	72,00,000	3.94

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

Sl. No.	Name	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01.04.2018 to 31.03.2019)	
		No. of shares at the beginning (01.04.2018) / end of the year (31.03.2019)	% of total shares of the Company				No. of Shares	% of total shares of the Company
1.	HDFC Trustee Company Limited-HDFC Equity Fund	1,59,71,366	8.74	29.03.2019	-2,145	Transfer	1,59,69,221	8.74
		1,59,69,221	8.74	31/03/2019				
2.	TATA CAPITAL FINANCIAL SERVICES LTD	1,34,22,400	7.35	18/01/2019 & 08/03/2019	-41,100	Transfer	1,33,81,300	7.33
		1,32,56,223	7.26	31.03.2019	-1,25,077	Transfer	1,32,56,223	7.26
3.	GOTHIC CORPORATION	1,50,000	0.08	06/04/2018	95,773	Purchase	2,45,773	0.13
		52,30,499	2.86	11/01/2019	49,84,726	Purchase	52,30,499	2.86
4.	ATYANT CAPITAL INDIA FUND I	40,21,498	2.20	13/07/2018	6,85,000	Purchase	47,06,498	2.58
		51,77,467	2.83	20/07/2018	2,20,969	Purchase	49,27,467	2.70
				27/07/2018	1,00,000	Purchase	50,27,467	2.75
				10/08/2018	1,50,000	Purchase	51,77,467	2.83
5.	SUNDARAM MUTUAL FUND A/c SUDARAM SMALL CAP FUND	36,74,639	2.01	22/06/2018	-24,639	Transfer	36,50,000	2.00
				21/09/2018	-1,64,314	Transfer	34,85,686	1.91
				02/11/2018	-36,342	Transfer	34,49,344	1.89
				09/11/2018	-50,000	Transfer	33,99,344	1.86
				18/01/2019	-1,05,009	Transfer	32,94,335	1.80
		32,94,335	1.80					
6.	VANDERBILT UNIVERSITY-ATYANT CAPITAL MANAGEMENT LIMITED.	20,13,988	1.10	10/08/2018	3,00,000	Purchase	23,13,988	1.27
				24/08/2018	1,92,000	Purchase	25,05,988	1.37
				07/09/2018	2,31,990	Purchase	27,37,978	1.50
				14/09/2018	10	Purchase	27,37,988	1.50
		27,37,988	1.50					

Sl. No.	Name	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01.04.2018 to 31.03.2019)	
		No. of shares at the beginning (01.04.2018) / end of the year (31.03.2019)	% of total shares of the Company				No. of Shares	% of total shares of the Company
7.	UTI-MIDCAP FUND	0	Nil	30/11/2018	3,19,109	Purchase	3,19,109	0.17
				07/12/2018	3,41,033	Purchase	6,60,142	0.36
				14/12/2018	3,87,715	Purchase	10,47,857	0.57
				21/12/2018	9,12,958	Purchase	19,60,815	1.07
				04/01/2019	4,43,354	Purchase	24,04,169	1.32
				11/01/2019	2,00,089	Purchase	26,04,258	1.43
		26,04,258	1.43					
8.	MATTHEWS EMERGING ASIA FUND	35,94,497	1.97	07/12/2018	-6,55,976	Transfer	29,38,521	1.61
				14/12/2018	-1,90,619	Transfer	27,47,902	1.50
				21/12/2018	-2,22,532	Transfer	25,25,370	1.38
		25,25,370	1.38					
9.	SUNDARAM ALTERNATIVE OPPORTUNITIES FUND – NANO CAP SERIES I	19,37,000	1.06	08/02/2019	-36,863	Transfer	19,00,137	1.04
				15/02/2019	-45,267	Transfer	18,54,870	1.02
		18,54,870	1.02					
10.	THE DUKE ENDOWNMENT	0	Nil	11/01/2019	18,04,880	Purchase	18,04,880	0.99
		18,04,880	0.99					
11.	SUNDARAM MUTUAL FUND –A/C SUNDARAN INFRASTRUCTURE ADVANTAGE FUND	20,83,034	1.14	06/04/2018	3,88,205	Purchase	24,71,239	1.35
				25/05/2018	-87,158	Transfer	23,84,081	1.31
				01/06/2018	-5,12,766	Transfer	18,71,315	1.02
				08/06/2018	-1,71,315	Transfer	17,00,000	0.93
				14/09/2018	-32,751	Transfer	16,67,249	0.91
				21/09/2018	-97,249	Transfer	15,70,000	0.86
		15,20,588	0.82	18/01/2019	-49,412	Transfer	15,20,588	0.82
12.	GHI LTP LTD.	49,84,726	2.73	11/01/2019	-49,84,726	Transfer	0	Nil
		0	Nil					
13.	GHI JBD LTD.	18,04,880	0.99	11/01/2019	-18,04,880	Transfer	0	Nil
		0	Nil					

(V) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Name	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01.04.2018 to 31.03.2019)	
		No. of shares at the beginning (01.04.2018)/ end of the year (31.03.2019)	% 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	21.39 21.19	01.04.2018 31.03.2019	Nil	No Change during the year	3,87,00,000	21.19
2	Mr. Sachin Raole CFO and Director – Finance & Accounts	Nil Nil	Nil Nil	01.04.2018 31.03.2019	Nil	No Change during the year	Nil	Nil
3	Mr. Berjis Desai Non- Executive, Independent Director	14,81,450 14,81,450	0.82 0.82	01.04.2018 31.03.2019	Nil 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	7.96 7.94	01.04.2018 31.03.2019	Nil	No Change during the year	1,44,00,000	7.94
5	Mr. Rajiv Maliwal Non- Executive, Independent Director	12,000 12,000	Nil Nil	01.04.2018 31.03.2019	Nil	No Change during the year	12,000	Nil

Sl. No.	Name	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01.04.2018 to 31.03.2019)	
		No. of shares at the beginning (01.04.2018)/ end of the year (31.03.2019)	% of total shares of the Company				No. of Shares	% of total shares of the Company
6	Mr. Sivaramakrishnan Iyer Non- Executive, Independent Director	1,80,000 1,80,000	0.09 0.09	01.04.2018 31.03.2019	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	01.04.2018 31.03.2019	Nil	No Change during the year	1,200	0.00
8	Mr. Shishir Joshipura	Nil Nil	Nil Nil	01.04.2018 31.03.2019	Nil	No Change during the year	Nil	Nil
9	Ms. Mrunalini Joshi	Nil Nil	Nil Nil	01.04.2018 31.03.2019	Nil	No Change during the year	Nil	Nil
10	Dr. Shridhar Shukla	Nil Nil	Nil Nil	01.04.2018 31.03.2019	Nil	No Change during the year	Nil	Nil
B	**Key Managerial personnel (KMP's)**							
1	Mr. Dattatraya Nimbolkar (Chief Internal Auditor & Company Secretary)	920	0.00	05.10.2018	45,000	Exercise of Options under ESOP 2011	45,920	0.03
		920	0.00	15.10.2018	45,000	Sale	920	Nil

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	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
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	0.409	Nil	0.409
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	0.409	Nil	0.409

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration		Name of MD/WTD/Manager			Total Amount
			Pramod Chaudhari Executive Chairman	Shishir Joshipura CEO & Managing Director	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	48.600	27.177	7.477	83.254
	(b)	Value of perquisites u/s 17(2)of the Income-Tax Act, 1961	3.027	1.403	0.234	4.664
	(c)	Profits in lieu of salary under section 17(3) of the Income-Tax Act, 1961.	0.000	0.000	0.000	0.000
2	Stock Option		0.000	0.000	0.000	0.000
3	Sweat Equity		0.000	0.000	0.000	0.000
4	Commission - as % of profit		0.000	0.000	0.000	0.000
5	Others, please specify Variable Pay		0.000	0.000	0.000	0.000
	Total (A)		**51.627**	**28.580**	**7.711**	**87.918**
			Ceiling as per the Act			**89.001**

B. Remuneration to Other Directors:

1. Independent Directors :

Sr No	Particulars of Remuneration	Berjis Desai	Mrunilani Joshi	Rajiv Maliwal	Sivaramakrishnan Iyer	Dr. Shridhar Shukla	Total
a	Fee for attending board / committee meetings	-	-	-	-	-	-
b	Commission	2.100	0.550	0.600	1.750	0.550	5.550
c	Others, please specify	-	-	-	-	-	-
	Total : (1)	**2.100**	**0.550**	**0.600**	**1.750**	**0.550**	**5.550**

2. Other Non- Executive Directors:

Sr No	Particulars of Remuneration	Parimal Chaudhari	Daljit Mirchandani	Total
a	Fee for attending board / committee meetings	-	-	-
b	Commission	1.650	-	1.650
c	Others, please specify	-	-	-
	Total (2)	**1.650**		**1.650**
	Total (1) +(2)			**7.200**
	Total Managerial Remuneration			**95.118**

*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

Sl. No.	Particulars of Remuneration	Key managerial personnel * Dattatraya Nimbolkar Chief Internal Auditor & Company Secretary
1	Gross Salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-Tax Act, 1961	6.753
	(b) Value of perquisites u/s 17(2) of the Income-Tax Act, 1961	0.130
	(c) Profits in lieu of salary under section 17(3) of the Income-Tax Act, 1961.	Nil
2	Stock Option	2.206
3	Sweat Equity	Nil
4	Commission	
	- as % of profit	Nil
	- others, specify…	Nil
	TOTAL	**9.089**

*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 2019

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

To,
The Members,
Praj Industries Limited,
"Praj 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 on 31st March, 2019, subject to our specific observations, 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 on 31st March, 2019 according to the provisions of:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

a. the Narcotic Drugs and Psychotropic Substances Act, 1985

b. the Atomic Energy Act, 1962

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

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

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

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

Subject to the following observations under this para and as also reported in detail in Secretarial compliance report pursuant to Regulation 24A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 201, during the period under review the Company has substantially complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

i. As per Regulation 29 of LODR giving prior intimation to stock exchange about declaration of dividend was not given. The Board of Directors declared special interim @ ₹ 0.50 paise per share to commemorate the silver jubilee of its IPO. The item of declaration of dividend was not proposed in the notice and agenda of the board meeting. The item was considered by the board in "in any other business". That resulted into deviation of not giving intimation, as required by Regulation 29 of LODR, to BSE and NSE, Stock exchanges. BSE and NSE vide letters dated 11 Feb 2019 asking the Company pay fine of ₹ 10,000/- to each Stock Exchange for deviation. The Company paid fine of ₹ 10,000/- each to BSE and NSE.

ii. The listed entity made delayed submission information regarding issue of the duplicate certificates to the stock exchange in two cases. As per Regulation 39(3) of LODR said regulation the listed entity was required to submit within two days of it getting information regarding loss of share certificates and issue of the duplicate certificates.

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, 2019

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

Our report of even date provided in Form MR-3 to Praj Industries Limited (the company) for the year ended on 31st March, 2019 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, 2019

ANNEXURE 7

Salient features of Financial Statements of Subsidiaries pursuant to Section 129 (3) read with 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
FINANCIAL PERIOD OF THE SUBSIDIARY ENDED ON	31-03-2019	31-03-2019	31-03-2019	31-03-2019	31-03-2019	31-03-2019	31-03-2019
% 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
SHARE CAPITAL	11.167	104.558	9.281	12.519	0.001	50.000	3.098
RESERVES AND SURPLUS	54.803	(96.693)	(4.922)	(2.738)	(0.973)	945.359	68.114
TOTAL ASSETS	103.597	7.986	7.811	52.773	14.499	1420.660	296.271
TOTAL LIABILITIES (EXCLUDING SHARE CAPITAL AND OTHER EQUITY)	37.627	0.121	3.452	42.992	15.471	425.302	225.059
INVESTMENTS	NIL	NIL	NIL	NIL	NIL	NIL	0.115
TURNOVER	194.753	-	36.823	179.067	-	1554.761	288.760
PROFIT /(LOSS)FOR THE CURRENT YEAR (BEFORE TAXES)	16.358	(2.455)	4.771	14.177	10.203	(0.449)	18.559
PROVISION FOR TAXATION (INCLUDING DEFERRED TAXES)	5.810	-	-	1.113	-	(4.321)	6.306
PROFIT /(LOSS)FOR THE CURRENT YEAR (AFTER TAXES)	10.548	(2.455)	4.771	13.064	10.203	3.872	12.253
OTHER COMPREHENSIVE INCOME	0.894	0.979	(0.074)	(0.765)	0.951	(0.086)	(0.053)
TOTAL COMPREHENSIVE INCOME	11.442	(1.476)	4.697	12.299	11.154	3.786	12.200
ORIGINAL CURRENCY	PESO	ZAR	US DOLLAR	THAI BAHT	NAMIBIAN DOLLAR	INR	INR
EXCHANGE RATE AS ON 31 ST MARCH,2019 IN INR-CLOSING RATE	1.3153	4.7818	69.1100	2.1816	4.7818	1.00	1.00
EXCHANGE RATE FROM 1 ST APRIL 18 TO 31 ST MARCH,2019 IN INR-AVERAGE RATE	1.3215	5.0983	69.8667	2.1622	5.0983	1.00	1.00

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 Companies (Partuculars of Employees) Amendment Rules, 2014

Employee Name	Designation	Gross Remuneration	Nature of Employment	Qualification	Total Experience/ Years	Date of Commencement	Age	Last Employment held
Pramod Chaudhari	Executive Chiarman	51,626,674	Contractual	B. Tech. (Mech)	46	08/11/1985	69	Rapicut Carbides Ltd
Shishir Joshipura	CEO and MD	28,580,145	Contractual	B.E. (Mech)	36	02/04/2018	57	SKF India Ltd
Mallikarjun Navalgund	President	14,093,940	Contractual	B. Tech. (Chemical)	37	17/08/1987	60	Dhake Dyes & Chemicals Pvt Ltd
Ghanashyam Deshpande	President	12,533,146	Contractual	M. E. (Chemical)	32	01/02/1990	55	Aker Solutions
Dr. Pramod Kumbhar	President	12,471,274	Regular	M. E. (Chemical) , Ph. D. in Chemical Engineering	27	05/07/2012	55	SI Group India Ltd.
Sanjay Sapru	Executive Vice President	12,134,067	Regular	B.E. (Mech)	24	20/11/2014	47	SAB Miller India Ltd
S. Suresh Kumar	Executive Vice President	11,293,283	Regular	B. Tech. (Mech)	32	13/05/2011	55	MARG Ltd
Dattatraya Nimbolkar	Chief Internal Auditor & Company Secretary	9,089,190	Contractual	B. Com (Hons), ACA, ACS, ACMA	37	29/11/2007	60	Crompton Greaves Ltd
Anant Patil	Executive Vice President	8,929,334	Regular	M. Tech (Chemical), AMIE (Chemical)	33	02/12/1989	54	Ghoradiya Chemicals Ltd
Atul Mulay	President	8,514,274	Contractual	DME. DMM	32	01/01/1985	55	N.A.

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 : 01.04.2018- 31.03.2019
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 - 1st and 2nd Generation ethanol and renewable bio-gas that can substitute fossil fuels and promotes Sustainable Decarbonization through Circular Bio-Economy
   b. Engineering Businesses - Critical Process Equipment & Skids, Special Projects, Processes & Systems , Brewery Plants , Water and Wastewater Plants
   c. R & D
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 with construction/ erection/ commissioning activities are in Malaysia ,Thailand, Mexico, Dominican Republic , Kenya and Philippines and Office activities are in Houston, US , Johannesburg SA Bangkok Thailand and Makati, The Philippines.
   b. Number of National Locations:

      Praj Industries Limited has business activity undertaken in 4 offices i.e. Corporate office in Pune , South Office in Bangalore and North Office in Noida , Praj HiPurity Systems Ltd office at Andheri , manufacturing activities in 3 Factories, R&D in 2 Research Centres , 87 project sites , total 96 national locations as on 31 March 2019 . Largest two of its manufacturing facilities located at following places;

      1. S. no. 748, Sanaswadi, Pune-412307, Maharashtra, India

      3 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.) : 365.296
2. Total Turnover (INR Mn.) : 9233
3. Total Profit After Taxes and OCI (INR Mn.) 629
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of Profit After Tax (%) : 2.35
5. List of activities in which expenditure in 4 above has been incurred:-

   (a) eradicating hunger, poverty.

   (b) promoting preventive health care.

   (c) promoting education

(d) promoting gender equality.

(e) ensuring environmental sustainability.

SECTION C: OTHER DETAILS

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

   Yes. The Company has subsidiaries as on 31st March, 2019

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's policies and codes of conduct, Vision, Mission and Values are applicable to all its subsidiaries who participate in its group –wide BR initiatives. Names of the 6 subsidiaries are given below with their locations.

   Praj HiPurity Systems Ltd., India ,
   Praj Engineering & Infra Ltd., India
   Praj Americas Inc., USA
   Praj Far East Co. Ltd., Thailand,
   Praj Industries (Africa) (Pty.) Ltd, South Africa,
   Praj Far East Philippines Ltd. Inc., Philippines

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.

   Business partners are monitored strictly. Self-certification regarding critical compliances, acceptance of Code of Conduct for suppliers, respecting Code of Conduct for Praj Employees - are the three basic mandates for business partners. There are more than 110 business partners who have successfully undertaken Praj Green Certification that involves HSE as well as compliances and high ethical norms. Based on these records , number of business partners participating in BR initiatives of the company will score in excess of 60 %.

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. Name : Mr. Sachin Raole
   2. DIN : 00431438
   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..

No.	Particulars	Details
1	DIN	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)

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
About business responsibility policy The Board approved policies and codes of conduct cover the NVGs besides all applicable national and international regulations as well as International Norms of Behaviour are captured in the policies articulated by Praj. In addition, they reflect the purpose and intent of the international standards such as ISO 26000, GRI – Global Reporting Initiative, TfS –Together for Sustainability and RSB – Roundtable on Sustainable Bio Materials. The certification by Internal Standards Organization for ISO 9001, ISO 14000 and OSHAS 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?	Y	Y	Y	Y	Y	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

Praj has established a system for improvement of significant aspects of Business Responsibility Principles. CEO and Director of the Board undertake broad planning of improvement of these significant aspects and release documented targets. Heads of all locations carry out detailed planning and initiate improvement. Quarterly reports are received from all its 80+ locations in India and abroad.

These are reviewed quarterly by the Head of the Divisions. CEO / Director of the Board undertake annual review and give feedback and encouragement.

CEO and Director of the Board take care of any budgetary or policy needs that are necessary for the improvement planned.

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

Large amount of data that is received through quarterly reports is analysed and is available in ready to use form for any internal audit, improvement planning or any external scrutiny / due diligence ,

The Company publishes Business 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 Board approved Policies and 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 Policies and Code of Conduct.

   There is a separate compliance certificate taken from SCM members. As on 31 March 2019, 100 % of the vendors [other than those recommended specifically by the Customer] have given the undertaking and acknowledged the receipt of Code of Conduct. The same process is applicable to business partners handled by individual plants / location and administrators at various offices and factories.

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 2018/19 related to Ethics, Transparency and Accountability.

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.

   The products are Ethanol Plants, Brewery Plants, Water and Waste water plants

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):

Sr No	Description of Impact*	Ethanol Plants		Brewery Plants	
		Unit	Details for FY 2018/19	Unit	Details for FY 2018/19
1	Energy consumption – steam	kgs / litre of product	up to 3.4	Kgs / Hectolitres of product	24.4
2	Energy consumption – electricity	kwh / litre of product	Up to 0.40	kwh / Hectolitres of product	8.6
3	Water consumption	Litres / litre of product	Up to 5.5	Litres / litre of product	1.9
4	Liquid effluent	Litres / litre of product	Nil	Litres / litre of product	3.4

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) Acceptance of Praj Vendor Code of Conduct iv) Green Purchase Initiative and v) basic accreditations by vendors. In view of these measures rigorously implemented by the Company, we may state that more than 60 % 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. However, where ever feasible, economic consideration of low transportation cost ensures procurement of goods and services from local & small producers

   (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.

Praj manufactures plants and machinery for bio-energy , chemical, water treatment , beer making industries. As bulk of the manufacturing activity uses various metals as raw material, percentage of non-recyclable material is virtually nil. While most of the material is converted in to functional shapes , the basic properties of the raw material do not change. In the process, the scrap generation is under 6% which is sold to recycling vendors. The percentage of recycling of scrap is 100.

As the product is passed on to customers and is used , at the end of its life cycle , the metal characteristics do not change and the entire product can be disintegrated and reused or converted in to metallic scrap and sold to recyclers. Here again 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: 885
2. Total number of employees on temporary/contractual/casual basis: 620 including engagement at project sites , overseas offices covering all the locations in India and Abroad,
3. Number of permanent women employees: 72
4. Number of permanent employees with disabilities : 6
5. Do you have an employee association that is recognized by management. : There is no employee association that is recognized by management
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. No discriminatory employment was reported and no complaints were received for sexual harassment.
8. Following is the Percentage of under mentioned employees who were given safety & skill up- gradation training in the last year
   - (a) Permanent Employees Safety : 100 % & Skills: 85 %
   - (b) Permanent Women Employees Safety: 100 % & Skill: 90 %
   - (c) Casual/Temporary/Contractual Employees: Safety: 90% & Skill: 85%
   - (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 stake holders
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 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.

   Individuals working on project sites in India and abroad join in the Customer run CSR programs. At a time , on green field sites, they undertake programs such as cleaning , hygiene promotion , school renovation activities on their own.

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 Company 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. 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. https://www.praj.net/business-lines/bio-energy/

a) Large part of company's business is related to Ethanol which is used as additive to petrol thus reducing the CO2 emissions. Bio-Gas built by us convert bio waste in to clean fuel that replaces fossil based fuels. Praj has supplied plants globally which are instrumental in reducing CO2 emissions.

Company monitors its own carbon print for manufacture of plant and equipment , supply chain , its administration offices and construction work . During FY 2018-19 it has been less than 20000 MT. Ethanol making capacity generated during the period has potential to save CO2 , 100 times more .

b) Innovative Second Generation technology that is under commercialization uses agro waste such as sugarcane bagasse, wheat and rice stocks, corn cobs etc where were hitherto burned will be used to manufacture fuels such as ethanol for petrol replacement.

c) 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?

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

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

No.

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

The company constantly 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". Company measures and monitors its own and its subsidiaries' carbon print and the result show a continual reduction/ kg of product manufactured.

A summary of FY 2018-19 carbon print generation is given below for ready reference.

- carbon print from factories and R & D = 5500 MT
- carbon print from business travel = 4500 MT
- carbon print from Supply chain = 6500 MT
- carbon print from office operations and project sites [estimated] = 3500 MT
- Total carbon print for the organization = 20000 MT

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) Renewable Natural Gas

    (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 Zone 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.

   ₹ 14.661 Mn. Refer page No. 22 of Annual Report 2018-19

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. The interventions are implemented through reputed NGOs and monitored by team of internal experts. 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 by the NGOs as well as our expert team.

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 applicable . 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 and machinery [for ethanol plants, beer plants, chemical plants and 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 31of 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 Audit of the Standalone Indian Accounting Standards (Ind AS) Financial Statements

Opinion

We have audited the standalone Ind AS financial statements of Praj Industries Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2019, and the statement of Profit and Loss (including Other Comprehensive Income), statement of changes in Equity and statement of Cash Flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Standalone Ind AS Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the standalone state of affairs of the Company as at 31 March 2019, and its standalone profit (including Other Comprehensive Income), standalone Changes in Equity and its standalone Cash Flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditors' Responsibilities for the Audit of the Standalone Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone Ind AS financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1) **Recognition of Revenue from Contracts with Customers**

Description of Key Audit Matters

Revenue from Projects is recognized as per Ind-AS 115 on satisfaction of performance obligation overtime, where progress towards complete satisfaction of performance obligation is measured under Input Method. For the year ended 31st March 2019 project revenue recognized amounted to ₹ 8563.433 Mn, opening and closing Contracts in Progress amounted to ₹ 225.879 Mn and ₹ 833.304 Mn respectively.

Measuring of satisfaction of performance obligation under Input Method involves estimation of budget costs in respect of projects contracted and capturing of actual costs incurred against such projects. As the revenue is recognized in proportion of project costs incurred to the total budgeted cost, inaccurate capturing of costs incurred as well as inaccurate budget estimates would result in incorrect recognition of revenue.

Description of Auditors' Response

We have performed the following processes in relation to the accuracy of revenue recognized and accrued:

a) Understood, evaluated and tested key controls over the 'Statement of Revenue Recognition', which is a statement prepared in which data related to Contract price, Budgeted costs, Progressive billings raised and Percentage completion of contract is captured and on the basis of which proportionate revenue is recognized under Input Method.

b) Tested on sample basis the process of estimation of budget costs of the projects which are considered in 'Statement of Revenue Recognition'.

c) Checked on sample basis contract values considered in 'Statement of Revenue Recognition' from the approved contracts with the Customers.

d) Tested on sample basis the process of capturing of costs in 'Statement of Revenue Recognition' with respect to the projects in process.

e) Verified revenue to be recognized for the year under audit from 'statement of Revenue Recognition'

Our Audit process did not identify any material incorrect Recognition of Revenue.

2) Trade Receivables

Description of Key Audit Matters

Trade Receivables, net of impairment allowance, amount to ₹ 2277.644 Mn as on 31st March 2019, which constitutes about 20% of the total Assets of the Company. Impairment provision carried in the books as on 31st March 2019 is ₹ 769.814 Mn.

Management's judgment is involved in identifying impairment in the value of the receivable as well as in formulating a policy for creating provisioning against impairment which has an adverse effect on the profits of the Company.

Description of Auditors' Response

We have performed the following processes in relation to Management's Judgment in identification of impairment of value of Receivables and adequacy of impairment provision:

a) We have referred to the defined policy in place stipulating the methodology of making impairment provision in respect of overdue Receivable amounts. We have also reviewed age-wise analysis in respect of Receivables and ensured that the provisioning is made according to such policy. The above referred provisioning policy stipulates different provisioning norms for Receivables with confirmations and without confirmations.

b) We have sought information and explanations from the Project Heads regarding the status of receivables for the purpose of ensuring adequate impairment provisions.

c) We have also tested subsequent collections made from the overdue receivables.

Our Audit process did not identify any material inadequate provisioning for impairment in the value of Receivables.

3) Investment in Subsidiaries

Description of Key Audit Matters

In terms of option of Deemed Cost as per Ind-AS 101 'First Time Adoption of Indian Accounting Standards' the Company has valued its investments in Subsidiaries amounting to ₹ 1673.234 Mn as on 31st March, 2019 at cost.

As per Ind-AS 36 'Impairment of Assets', Management has to assess at the end of each reporting period whether there is any indication that an Asset may be impaired and if such indication exists, the Management has to estimate the recoverable amount and compare the same with the carrying amount of the investment in order to identify an impairment loss. Impairment loss, if any, has to be recognized immediately in the Statement of Profit and Loss.

Description of Auditors' Response

We have performed the following processes in relation to Management's Judgment in identification of impairment of value of Investment in Subsidiaries, if any:

a) We have obtained representation from the Management regarding indication of likely impairment loss in respect of Investments made in Subsidiaries and process of estimation of recoverable amount.

b) In case of a Subsidiary having material value under Investment, in respect of which no observable inputs were available, we have referred to the valuation obtained by the Management regarding its Value in Use and tested and discussed the assumptions used in the process of valuation with the management to ensure that no impairment provision against the same is required.

Our Audit process did not identify any requirement of provisioning for impairment in the value of Investment in Subsidiaries.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the standalone Ind AS financial statements and our auditors' report thereon, which we obtained prior to the date of this auditors' report

Our opinion on the standalone Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the standalone financial position, standalone financial performance, standalone Changes in Equity and standalone Cash Flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Standalone Ind AS Financial Statements

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

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the standalone Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure A; a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

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

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

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

   d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   e) On the basis of the written representations received from the Directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a Director in terms of Section 164 (2) of the Act.

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

   g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 28 to the financial statements;

      (ii) The Company did not have any long-term contracts including derivative contracts as at 31st March, 2019 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 Company.

      (iv) The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended 31st March, 2019

For **M/s P G Bhagwat**
Firm Registration Number:101118W
Chartered Accountants

Sandeep Rao
Partner
Membership Number 047235

Pune
May 16, 2019

Annexure A to Independent Auditors' Report

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

(b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and as informed to us, no material discrepancies have been noticed on such verification.

(c) The title deeds of immovable properties, as disclosed in Note 3 on fixed assets to the financial statements, are held in the name of the Company.

ii. Physical verification of inventory has been conducted at reasonable intervals by the management during the current year. In our opinion, the interval of such verification is reasonable. Discrepancies noticed on physical verification of inventory 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 Act. Therefore, the provisions of Clause 3(iii), (iii) (a), (iii) (b) and (iii) (c) of the said Order are not applicable to the Company.

iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of the loans and investments made, and guarantees and security provided by it, wherever applicable.

v. The Company has not accepted any deposits from public within the meaning of Sections 73, 74, 75 and 76 or any other relevant provisions of the Act and the Rules framed there under to the extent notified. According to the information and explanations given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.

vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products.We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, Goods and Service Tax, cess and other material statutory dues, as applicable, 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, 2019, for a period more than six months from the date they became payable.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, service-tax, duty of customs, duty of excise, value added tax, Goods and Service Tax which have not been deposited on account of any dispute. The particulars of dues of sales tax as at balance sheet date which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹) Mn	Period to which the amount relates	Forum where the dispute is pending
Sales tax laws	Demand as per Sales Tax Assessment	20.17	F.Y. 2010-11	Joint Commissioner (Appeals)
Sales tax laws	Demand as per Sales Tax Assessment	166.62	F.Y. 2006-07, 2007-08, 2008-09, 2009-10 and 2011-12	Maharashtra Sales Tax Tribunal, Mumbai

viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government. The company does not have any debentures holders.

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

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us , we have neither come across any instance of fraud by the Company or on the Company by its officers or employees nor have we been informed of such case by the Management except for one case in which there was unauthorized transfer of secret information relating to the business of the company by one of the employees of the company to the outsiders, for which necessary FIR has been lodged by the company.

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

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

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

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

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

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

For **M/s P G Bhagwat**
Firm Registration Number:101118W
Chartered Accountants

Sandeep Rao
Partner
Membership Number 047235

Pune
May 16, 2019

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 statements of Praj Industries Limited ("the Company") as of 31st March, 2019 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial statements 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 were 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 statements and their operating effectiveness. Our audit of internal financial controls over financial statements 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 auditors' 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 statements and such internal financial controls over financial statements were operating effectively as of 31st March 2019, 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**
Firm Registration Number:101118W
Chartered Accountants

Sandeep Rao
Partner
Membership Number 047235

Pune
May 16, 2019

Balance Sheet as at 31st March 2019

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

Particulars	Note no.	31 March 2019	31 March 2018
ASSETS			
Non-current assets			
Property, plant and equipment	3	**1949.549**	2013.908
Capital work-in-progress	3	**22.254**	41.699
Investment property	3	**136.928**	136.928
Intangible assets	3	**8.080**	9.683
Financial assets			
Investments	4	**2121.284**	1773.194
Loans	5	**40.520**	42.226
Others	6	**200.020**	0.020
Deferred tax assets (net)	26	**53.842**	0.236
Other assets	7	**36.420**	38.965
		4568.897	4056.859
Current assets			
Inventories	8	**1041.889**	471.712
Financial assets			
Investments	4	**1624.000**	1888.740
Trade receivables	9	**2277.644**	1852.302
Cash and cash equivalents	10	**336.175**	676.879
Other bank balances	11	**211.527**	10.359
Loans	5	**1.579**	0.706
Others	6	**66.840**	19.788
Current tax asset (net)		**37.460**	23.655
Other assets	7	**1500.642**	1503.710
		7097.756	**6447.851**
TOTAL ASSETS		**11666.653**	**10504.710**
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	12	**365.296**	361.865
Other equity	13	**6996.350**	6870.807
Total equity		**7361.646**	**7232.672**
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Borrowings	14	**-**	0.410
Provisions	15	**150.256**	152.179
		150.256	152.589
Current liabilities			
Financial liabilities			
Trade payables	16	**1890.181**	1340.686
Other financial liabilities	17	**143.506**	95.707
Other current liabilities	18	**2007.302**	1606.779
Provisions	15	**113.762**	76.277
		4154.751	**3119.449**
TOTAL LIABILITIES		**4305.007**	**3272.038**
TOTAL EQUITY AND LIABILITIES		**11666.653**	**10504.710**
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)

Place: Pune
Date: 16 May 2019

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

Statement of profit and loss for the year ended 31st March 2019

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

Particulars	Note no.	31 March 2019	31 March 2018
INCOME			
Revenue from operations	19	**9232.739**	7019.683
Other income	20	**283.771**	263.180
Total Income		**9516.510**	**7282.863**
EXPENSES			
Cost of materials consumed	21	**5058.812**	3652.180
Changes in inventories of finished goods and work-in-progress	22	**(26.560)**	10.453
Employee benefits expense	23	**1323.984**	1212.808
Finance costs	24	**6.833**	8.576
Depreciation and amortisation expense	3	**199.906**	212.627
Excise duty expense		**-**	50.026
Other expenses	25	**2144.297**	1737.711
Total expenses		**8707.272**	**6884.381**
Profit before tax		**809.238**	**398.482**
Tax expenses	26		
Current tax		**158.500**	106.228
Deferred tax		**26.680**	(23.833)
Adjustments of tax relating to earlier periods		**-**	1.289
Total tax expenses		**185.180**	**83.684**
Profit for the year		**624.058**	**314.798**
Other comprehensive income			
Items that will not be reclassified to profit and loss:			
Re-measurement of defined benefit plans		**6.832**	10.644
Income tax effect		**(2.388)**	(3.684)
		4.444	6.960
Total comprehensive income for the year		**628.502**	**321.758**
Earnings per equity share (Nominal value per share INR 2 each)	27		
Basic		**3.43**	1.75
Diluted		**3.42**	1.74
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

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

Place: Pune
Date: 16 May 2019

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

Cash Flow Statement for the year ended 31st March 2019

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

		31 March 2019	31 March 2018
A.	Cash flow from operating activities		
	Net profit before tax	**809.238**	398.482
	Adjustments for:		
	Loss / (profit) on sale of property, plant and equipment	**0.698**	0.466
	Gain on redemption of mutual fund investments	**(105.306)**	(73.739)
	Bad debts / provision for doubtful debts and advances	**168.041**	109.559
	Excess provision / creditors written back (including advances)	**(5.076)**	(2.427)
	Unrealised foreign exchange (gain) / loss (net)	**(38.425)**	(22.161)
	Depreciation and amortisation	**199.906**	212.627
	Interest earned	**(64.522)**	(25.162)
	Unrealised gain on mutual fund investments	**(20.477)**	34.288
	Dividend from mutual fund investments	**(0.061)**	(30.443)
	Interest expense	**0.014**	1.577
	Equity-settled share-based payment transactions	**29.986**	27.318
	Operating profit before working capital changes	**974.016**	630.385
	Equity-settled share-based payment transactions	**29.986**	27.318
	Operating profit before working capital changes	**1084.487**	**809.694**
	Changes in working capital		
	Decrease/ (increase) in trade receivables	**(611.688)**	243.344
	(Increase)/decrease in inventories (including contracts in progress)	**(822.828)**	580.547
	(Increase)/decrease in non-current loans	**1.706**	(4.530)
	(Increase)/decrease in other non-current financial assets	**(200.000)**	100.000
	Decrease/(increase) in other non-current assets	**3.138**	3.252
	Decrease/(increase) in current loans	**(0.873)**	(0.527)
	(Increase)/decrease in current financial assets-others	**(0.434)**	9.178
	Decrease/(increase) in other current assets	**(182.034)**	15.402
	(Decrease)/increase in trade payables	**564.919**	(261.073)
	(Decrease) in other current financial liabilities	**46.575**	41.021
	(Decrease)/increase in other current liabilities	**400.523**	(196.687)
	Increase in long term provisions	**4.909**	11.999
	Increase in short term provisions	**37.483**	(95.531)
	Cash generated from operations	**215.412**	**1076.780**
	Direct taxes paid (including taxes deducted at source), net of refunds	**(172.305)**	(58.087)
	NET CASH FROM OPERATING ACTIVITIES	**43.107**	**1018.693**
B.	**Cash flow from investing activities**		
	Purchase of property, plant and equipment and intangible assets	**(118.681)**	(143.748)
	Investments:		
	- in subsidiaries	**-**	(3.672)
	- in mutual funds	**(1395.300)**	(1556.595)
	- in debentures & bonds	**(348.100)**	(99.960)
	Sale of investments		
	- in mutual funds	**1885.833**	1150.592
	Proceeds from sale of property, plant and equipment	**2.891**	0.300
	Interest received on investments	**37.298**	22.230
	Dividend received on investments	**0.061**	30.443
	Investment /(redemption) in fixed deposits	**(100.000)**	(65.000)
	NET CASH FROM / (USED) IN INVESTING ACTIVITIES	**(35.998)**	**(665.410)**

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

		31 March 2019	31 March 2018
C.	**Cash flow from financing activities**		
	Proceeds from exercise of employee stock options	**88.905**	85.305
	Dividend paid including dividend distribution tax	**(463.283)**	(349.001)
	(Decrease)/Increase in short term borrowings and bank overdraft	**(0.410)**	(0.410)
	Interest paid	**(0.014)**	(1.577)
	NET CASH FROM / (USED) IN FINANCING ACTIVITIES	**(374.802)**	**(265.683)**
	Net increase/(decrease) in cash and cash equivalents (A+B+C)	**(367.693)**	**87.600**
	Cash and cash equivalents at the beginning of the year (Refer Note 10)	**676.879**	**568.914**
	Add: effect of exchange rate changes on cash and cash equivalents	**26.989**	**20.365**
	Cash and cash equivalents at the end of the year (Refer Note 10)	**336.175**	**676.879**

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 2019

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

Statement of changes in equity for the year ended 31st March 2019

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

A. Equity share capital

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
Balance as on 1 April 2018	**Changes in equity share capital during the year**	**Balance as on 31 March 2019**
361.865	3.431	365.296

B. Other equity

Particulars	Reserves and Surplus								
	Capital Reserve	Securities Premium Reserve	Other Reserves			Special Economic Zone Re-investment Reserve	General reserve	Retained earnings	Total
			Capital redemption reserve	Amalgamation reserve	Share option outstanding account				
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**	**6789.936**
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**
Balance at the beginning of the reporting period as at 1 April 2018	**0.033**	**815.401**	**14.627**	**3.063**	**40.954**	**71.548**	**956.511**	**4968.670**	**6870.807**
Profit for the year								624.058	624.058
Other comprehensive income								4.444	4.444
Dividends (including dividend distribution tax)								(464.507)	(464.507)
Employee stock options exercised during the year		121.764			(36.290)			-	85.474
Equity settled share based payment to employees					29.986			-	29.986
Employee stock options expired and transferred to/from statement of profit and loss					(9.058)			9.058	-
Adjustments to Opening Retained Earnings - Ind AS 115								(153.912)	(153.912)
Transfer to Special Economic Zone Re-investment Reserve						61.400		(61.400)	-
Balance as on 31 March 2019	**0.033**	**937.165**	**14.627**	**3.063**	**25.592**	**132.948**	**956.511**	**4926.411**	**6996.350**

Notes to the financial statements for the year ended 31st March 2019

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 2019.

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.

  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 when performance obligation is satisfied by transferring promised goods or services and 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 over time, when the outcome of the contract can be estimated reliably by reference to the percentage of completion of the contract on the reporting date under input method. 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.

Notes to the financial statements for the year ended 31st March 2019

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 benefit**

  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 2019

- **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 2019

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

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

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

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

• Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

• Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

• Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

2.23 Financial instruments

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

Financial assets

Classification

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

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

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

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

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

Measurement

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

Debt instruments

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

Debt instruments at amortised cost

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

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

- The contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

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

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

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

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

Equity investments

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

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

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

Derecognition

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

Impairment of financial assets

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

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

Non-derivative financial liabilities

Recognition

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

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

Measurement

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

Notes to the financial statements for the year ended 31st March 2019

Derecognition

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

Financial guarantee contracts

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

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

Offsetting of financial instruments

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

2.24 Cash dividend to equity holders

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

2.25 Government grant

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

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

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

2.26 Standards issued but not effective

1. Ind AS 116 - Leases

Ind AS 116 was notified by the Ministry of Corporate Affairs on 30 March 2019 and it is applicable for annual reporting periods beginning on or after 1 April 2019.

Ind AS 116 will affect primarily the accounting by leases and will result in the recognition of almost all leases on the balance sheet. The standard removes the current distinction between operating and finance leases and requires recognition of an asset (the right-of-use of the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases.

The statement of profit and loss will also be affected because the total expense is typically higher in the earlier years of a lease and lower in the later years. Additionally, operating expense will be replaced with interest and depreciation, so key metrics like EBITDA will change.

Operating cash flows will be higher as repayments of the lease liability and related interest are classified within financing activities.

The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease. Under Ind AS 116, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company is evaluating the requirements of Ind AS 116 and its impact on financial statements.

2. Appendix C, Uncertainty over Income Tax Treatments, to Ind AS 12, 'Income Taxes'

The appendix explains how to recognize and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses:

- How to determine the appropriate unit of account, and that each uncertain tax treatment should be considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty;
- That the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, i.e. that detection risk should be ignored;
- That the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment;
- That the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty; and
- That the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements.

The application of this guidance is not expected to have an impact on the separate financial statements.

3. Prepayment Features with Negative Compensation – Amendments to Ind AS 109, 'Financial Instruments'

The narrow-scope amendments made to Ind AS 109 enable entities to measure certain prepayable financial assets with negative compensation at amortized cost. These assets, which include some loan and debt securities, would otherwise have to be measured at fair value through profit or loss. To qualify for amortized cost measurement, the negative compensation must be 'reasonable compensation for early termination of the contract' and the asset must be held within a 'held to collect' business model.

These amendments are not expected to have any impact on the separate financial statements.

4. Plan Amendment, Curtailment or Settlement – Amendments to Ind AS 19, 'Employee Benefits'

The amendments to Ind AS 19 clarify the accounting for defined benefit plan amendments, curtailments and settlements. They confirm that entities must:

- Calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change;
- Any reduction in a surplus should be recognized immediately in profit or loss either as part of past service cost, or as a gain or loss on settlement. In other words, a reduction in a surplus must be recognized in profit or loss even if that surplus was not previously recognized because of the impact of the asset ceiling; and
- Separately recognize any changes in the asset ceiling through other comprehensive income.

These amendments will apply to any future plan amendments, curtailments or settlements of the Company on or after 1 April 2019.

5. Ind AS 12, 'Income Taxes'

The amendments clarify that the income tax consequences of dividends on financial instruments classified as equity should be recognized according to where the past transactions or events that generated distributable profits were recognized. These requirements apply to all income tax consequences of dividends. Previously, it was unclear whether the income tax consequences of dividends should be recognized in profit or loss, or in equity, and the scope of the existing guidance was ambiguous.

These amendments are not expected to have any material impact on the separate financial statements.

6. Ind AS 23, 'Borrowing Costs'

The amendments clarify that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

As the Company does not have any borrowings, there is no impact on account of this amendment.

Notes to the financial statements for the year ended 31st March 2019

(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 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
Additions during the year	-	-	54.139	41.549	13.906	21.834	2.022	133.450	2.703	1.380	4.083	-	137.533
Deletions during the year	-	-	-	-	-	11.261	-	11.261	-	-	-	-	11.261
As at 31 March 2019	**11.000**	**363.850**	**1275.269**	**1444.024**	**273.500**	**54.209**	**225.888**	**3647.740**	**93.753**	**93.402**	**187.155**	**136.928**	**3971.823**
Accumulated depreciation and amortisation													
As at 1 April 2018	0.637	-	246.211	845.777	234.587	21.633	162.798	1511.643	88.303	85.086	173.389	-	1685.032
Charge for the year	0.122	-	34.220	120.746	17.475	5.941	15.716	194.220	2.921	2.765	5.686	-	199.906
Depreciation on deletions	-	-	-	-	-	7.672	-	7.672	-	-	-	-	7.672
As at 31 March 2019	**0.759**	**-**	**280.431**	**966.523**	**252.062**	**19.902**	**178.514**	**1698.191**	**91.224**	**87.851**	**179.075**	**-**	**1877.266**
Net carrying value													
As at 31 March 2019	10.241	363.850	994.838	477.501	21.438	34.307	47.374	1949.549	2.529	5.551	8.080	136.928	2094.557
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

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.

(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	
	31 March 2019	31 March 2018
Balance at start of the year	**41.699**	314.564
Add: Additions during the year	**20.855**	12.455
Less: Capitalised during the year	**40.300**	285.320
Balance at the end of the year	**22.254**	41.699

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

a. Building INR 0.847 (31 March 2018 INR 39.901)

b. Machinery INR 21.407 (31 March 2018 INR 1.798)

Investment property: Reconciliation of Fair Value

Particulars	Land
Fair value as at 31 March 2018	**350.168**
Fair value difference	**18.968**
Fair value as at 31 March 2019	**369.136**

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 2019

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

		31 March 2019	31 March 2018
4	**Investments**		
	Non-current investments		
	(i) Trade investments		
	Unquoted equity investments		
	Investments in subsidiaries (valued at cost)		
	Praj Engineering & Infra Limited	**5.359**	5.359
	308,750 (31 March 2018 : 308,750) equity shares of INR 10 each fully paid		
	Praj Far East Co., Limited	**6.125**	6.125
	19,598 (31 March 2018 : 19,598) equity shares of Thai Baht 100 each fully paid and 78,400 (31 March 2018 : Nil) equity shares of Thai Baht 100 each partly paid		
	Praj Americas Inc.	**9.281**	9.281
	40,000 (31 March 2018 : 40,000) equity shares of US Dollar 5 each fully paid		
	Praj HiPurity Systems Limited	**1536.743**	1536.743
	5,000,000 (31 March 2018: 5,000,000) equity shares of INR 10 each fully paid		
	Praj Industries (Africa) Pty Limited	**104.558**	104.558
	125 equity shares at no par value (31 March 2018 : 125)		
	Praj Far East Philippines Ltd Inc.	**11.167**	11.167
	8,313,281 equity shares of 1PHP each (31 March 2018 : 8,313,281)		
	Praj Industries Namibia	**0.001**	0.001
	100 equity shares of 1 Namibian Dollar each (31 March 2018 : 100)		
	Total	**1673.234**	1673.234
	(ii) Investments at amortised cost		
	Quoted investments in non-convertible debentures / bonds:		
	300 Bonds issued by HDFC Bank Limited Unsecured Non-Convertible Perpetual Bonds	**300.210**	99.960
	Series 1/2017-18, Coupon 8.85% (31 March 2018 : 100)		
	100 Bonds issued by SBI Unsecured Non-Convertible Perpetual Bonds	**97.850**	-
	Series IV, Coupon 8.15% (31 March 2018 : Nil)		
	Total	**398.060**	99.960
	(iii) Investments at fair value through profit and loss (FVTPL)		
	Quoted investments in non-convertible debentures / bonds:		
	500 Non-convertible Debentures issued by Citicorp Finance (India) Limited	**49.990**	-
	Series-2019/02/726 (31 March 2018 : Nil)		
	Total	**49.990**	-
	Total non-current	**2121.284**	1773.194
	Current investments		
	(i) Investments at fair value through profit and loss (FVTPL)		
	Quoted mutual funds		
	ABSL SAVINGS FUND - GROWTH - REGULAR PLAN - 289,924 Units (31 March 2018 : 146,324 Units)	**107.022**	50.029
	ADITYA BIRLA SUN LIFE FMP SR-SI 1141 DAYS - 3,000,000 Units (31 March 2018 : Nil Units)	**30.385**	-
	ADITYA BIRLA SUN LIFE FMP SR-SI 1120 DAYS - 5,000,000 Units (31 March 2018 : Nil Units)	**50.156**	-
	DSP FMP S 220 - 40 M - DIRECT GW - 5,000,000 Units (31 March 2018 : 5,000,000 Units)	**54.386**	50.586

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

	31 March 2019	31 March 2018
DSP BANKING AND PSU DEBT FUND - REG - GW - 3,344,369.754 Units (31 March 2018 : Nil Units)	**52.771**	-
FRANKLIN INDIA ULTRA SHORT BOND FUND GW-6,195,013.627 Units (31 March 2018 :4,161,724.619 Units)	**162.736**	100.102
HDFC CORPORATE BOND FUND - GW -2,630,249.979 Units (31 March 2018 : 2,630,249.979 Units)	**54.737**	50.792
HDFC FMP 1133 DAYS DIRECT GR SR-44 - 5,000,000 Units (31 March 2018 : Nil Units)	**50.686**	-
HSBC FTS 128 -GROWTH DIRECT PLAN - 1106 DAYS -5,000,000 Units (31 March 2018 : 5,000,000 Units)	**57.108**	53.163
ICICI FIXED MATURITY PLAN SRS 82 - 1185 DAYS - 5,000,000 Units (31March2018 : 5,000,000 Units)	**54.511**	50.656
ICICI FIXED MATURITY PLAN SRS 82 - 1135 DAYS - 5,000,000 Units (31 March 2018 : 5,000,000 Units)	**54.023**	50.175
ICICI PRUDENTIAL ULTRA SHORT TERM FUND-GRW - 2673868.285 Units (31 March 2018 : Nil Units)	**50.484**	-
INVESCO INDIA ACTIVE INCOME FUND-DIR PL-GW - 24862.734 Units (31 March 2018 : 24862.734 Units)	**54.434**	50.591
KOTAK MONEY MARKET SCHEME-GRW-REG PLAN - 16413.422 Units (31 March 2018 : Nil Units)	**50.502**	-
KOTAK FMP SERIES 267 DIRECT GW - 5,000,000 Units (31 March 2018 : Nil Units)	**50.000**	-
L&T SHORT TERM OPPORTUNITIES FUND-GW - 3064326.338 Units (31 Mar 2018 : 3064326.338 Units)	**54.697**	50.914
RELIANCE FIXED HORIZON FUND-XXXI-SR9 - 5,000,000 Units (31 March 2018 : 5,000,000 Units)	**60.499**	56.178
RELIANCE FIXED HORIZON FUND-XXXV-SR14 - 5,000,000 Units (31 March 2018 : 5,000,000 Units)	**54.612**	50.787
RELAINCE FIXED HORIZON-XXXVII-SR04 - 5,000,000 Units (31 March 2018 : Nil Units)	**54.700**	-
SBI DEBT FUND SERIES - C - 8(1175 DAYS)-DG - 5,001,814.194 Units (31 March 2018 : 5,001,814.194 Units)	**54.470**	50.764
SBI ARBITRAGE OPPORTUNITIES FUND-REG GW -2,125,281.068 Units (31 March 2018 : Nil Units)	**51.012**	-
SBI MAGNUM ULTRA SHORT BOND FUND - REG GW - 12,750.972 Units (31 March 2018 : Nil Units)	**52.852**	-
TATA FIXED MATURITY PLAN SRS 53 SCHEME A - 5,000,000 Units (31 March 2018 : 5,000,000 Units)	**53.979**	50.251
UTI - FIXED TERM INCOME FUND SRS XXIX (1112 DAYS) - 5,000,000 Units (31 March 2018 : Nil Units)	**53.238**	-
ABSL TREASURY OPTIMIZER PLAN - QTRLY DIV - REG PLN - Nil Units (31 March 2018 : 670,123.699 Units)	**-**	69.280
ABSL TREASURY OPTIMIZER PLAN - GROWTH PLAN - Nil Units (31 March 2018 : 455,134.133 Units)	**-**	100.842
ABSL SAVINGS FUND - WKLY DIV - REG PLAN - Nil Units (31 March 2018 : 42,539.607 Units)	**-**	4.274
HSBC CASH FUND - DAILY DIVIDEND - Nil Units (31 March 2018 : 1,870.342 Units)	**-**	1.872
HSBC CASH FUND - GROWTH- Nil Units (31 March 2018 : 28,995.194 Units)	**-**	50.032
ICICI PRUDENTIAL DYNAMIC BOND FUND-REG P-MD - Nil Units (31 March 2018 : 9,83,352.972 Units)	**-**	10.852

Notes to the financial statements for the year ended 31st March 2019

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

	31 March 2019	31 March 2018
ICICI PRUDENTIAL SHORT TERM - REG PLAN - FORTNIGHT - Nil Units (31 March 2018 : 8,18,282.533 Units)	-	10.184
ICICI BANKING AND PSU DEBT FUND-WD - Nil Units (31 March 2018 : 4,16,651.884 Units)	-	4.295
ICICI SHORT TERM- GROWTH OPTION - Nil Units (31 March 2018 : 1,381,402.455 Units)	-	50.024
ICICI BANKING & PSU DEBT FUND-GROWTH OPTION - Nil Units (31March2018 : 2,503,968.791 Units)	-	50.024
KOTAK LOW DURATION FUND - NIL Units (31 March 2018 : 26,284.796 Units)	-	55.802
KOTAK TREASURY ADVANTAGE FUND - GW - Nil Units (31 March 2018 :1,800,030.961 Units)	-	50.029
RELIANCE MEDIUM TERM FUND -DIRECT GROWTH PLAN - Nil Units (31 March 2018 : 1,612,139 Units)	-	59.975
RELIANCE MONEY MANAGER FUND-GROWTH PLAN -Nil Units (31 March 2018 : 20,891.977 Units)	-	50.027
INVESCO INDIA ANNUAL INTERVAL FUND-PLAN B - Nil Units (31 March 2018 : 5,000,000 Units)	-	62.227
FRANKLIN INDIA LOW DURATION FUND - MONTHLY DIV - Nil Units (31 March 2018 : 25,86,972.971 Units)	-	27.279
FRANKLIN INDIA ULTRA SHORT BOND FUND-WKLY DIV - Nil Units (31 March 2018 : 27,00,300.797 Units)	-	27.325
FRANKLIN INDIA LOW DURATION FUND - GW - NIl Units (31 March 2018 : 5,006,107.451 Units)	-	100.000
TATA SHORT TERM BOND FUND PLAN A - FORTNIGHT - Nil Units (31 March 2018 : 663,647.917 Units)	-	10.046
TATA ULTRA SHORT TERM FUND REGULAR PLAN - GW- Nil Units (31 March 2018 : 18,993.545 Units)	-	50.028
TATA SHORT TERM BOND FUND REG PLAN - GW - Nil Units (31 March 2018 : 1,549,225.078 Units)	-	50.024
UTI - SHORT TERM INCOME FUND - INSTI OPTION - GW - Nil Units (31 March 2018 : 6,120,700 Units)	-	129.283
DHFL PRAMERICA ULTRA SHORT TERM FUND-GW - Nil Units (31 March 2018 : 2,372,490.498 Units)	-	50.028
Total	**1424.000**	1788.740
(ii) Investments at amortised cost		
Unquoted investments:		
Deposit with Bajaj Finance Limited	**200.000**	100.000
Total current	**1624.000**	1888.740
Total Investments	**3745.284**	3661.934
Aggregate book value of quoted investments	**1872.050**	1888.700
Aggregate market value of quoted investments	**1868.150**	1889.350
Aggregate book value of unquoted investments	**1873.234**	1773.234

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

		31 March 2019	31 March 2018
5	**Loans**		
	Non-current		
	Security deposits		
	Unsecured considered good	**40.520**	42.226
		40.520	42.226
	Current		
	Security deposits		
	Unsecured considered good	**1.579**	0.706
		1.579	0.706
	Total Loans	**42.099**	42.932

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.

		31 March 2019	31 March 2018
6	**Other financial assets**		
	Non-current		
	Deposits with banks with an original maturity of more than 12 months	**200.020**	0.020
		200.020	0.020
	Current		
	Advances to subsidiaries	**7.955**	7.521
	Foreign exchange forward contracts	**20.599**	1.205
	Interest accrued on fixed deposits and bonds	**38.286**	11.062
		66.840	19.788
	Total other financial assets	**266.860**	19.808
7	**Other assets**		
	Non-current		
	Capital advances	**8.437**	7.844
	Prepaid expenses	**16.949**	20.087
	Others	**11.034**	11.034
		36.420	38.965
	Current		
	Contracts in progress (Refer Note 29)	**1204.444**	1188.377
	Advances to suppliers	**142.159**	129.949
	Balances with Indirect tax authorities	**36.901**	73.958
	Prepaid expenses	**27.154**	31.147
	Amounts receivable in cash or kind	**89.984**	80.279
		1500.642	1503.710
	Total Other assets	**1537.062**	1542.675
8	**Inventories (valued at lower of cost and net realisable value)**		
	Raw materials	**897.447**	353.830
	Work in progress	**116.764**	88.666
	Finished goods	**27.678**	29.216
		1041.889	471.712

Notes to the financial statements for the year ended 31st March 2019

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

		31 March 2019	31 March 2018
9	**Trade Receivables**		
	Current		
	- **From related parties**		
	Unsecured, considered good	**36.437**	23.446
	- **From others**		
	Unsecured, considered good	**2241.207**	1828.856
	Unsecured, considered doubtful	**769.814**	626.780
		3047.458	2479.082
	Less: Impairment allowance (allowance for bad and doubtful debts)	**769.814**	626.780
		2277.644	1852.302
	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	**247.046**	254.180
	Deposits with original maturity of less than 3 months	**88.557**	421.967
	Cheques, drafts on hand	**-**	-
	Cash on hand	**0.572**	0.732
		336.175	676.879
11	**Other bank balances**		
	Unclaimed dividend account	11.527	10.359
	Deposits with maturity for more than 3 months but less than 12 months	**200.000**	-
		211.527	10.359

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

		31 March 2019		31 March 2018	
12	**Equity Share Capital**				
	Authorised shares				
	450,000,000 (31 March 2018: 450,000,000) equity shares of INR 2 each		**900.000**		900.000
	Issued, subscribed and fully paid-up shares				
	182,647,850 (31 March 2018: 180,932,415) equity shares of INR 2 each		**365.296**		361.865
	Total		**365.296**		361.865

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

	31 March 2019 No.	31 March 2019 Amount	31 March 2018 No.	31 March 2018 Amount
At the beginning of the period	**180,932,415**	**361.865**	179,444,188	358.888
Add: Allotted during the period pursuant to exercise of employees stock options (Refer note 34)	**1,715,435**	**3.431**	1,488,227	2.977
Outstanding at the end of the period	**182,647,850**	**365.296**	180,932,415	361.865

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 2018 and the same was approved by the shareholders at the Annual General Meeting held on 6 August 2018. The amount was recognised as distributions to equity shareholders during the year ended 31 March 2019.

The Board of Directors proposed a final dividend of INR 1.62 per equity share for the financial year ended 31 March 2019. 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 2020. 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 2019		31 March 2018	
Equity shares of INR 2 each fully paid	**No.**	**% of holding**	No.	% of holding
Pramod Chaudhari (Promoter)	**38,700,000**	**21.19%**	38,700,000	21.39%
Parimal Chaudhari (Promoter)	**14,400,000**	**7.88%**	14,400,000	7.96%
HDFC Trustee Company Limited - HDFC Equity Fund	**15,969,221**	**8.74%**	15,971,366	8.83%
Tata Capital Financial Services Limited	**13,256,223**	**7.26%**	13,422,400	7.42%
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 2019	31 March 2018
Number of bonus shares issued, shares issued for consideration other than cash and shares bought back	-	-

Notes to the financial statements for the year ended 31st March 2019

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

		31 March 2019	31 March 2018
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	**815.401**	710.312
	Add : Employee stock options exercised	**85.474**	82.328
	Add : Transfer from Share option outstanding account on exercise of options	**36.290**	22.761
	Balance at the end of the year	**937.165**	815.401
	Share option outstanding account		
	Balance as at the beginning of the year	**40.954**	38.115
	Add : Employee stock option expense	**29.986**	27.317
	Less: Employee stock options expired and transferred to surplus in statement of profit and loss	**9.058**	1.717
	Less : Transfer to Securities Premium on exercise of options	**36.290**	22.761
	Balance at the end of the year	**25.592**	40.954
	Special Economic Zone Re-investment Reserve		
	Balance as at the beginning of the year	**71.548**	-
	Add : Transfer from Surplus in the Statement of Profit and Loss	**61.400**	71.548
	Balance at the end of the year	**132.948**	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	**4968.670**	5067.275
	Profit as per statement of profit and loss	**624.058**	314.798
	Other comprehensive income	**4.444**	6.960
	Add: Employee stock options expired and transferred from share option outstanding account	**9.058**	1.717
	Less: Appropriations		
	Interim / Final equity dividend	**385.311**	291.242
	Tax on interim / final equity dividend	**79.196**	59.290
	Transfer to general reserve	**-**	-
	Adjustments to Opening Retained Earnings - Ind AS 115	**153.912**	-
	Transfer to Special Economic Zone Re-investment Reserve	**61.400**	71.548
	Net Surplus in Statement of profit and loss	**4926.411**	4968.670
	Total Other Equity	**6996.350**	6870.807

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

		31 March 2019	31 March 2018
14	**Borrowings**		
	Non-current		
	Unsecured loan		
	Government loan	**0.410**	0.820
	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
	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
	ii. Repayable within 2 to 3 years	**-**	-
	iii. Repayable after 3 years	**-**	-
15	**Provisions**		
	Non-current		
	Provision for employee benefits		
	Compensated absences	**60.364**	59.664
	Gratuity	**84.485**	92.515
	Performance incentive	**5.407**	-
		150.256	152.179
	Current		
	Provision for employee benefits		
	Compensated absences	**31.687**	28.303
	Gratuity	**10.000**	10.000
	Performance incentive	**72.075**	37.974
		113.762	76.277
	Total provisions	**264.018**	228.456
16	**Trade payables**		
	Current		
	-To related parties	**8.409**	8.128
	-To others		
	Total outstanding dues of micro enterprises and small enterprises (Refer note ii)	**179.101**	120.208
	Total outstanding dues of creditors other than micro enterprises and small enterprises (MSMED)	**1702.671**	1212.350
		1890.181	1340.686
	Notes:		
	i. Trade payables are non-interest bearing and are normally settled on 30-90 days terms		
	ii. Interest due/payable to parties registered under MSMED Act, 2006	**0.009**	-
17	**Other financial liabilities**		
	Current		
	Current maturities of long term borrowings	**0.410**	0.410
	Unclaimed dividends	**11.503**	10.279
	Financial guarantee contracts	**-**	2.619
	Employee benefits payable	**108.125**	47.865
	Other payables	**23.468**	34.534
		143.506	95.707

Notes to the financial statements for the year ended 31st March 2019

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

			31 March 2019	31 March 2018
18	**Other liabilities**			
	Current			
	Advances received from customers		**1604.070**	1292.221
	Dues to customers relating to contracts in progress (Refer Note 29)		**371.140**	287.295
	Statutory dues payable		**32.092**	27.263
			2007.302	1606.779
19	**Revenue from operations**			
	Sale of Products and Projects (including excise duty)		**7793.855**	6909.419
	Add: Closing Contracts in progress		**833.304**	901.082
	Less: Opening Contracts in progress		**225.879**	1378.657
		(a)	**8401.280**	6431.844
	Sale of services	**(b)**	**634.239**	435.086
	Other Operating Revenue			
	Scrap Sales		**158.857**	128.830
	Sale of Licenses		**38.363**	23.923
		(c)	**197.220**	152.753
	Total Revenue from operations (a+b+c)		**9232.739**	7019.683
20	**Other income**			
	Foreign Exchange fluctuation gain (net)		**64.619**	101.471
	Dividend from mutual fund investments-Current Investment		**0.061**	30.443
	Gain on redemption of investments (net)		**105.306**	73.739
	Investment In Mutual Fund-Fair Valuation Gain/(Loss)		**20.477**	(34.288)
	Interest			
	- on fixed deposits		**31.399**	18.075
	- others		**33.123**	7.087
	Income calculated using effective interest rate method		**4.845**	4.658
	(Loss) / profit on sale of property,plant and equipment (net)		**(0.698)**	(0.466)
	Excess provision / creditors written back (including advances)		**5.076**	2.427
	Other non-operating income		**19.563**	60.034
			283.771	263.180
21	**Cost of materials consumed**			
	Raw material consumed		**5058.812**	3652.180
			5058.812	3652.180
22	**(Increase) / Decrease in inventories of Finished Goods and Work in Progress**			
	Inventories at the end of the year			
	Work in progress		**116.764**	88.666
	Finished goods		**27.678**	29.216
			144.442	117.882
	Inventories at the beginning of the year			
	Work in progress		**88.666**	77.656
	Finished goods		**29.216**	50.679
			117.882	128.335
	(Increase) / Decrease in inventories		**(26.560)**	10.453

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

		31 March 2019	31 March 2018
23	**Employee Benefit Expenses**		
	Salaries, wages and bonus	**1167.705**	1078.606
	Contributions to provident and other funds (Refer note 33 a)	**52.734**	46.018
	Gratuity expense (Refer note 33 b)	**15.187**	15.298
	Employee stock option expense	**29.986**	27.318
	Staff welfare	**58.372**	45.568
		1323.984	1212.808
24	**Finance costs**		
	Interest expense	**0.014**	1.577
	Net interest on defined benefit plan	**6.819**	6.999
		6.833	8.576
25	**Other Expenses**		
	Consumption of Stores and spares	**113.679**	87.852
	Site expenses and labour charges	**570.996**	391.144
	Freight and transport	**257.407**	238.845
	Bad debts written off / Provision for doubtful debts and advances	**168.041**	109.559
	Sales commission	**137.772**	122.209
	Travel and conveyance	**181.135**	152.677
	Professional consultancy charges	**147.111**	165.034
	Insurance	**26.359**	31.182
	Rent (Refer note 32)	**53.760**	50.061
	Power and fuel	**52.862**	59.844
	Advertising and exhibition expenses	**24.703**	17.931
	Communication expenses	**14.731**	17.782
	Testing charges	**30.486**	23.134
	Repairs and maintenance:		
	Building	**6.516**	2.590
	Plant and Machinery	**24.754**	19.165
	Others	**19.340**	15.946
	Auditors' remuneration		
	for audit services	**3.600**	3.100
	for taxation services	**0.650**	0.600
	out of pocket expenses	**0.046**	0.060
	Directors' commission	**7.200**	4.500
	Rates and taxes	**1.617**	1.838
	Miscellaneous expenses	**301.532**	222.658
		2144.297	1737.711

Notes to the financial statements for the year ended 31st March 2019

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

		31 March 2019	31 March 2018
26	**Income tax**		
A	**Statement of profit and loss:**		
	Current income tax:		
	Current income tax charge	**158.500**	106.228
	Tax relating to earlier periods	**-**	1.289
	Deferred tax:		
	Relating to origination and reversal of temporary differences	**26.680**	(23.833)
	Income tax expense reported in the statement of profit and loss	**185.180**	83.684
B	**Statement of other comprehensive income:**		
	Deferred tax:		
	Remeasurements gains and losses on post employment benefits	**2.388**	3.684
	Income tax expense reported in the statement of other comprehensive income	**2.388**	3.684
C	**Reconciliation of effective tax rate**		
	Accounting profit before tax	**809.238**	398.482
	Tax using the Company's domestic tax rate 34.944% (31 March 2018: 34.608%)	**282.780**	137.907
	Adjustments in respect of current income tax of previous years	**-**	1.289
	Less: Tax effect of:		
	i Tax rate difference on book profit as per Minimum Alternate Tax	**(97.538)**	(64.801)
	ii Tax effect on exempt income dividend	**(0.021)**	(10.537)
	iii Tax effect of reversal of Deffered Tax on adjustment to Opening Reserve in respect of IND AS 115	**(82.674)**	-
	Add: Tax effect of		
	i Tax liability on IND AS adjustment to Retained earnings	**1.772**	1.752
	ii Tax liability on permanent Difference 14A Disallowance	**1.811**	1.800
	iii Effect on deduction claimed in MAT for Doubtful debt provision written back	**49.982**	36.423
	iv Deferred Tax expenses accounted as no effect of Timing differences on MAT liability	**29.068**	(20.149)
	Total	**185.180**	83.684
	Income tax expense reported in the statement of profit and loss	**185.180**	83.684

(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 2019	31 March 2018	31 March 2019	31 March 2018
Deferred tax asset				
Provision for doubtful debts and advances	**272.885**	222.903	**(49.982)**	(38.567)
Gratuity	**33.017**	35.823	**2.806**	0.983
Long term capital losses	**14.283**	27.125	**12.842**	0.814
Carry forward business loss	**-**	-	**-**	22.838
Compensated absences	**32.166**	30.739	**(1.427)**	(1.687)
Others	**4.770**	5.483	**0.713**	2.450
IND AS 115 Deferred Tax reversal			**82.674**	-
Total	**357.121**	322.073	**47.626**	(13.169)
Deferred tax liability				
Property, plant & equipment and intangible assets	**(300.469)**	(318.984)	**(18.515)**	(6.830)
Amortisation of prepaid lease rentals / others	**(2.810)**	(2.853)	**(0.043)**	(0.150)
Total	**(303.279)**	(321.837)	**(18.558)**	(6.980)
Net deferred tax asset / (liability)	**53.842**	0.236		
Deferred tax expense/(income)			**29.068**	(20.149)
- Recognised in the statement of profit and loss			**26.680**	(23.833)
- Recognised in the statement of other comprehensive income			**2.388**	3.684

27 Earnings per share

Particulars	31 March 2019	31 March 2018
Reconciliation of basic and diluted shares used in computing earnings per share		
Weighted average number of basic equity shares	**181,820,960**	179,976,373
Add: effect of dilutive potential equity shares:		
- Employee stock options	**419,204**	776,034
Weighted average number of diluted equity shares	**182,240,164**	180,752,407
Computation of basic and diluted earnings per share		
Net profit after tax attributable to equity shareholders	**624.058**	314.798
Basic earnings per equity share of INR 2 each	**3.43**	1.75
Diluted earnings per equity share of INR 2 each	**3.42**	1.74

Notes to the financial statements for the year ended 31st March 2019

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

28 Capital commitments and contingent liabilities

Particulars	31 March 2019	31 March 2018
Capital commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	**8.267**	1.880
Other commitments		
Partly paid shares-Praj Far East Co. Ltd	**12.828**	11.530
Contingent liabilities		
Claims against Company not acknowledged as debts (primarily relating to performance related claims filed by customers)	**30.061**	20.309
Disputed demands in appeal towards income tax, service tax & sales tax	**197.884**	199.325
Guarantee issued in respect of obligations of a subsidiary	**559.968**	929.165

29 Disclosures pursuant to Ind AS 115-Revenue from Contracts with Customers

'Ind AS 115 - Revenue from Contracts with Customers' is a new accounting standard effective from 1 April 2018 which replaces earlier revenue recognition requirements. With effect from 1 April 2018, the Company has adopted Ind AS 115 using cumulative effect method i.e. the new standard is applied retrospectively to the contracts that are not completed as at the date of initial application. The Company has recognised the cumulative effect of INR 153.912 (net of tax effect of INR 82.672) as an adjustment to the opening balance of retained earnings as at 1 April 2018. The comparative information for the previous periods is not restated.

Particulars	31 March 2019	31 March 2018
Contract revenue recognised during the year (excluding taxes)	**8563.433**	6326.911
Aggregate amount of contract costs incurred and recognised profits (less recognised losses)	**10680.805**	12375.700
Customer advances outstanding for contracts in progress	**1282.395**	1022.568
Retention money due from customers for contracts in progress	**575.074**	627.464
Gross amount due from customers for contract work (presented as contracts in progress)	**1204.444**	1188.377
Gross amount due to customers for contract work (presented as dues to customers relating to contracts in progress)	**(371.140)**	(287.295)

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.

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

31 Related party transactions

a) Parties where control exists

Subsidiaries

Praj Engineering & Infra 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 (Sierra Leone) Limited (upto 18 May 2018)

b) Key management personnel and their close members of family

Executive chairman	Pramod Chaudhari
CEO & Managing Director (w.e.f 2 April 2018)	Shishir Joshipura
Chief Financial Officer & Director-Finance & Commercial	Sachin Raole
Chief Internal Auditor & Company Secretary	Dattatraya Nimbolkar
Non-executive directors	Berjis Desai
	Daljit Mirchandani
	Parimal Chaudhari
	Rajiv Maliwal
	Sivaramakrishnan S. Iyer
	Mrunalini Joshi
	Dr. Shridhar Shukla
Close members of family of key management personnel	Parimal Chaudhari (Director)
	Parth Chaudhari

c) Entity controlled or jointly controlled by a person identified in b)

Praj Foundation

Plutus Properties LLP

Notes to the financial statements for the year ended 31st March 2019

(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 2019	31 March 2018
Praj Engineering & Infra Limited		
Advances provided & recovered during the year	**0.073**	0.454
Expenses incurred and reimbursed by the Company	**0.990**	1.237
Expenses incurred and reimbursed by subsidiary	**0.400**	7.796
Rent received	**0.060**	0.060
Receivable	**0.181**	0.057
Payable	**1.013**	-
Praj Far East Co. Ltd		
Sales commission	**-**	12.323
Marketing Support Services	**24.682**	-
Expenses incurred and reimbursed by the Company	**-**	0.512
Payable	**0.152**	0.143
Receivable	**7.353**	6.911
Praj Americas Inc.		
Sales commission	**-**	32.169
Purchase of Services	**-**	6.462
Marketing Support Services	**34.242**	-
Payable	**2.929**	7.820
Praj HiPurity Systems Limited		
Sales of goods and services	**0.051**	7.990
Purchase of goods & services (without taxes)	**2.005**	5.223
Purchase of capital goods & services (without taxes)	**6.462**	-
Expenses incurred and reimbursed by the Company	**1.850**	0.815
Expenses incurred and reimbursed by subsidiary	**10.055**	11.542
Financial guarantee given on behlaf of subsidiary (income)	**2.619**	2.588
Waiver of receivable in respect of financial guarantee	**-**	3.045
Payable	**4.316**	0.165
Receivable	**2.349**	7.480
Advance receivable	**2.196**	-
Praj Industries (Namibia) Limited		
Receivable	**18.648**	17.526
Praj Far East (Philippines) Inc.		
Sales of services	**22.556**	-
Receivable	**15.854**	-
Praj Foundation		
Donation paid	**13.652**	15.773
Plutus Properties LLP		
Rent paid	**3.216**	3.063
Pramod Chaudhari		
Short term employee benefits	**49.035**	43.175
Post employment benefits	**4.392**	4.392
Other long term employee benefits	**1.080**	1.500
Dividend	**82.044**	62.694
Payable	**4.234**	10.240

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

Particulars	31 March 2019	31 March 2018
Shishir Joshipura		
Short term employee benefits	**27.177**	-
Post employment benefits	**3.426**	-
Other long term employee benefit	**0.732**	-
Share based payment	**1.117**	-
Payable	**0.959**	-
Sachin Raole		
Short term employee benefits	**7.477**	6.220
Post employment benefits	**0.860**	0.366
Other long term employee benefit	**0.180**	0.226
Share based payment	**1.835**	2.213
Payable	**2.520**	1.291
Dattatraya Nimbolkar		
Short term employee benefits	**6.753**	5.842
Post employment benefits	**0.527**	0.306
Other long term employee benefit	**0.079**	(0.025)
Share based payment	**0.637**	0.605
Payable	**1.624**	1.012
Parimal Chaudhari		
Commission on profit	**1.650**	1.000
Dividend	**45.792**	34.992
Payable	**1.650**	1.000
Parth Chaudhari		
Remuneration	**2.916**	2.916

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 2019	31 March 2018
Future minimum lease payments in respect of non-cancellable leases		
- amount due within one year from the balance sheet date	**44.500**	39.095
- amount due in the period between one year and five years	**177.806**	173.507
- amount due after five years	**38.687**	82.455
Lease payments debited to statement of profit and loss		
- cancellable leases	**10.007**	7.383
- non cancellable leases	**43.753**	42.678

Notes to the financial statements for the year ended 31st March 2019

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

33 Employee benefits

a) Defined contribution plans

The Company has recognised INR 52.734 (31 March 2018: INR 46.018) 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 2019	31 March 2018
Present value of obligation as at the beginning of the period	**210.562**	197.165
Interest cost	**15.298**	13.760
Current service cost	**15.187**	15.349
Benefits paid	**(13.203)**	(6.735)
Remeasurements on obligation - (gain) / loss	**(6.185)**	(8.977)
Present value of obligation as at the end of the period	**221.659**	210.562

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

Particulars	31 March 2019	31 March 2018
Fair value of plan assets at the beginning of the period	**108.048**	90.812
Interest income	**8.479**	6.760
Contributions	**10.000**	8.809
Return on plan assets, excluding amount recognized in interest income - gain / (loss)	**0.647**	1.667
Fair value of plan assets as at the end of the period	**127.174**	108.048

Amounts recognised in the balance sheet are as follows:

Particulars	31 March 2019	31 March 2018
Present value of obligation as at the end of the period	**221.659**	210.562
Fair value of plan assets as at the end of the period	**127.174**	108.048
Surplus / (deficit)	**(94.485)**	(102.514)

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

Particulars	31 March 2019	31 March 2018
Current service cost	**15.187**	15.349
Net interest (income) / expense	**6.819**	7.000
Net periodic benefit cost recognised in the statement of profit and loss at the end of the period	**22.006**	22.349

* INR Nil (31 March 2018: INR 0.051) capitalised in Integrated Bio-refinery 2nd Generation Demonstration Plant

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

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

Particulars	31 March 2019	31 March 2018
Remeasurement for the year - obligation (gain) / loss	**(6.185)**	(8.977)
Remeasurement for the year - plan assets (gain) / loss	**(0.647)**	(1.667)
Total remeasurements cost / (credit) for the year	**(6.832)**	(10.644)

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

Particulars	31 March 2019	31 March 2018
Interest (income) / expense - obligation	**15.298**	13.760
Interest (income) / expense - plan assets	**(8.479)**	(6.760)
Net interest (income) / expense for the year	**6.819**	7.000

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

Particulars	31 March 2019	31 March 2018
Government of India securities	**0%**	0%
High quality corporate bonds	**0%**	0%
Equity shares of listed companies	**0%**	0%
Property	**0%**	0%
Special deposit scheme	**0%**	0%
Funds managed by insurer	**100%**	100%
Others	**0%**	0%
Total	**100%**	100%

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

Particulars	31 March 2019	31 March 2018
Discount rate	**7.50%**	7.50%
Rate of increase in compensation levels	**8.00%**	8.00%
Expected rate of return on plan assets	**7.50%**	7.10%
Expected average remaining working lives of employees (in years)	**9.67**	9.78
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 2019	31 March 2018
Decrease by 1% to 6.50%	**232.538**	221.060
Increase by 1% to 8.50%	**212.026**	201.284

Notes to the financial statements for the year ended 31st March 2019

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

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 2019	31 March 2018
Decrease by 1% to 7.00%	**213.285**	202.458
Increase by 1% to 9.00%	**230.914**	219.533

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 2019	31 March 2018
Decrease by 1% to 6.00%	**221.971**	210.869
Increase by 1% to 8.00%	**221.377**	210.286

34 Employee Stock Option Plan (ESOP)

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. During the year 2018-19 1,625,000 options were granted to certain employees of the Company as ESOP 2011- Grant VIII to X. 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 2019	31 March 2018
Expense arising from equity-settled share-based payment transactions	**29.986**	27.318

Movements during the year
ESOP 2011 Grant I to X

Particulars	31 March 2019		31 March 2018	
	Options	**Weighted average exercise price INR**	Options	Weighted average exercise price INR
Number of options outstanding at the beginning of the year	**2,885,533**	**54.91**	2,502,060	61.06
Number of options granted during the year	**1,625,000**	**68.89**	1,969,700	50.00
Number of options exercised during the year	**(1,715,435)**	**51.83**	(1,488,227)	57.32
Number of options forfeited/lapsed during the year	**(400,000)**	**77.60**	(98,000)	76.46
Number of options outstanding at the end of the year	**2,395,098**	**62.82**	2,885,533	54.91
Number of options exercisable at the end of the year	**-**	**-**	890,493	64.60
Range of exercise price of options outstanding at the end of the year	**INR 50.00 to 70.00**		INR 50.00 to 114.32	
Average share price during the year	**INR 106.11**		INR 85.16	
Weighted average remaining contractual life of options outstanding at the end of the year	**3.13 years**		1.15 years	
Weighted average fair value of option as on date of grant (granted during the year)	**15-Dec-18**	**59.41**	27-Sep-2017	24.18
	15-Jan-19	**89.90**		
	28-Jan-19	**61.86**		
	28-Jan-19	**62.48**		

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

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

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

Particulars	FY 2018-19				FY 2017-18
Grant date	**15 Dec 2018**	**15 Jan 2019**	**28 Jan 2019**	**28 Jan 2019**	27 Sept 2017
Risk-free interest rate	**7.04%**	**6.83%**	**6.78%**	**6.78%**	6.45%
Expected life	**1.03 years**	**1.59 years**	**1.55 years**	**1.65 years**	1.5 years
Expected volatility*	**57.46%**	**60.39%**	**61.51%**	**61.51%**	43.01%
Expected dividend yield	**2.07%**	**2.07%**	**2.07%**	**2.07%**	2.96%
Price of the underlying share in market at the time of grant of option (INR)	**106.70**	**153.10**	**121.30**	**121.30**	68.50

* Expected volatility has been determined based on closing price of the share of the Company over a period equivalent to expected life.

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 2019	31 March 2018
Capital expenditure (excluding advances)	**27.375**	59.355
Revenue expenditure	**167.767**	151.748

36 Taxes

The company has not recognised MAT credit entitlement to the extent of INR 156.787 till 31 March, 2019 in respect of Income Tax paid in view of uncertainty of its utilisation for payment of tax in foreseeable future.

37 Corporate Social Responsibility (CSR) expenditure

The Company was required to spend INR 14.652 as expenditure on CSR as per requirements of the Companies Act, 2013. During the year, the Company has incurred CSR expenses of INR 14.652 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	14.652*	Nil	Nil

*Includes INR 13.652 given to Praj Foundation which is a related party.

The above expenditure includes contribution/donation of INR 14.652 to trusts / institute which are engaged in activities eligible under section 135 of Companies Act, 2013 read with Schedule VII thereto.

Notes to the financial statements for the year ended 31st March 2019

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

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 2019	31 March 2018
	Levelled at level 2		
	Financial asset		
a)	**Carried at amortised cost**		
	Investment in quoted non-convertible bonds*	**398.060**	99.960
	Investment in deposits	**200.000**	100.000
	Security deposits	**42.099**	42.932
	Trade receivable	**2277.644**	1852.302
	Deposits with banks	**200.020**	0.020
	Advances to subsidiaries	**7.955**	7.521
	Other receivables	**38.286**	11.062
	Cash and cash equivalents and other bank balances	**547.702**	687.238
b)	**Carried at fair value through profit and loss (FVTPL)**		
	Foreign exchange forward contracts	**20.599**	1.205
	Levelled at level 1		
a)	Investments in mutual funds	**1424.000**	1788.740
b)	Investments in debentures	**49.990**	-
	Levelled at level 2		
	Financial liabilities		
a)	**Carried at amortised cost**		
	Borrowings	**0.410**	0.820
	Trade payables	**1890.181**	1340.686
	Unclaimed dividends	**11.503**	10.279
	Financial guarantee contracts	**0.000**	2.619
	Other payables	**131.593**	82.399
*	Fair value of investment in quoted non-convertible bonds	**394.16**	100.610

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.

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

Risk	Exposure arising from	Measurement	Management
Credit	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost.	Aging analysis, external credit rating (wherever available)	Diversification of bank deposits, credit limits and letters of credit
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk- Foreign Currency Risk	Recognised financial assets and liabilities not denominated in Indian rupee (INR)	Sensitivity Analysis	Management follows established risk management policies, including use of derivatives like foreign exchange forward contracts, where the economic conditions match the company's policy.

The company's risk management is carried out by management, under policies approved by the board of directors. Company's treasury identifies, evaluates and hedges financial risks in close cooperation with the company's operating units. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, credit risk, and investment of excess liquidity.

(A) Credit risk

Credit risk in case of the Company arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers including outstanding receivables.

Credit risk management

Credit risk arises from the possibility that counter party may not be able to settle their obligations as agreed. To manage this, the Company periodically assesses the reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of accounts receivable. Individual risk limits are set accordingly.

The company considers the probability of default upon intial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers reasonable and supportive forward looking information such as:

(i) Actual or expected significant adverse changes in business,

(ii) Actual or expected significant changes in the operating results of the counterparty,

(iii) Financial or economic conditions that are expected to cause a significant change to counterparty's ability to meet its obligations,

(iv) Significant increases in credit risk on other financial instruments of the same counterparty,

(v) Significant changes in the value of collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements.

The company provides for expected credit loss in case of trade receivables, claims receivable and security deposits when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the company. The company categorises a receivable for provision for doubtful debts/write off when a debtor fails to make contractual payments greater than 180 days past due. The amount of provision depends on certain parameters set by the Company in its provisioning policy where loans or receivables have been written off, the company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

Notes to the financial statements for the year ended 31st March 2019

(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 2019	31 March 2018
Trade receivables	**3047.458**	2479.082
Less : expected loss	**769.814**	626.780
Net Trade receivables	**2277.644**	1852.302

	31 March 2019	31 March 2018
Trade receivables		
Neither past due nor impaired	**721.688**	1079.672
Less than 180 days	**1169.805**	439.779
181 - 365 days	**112.555**	108.196
More than 365 days	**273.596**	224.655
Total	**2277.644**	1852.302

Reconciliation of loss provision

	Trade receivables
Loss allowance as at 31 March 2018	**626.780**
Changes in loss allowance	**143.034**
Loss allowance as at 31 March 2019	**769.814**

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 2019	31 March 2018
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
Total	**0.410**	0.820
Other liabilities		
On demand	**11.503**	10.279
Less than 180 days	**131.593**	85.018
181 - 365 days	**-**	-
More than 365 days	**-**	-
Total	**143.096**	95.297

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

Exposure to risk	31 March 2019	31 March 2018
Trade payables		
On demand		
Less than 180 days	**1890.181**	1340.686
181 - 365 days	**-**	-
More than 365 days	**-**	-
Total	**1890.181**	1340.686

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

Exposure to risk	31 March 2019	31 March 2018
Expiring within one year	**1690.000**	1203.600
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 2019	31 March 2018	31 March 2019	31 March 2018
Trade receivables	EUR	**0.754**	0.815	**57.930**	65.078
	USD	**8.883**	9.683	**609.640**	624.554
	GBP	**0.182**	0.244	**16.282**	22.267
Bank accounts	EUR	**0.094**	0.053	**7.202**	4.229
	USD	**2.029**	3.328	**138.824**	214.423
Foreign exchange forward contracts	EUR	**-**	-	**-**	-
	USD	**8.150**	12.050	**559.335**	777.225

Financial liabilities	Currency	Amount in foreign currency		Amount in INR	
		31 March 2019	31 March 2018	31 March 2019	31 March 2018
Trade payables	EUR	**1.202**	0.168	**94.249**	13.682
	USD	**2.206**	1.062	**153.582**	69.444
	GBP	**-**	0.002	**-**	0.186

Currency wise net exposure (assets - liabilities)

Particulars	Amount in foreign currency		Amount in INR	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
EUR	**(0.354)**	0.700	**(29.117)**	55.625
USD	**16.856**	23.999	**1154.217**	1546.758
GBP	**0.182**	0.242	**16.282**	22.081

Notes to the financial statements for the year ended 31st March 2019

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

Sensitivity analysis

Currency	Amount in INR		Sensitivity %	Impact on profit- strengthen [Loss / (Gain)]		Impact on profit - weakening [Loss / (Gain)]	
	2019	2018		2019	2018	2019	2018
EUR	**(29.117)**	55.625	5.00%	**1.456**	(2.781)	**(1.456)**	2.781
USD	**1154.217**	1546.758	5.00%	**(57.711)**	(77.338)	**57.711**	77.338
GBP	**16.282**	22.081	5.00%	**(0.814)**	(1.104)	**0.814**	1.104
Total	**1141.382**	1624.464		**(57.069)**	(81.223)	**57.069**	81.223

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 2019	31 March 2018
Loans and borrowings	**-**	0.410
Less: cash and cash equivalents	**336.175**	676.879
Net debt	**-**	-
Equity	**7361.646**	7232.672
Capital and net debt	**7361.646**	7232.672
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 2019

Independent Auditors' Report

TO THE MEMBERS OF PRAJ INDUSTRIES LIMITED

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

Opinion

We have audited the accompanying consolidated Ind AS financial statements of Praj Industries Limited (hereinafter referred to as the 'Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated Balance Sheet as at 31st March 2019, and the consolidated statement of Profit and Loss (including Other Comprehensive Income), the consolidated Statement of Changes in Equity and the consolidated Cash Flows Statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Ind AS Financial Statements").

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, of the consolidated state of affairs of the Company as at 31st March 2019, of consolidated profit (including Other Comprehensive Income), consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Ind AS Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Consolidated Ind AS financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1) Recognition of Revenue from Contracts with Customers

Description of Key Audit Matters

Revenue from Projects is recognized as per Ind-AS 115 on satisfaction of performance obligation overtime, where progress towards complete satisfaction of performance obligation is measured under Input Method. For the year ended 31st March 2019 project revenue recognized amounted to ₹ 9200.837 Mn, opening and closing contracts in progress amounted to ₹ 138.893 Mn and ₹ 788.460 Mn respectively.

Measuring of satisfaction of performance obligation under Input Method involves estimation of budget costs in respect of projects contracted and capturing of actual costs incurred against such projects. As the revenue is recognized in proportion of project costs incurred to the total budgeted cost, inaccurate capturing of costs incurred as well as inaccurate budget estimates would result in incorrect recognition of revenue.

Description of Auditors' Response

We have performed the following processes in relation to the accuracy of revenue recognized and accrued:

a) Understood, evaluated and tested key controls over the 'Statement of Revenue Recognition', which is a statement prepared in which data related to Contract price, Budgeted costs, Progressive billings raised and Percentage completion of contract is captured and on the basis of which proportionate revenue is recognized under Input Method.

b) Tested on sample basis the process of estimation of budget costs of the projects which are considered in 'Statement of Revenue Recognition'.

c) Checked on sample basis contract values considered in 'Statement of Revenue Recognition' from the approved contracts with the Customers.

d) Tested on sample basis the process of capturing of costs in 'Statement of Revenue Recognition' with respect to the projects in process.

e) Verified revenue to be recognized for the year under audit from 'statement of Revenue Recognition'

Our Audit process did not identify any material incorrect Recognition of Revenue.

2) Trade Receivables

Description of Key Audit Matters

Trade Receivables, net of impairment allowance, amount to ₹ 3052.911 Mn as on 31st March 2019, which constitutes about 24% of the total Assets of the Group. Impairment provision carried in the books as on 31st March 2019 is ₹ 846.978 Mn.

Management's judgment is involved in identifying impairment in the value of the receivable as well as in formulating a policy for creating provisioning against impairment which has an adverse effect on the profits of the Company.

Description of Auditors' Response

We have performed the following processes in relation to Management's Judgment in identification of impairment of value of Receivables and adequacy of impairment provision:

a) We have referred to the defined policy in place stipulating the methodology of making impairment provision in respect of overdue Receivable amounts. We have also reviewed age-wise analysis in respect of Receivables and ensured that the provisioning is made according to such policy. The above referred provisioning policy stipulates different provisioning norms for Receivables with confirmations and without confirmations

b) We have sought information and explanations from the Project Heads regarding the status of receivables for the purpose of ensuring adequate impairment provisions.

c) We have also tested subsequent collections made from the overdue receivables.

Our Audit process did not identify any material inadequate provisioning for impairment in the value of Receivables.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated Ind AS financial statements and our auditor's report thereon which we obtained prior to the date of this auditor's report.

Our opinion on the consolidated Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated Ind As financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

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

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in term of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated financial position, consolidated financial performance, the consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified 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; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

Auditors' Responsibilities for the Audit of the Consolidated Ind AS Financial Statements

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

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated Ind AS financial statements of which we are the independent auditors. For the other entities included in the consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated Ind AS financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Other Matter/s

We did not audit the financial statements/financial information of two subsidiaries, whose financial statements/ financial information reflect total assets of ₹ 156.370 Mns as at 31st March 2019, total revenue of ₹ 372.691 Mns, and net cash flows amounting to ₹ 16.346 Mns for the year ended on that date, as considered in the consolidated Ind AS financial statements. These financial statements/ financial information have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the consolidated Ind AS financial statements insofar as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act insofar as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

We did not audit the financial statements/financial information of two subsidiaries, whose financial statements/ financial information reflect total assets of ₹ 22.485 Mns as at 31st March 2019, total revenue of ₹ 30.731 Mns, and net cash flows amounting to ₹ -4.160 Mns for the year ended on that date, as considered in the consolidated Ind AS financial statements. These financial statements/ financial information are unaudited and have been furnished to us by the Management, and our opinion on the consolidated Ind AS financial statements insofar as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act insofar as it relates to the aforesaid subsidiaries, is based solely on such unaudited financial statements/ financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements/ financial information are not material to the Group.

Our opinion on the consolidated Ind AS financial statements and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements/ financial information certified by the Management

Report on Other Legal and Regulatory Requirements

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

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid 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 Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   e) On the basis of the written representations received from the Directors of the Holding Company as on 31 March 2019 taken on record by the Board of Directors of the Holding Company and the reports of the Statutory Auditors of its subsidiary companies, incorporated in India, none of the Directors of the Group companies, incorporated in India is disqualified as on 31 March 2019 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 Auditors) 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, if any, of pending litigations as at 31 March 2019 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 material foreseeable losses on long-term contracts including derivative contracts as at 31 March 2019.

      (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, incorporated in India during the year ended 31 March 2019.

      (iv) The reporting on disclosures relating to Specified Bank Notes is not applicable to the Holding Company and subsidiaries companies incorporated in India for the year ended 31st March 2019.

For **M/s P G Bhagwat**
Firm Registration Number:101118W
Chartered Accountants

Sandeep Rao
Partner
Membership Number 047235

Pune
May 16, 2019

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 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") as of 31st March, 2019 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 statements 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the Group's internal financial controls over financial statements 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 statements were 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 statements and their operating effectiveness. Our audit of internal financial controls over financial statements included obtaining an understanding of internal financial controls over financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' 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 statements.

Meaning of Internal Financial Controls Over Financial Statements

A company's internal financial control over financial statements is a process designed to provide reasonable assurance regarding the reliability of financial statements and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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 Statements

Because of the inherent limitations of internal financial controls over financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial statements to future periods are subject to the risk that the internal financial control over financial statements 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 statements and such internal financial controls over financial statements were operating effectively as of 31st March 2019, 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 5 subsidiaries, which are located outside India and are not companies registered under The Companies Act, 2013.

For **M/s P G Bhagwat**
Firm Registration Number:101118W
Chartered Accountants

Sandeep Rao
Partner
Membership Number 047235

Pune
May 16, 2019

Consolidated Balance Sheet as at 31st March 2019

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

Particulars	Note no.	31 March 2019	31 March 2018
ASSETS			
Non-current assets			
Property, plant and equipment	3	**2127.741**	2197.656
Capital work-in-progress	3	**22.254**	41.699
Investment property	3	**136.928**	136.928
Goodwill	3	**626.150**	626.150
Intangible assets	3	**9.365**	10.461
Financial assets			
Investments	4	**448.165**	100.075
Loans	5	**50.129**	72.117
Others	6	**231.514**	70.245
Deferred tax assets (net)	26	**93.441**	41.843
Other assets	7	**116.945**	135.479
		3862.632	**3432.653**
Current assets			
Inventories	8	**1263.768**	807.853
Financial assets			
Investments	4	**1656.950**	1908.591
Trade receivables	9	**3052.911**	2625.014
Cash and cash equivalents	10	**635.598**	772.250
Other bank balances	11	**244.027**	30.269
Loans	5	**1.579**	0.706
Others	6	**61.824**	15.879
Current tax asset (net)		**92.196**	54.220
Other assets	7	**1598.153**	1686.140
		8607.006	**7900.922**
TOTAL ASSETS		**12469.638**	**11333.575**
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	12	**365.296**	361.865
Other equity	13	**7084.856**	6899.492
Sub-total - total equity attributable to parent		**7450.152**	7261.357
Non-controlling interests		**6.643**	6.599
Total equity		**7456.795**	**7267.956**
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Borrowings	14	**-**	0.410
Provisions	15	**158.798**	159.187
		158.798	159.597
Current liabilities			
Financial liabilities			
Borrowings	14	**-**	59.418
Trade payables	16	**2345.352**	1764.513
Other financial liabilities	17	**164.674**	125.497
Other current liabilities	18	**2218.781**	1871.458
Provisions	15	**125.238**	85.136
		4854.045	**3906.022**
TOTAL LIABILITIES		**5012.843**	**4065.619**
TOTAL EQUITY AND LIABILITIES		**12469.638**	**11333.575**
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)

Place: Pune
Date: 16 May 2019

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

Consolidated Statement of profit and loss for the period ended 31st March 2019

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

Particulars	Note no.	31 March 2019	31 March 2018
INCOME			
Revenue from operations	19	**11411.120**	9234.568
Other income	20	**322.966**	267.249
Total Income		**11734.086**	**9501.817**
EXPENSES			
Cost of materials consumed	21	**6013.337**	4712.004
Changes in inventories of finished goods, stock-in -trade and work-in-progress	22	**82.033**	(19.203)
Employee benefits expense	23	**1605.689**	1490.151
Finance costs	24	**7.631**	11.420
Depreciation and amortization expense	3	**229.496**	240.925
Excise duty expense		**-**	68.704
Other expenses	25	**2916.647**	2467.691
Total expenses		**10854.833**	**8971.692**
Profit before tax		**879.253**	**530.125**
Tax expenses	26		
Current tax		**169.424**	154.919
Deferred tax		**28.179**	(19.919)
Adjustments of tax relating to earlier periods		**(0.425)**	0.248
Total tax expenses		**197.178**	**135.248**
Profit for the year		**682.075**	**394.877**
Attributable to :			
Non-controlling interests		**0.043**	(0.032)
Owners of the company		**682.032**	394.909
Profit for the year		**682.032**	**394.909**
Other comprehensive income			
Items that will not be reclassified to profit and loss:			
Re-measurement of defined benefit plans		**6.671**	11.558
Income tax effect		**(2.366)**	(3.984)
		4.305	7.574
Items that will be reclassified to profit and loss:			
Exchange differences on translation of foreign operations		**1.986**	0.443
		1.986	0.443
Other comprehensive income		**6.291**	**8.017**
Total comprehensive income for the year		**688.366**	**402.894**
Attributable to :			
Non-controlling interests		**0.043**	(0.032)
Owners of the company		**688.323**	402.926
Earnings per equity share (Nominal value per share INR 2 each)	27		
(1) Basic		**3.75**	2.19
(2) Diluted		**3.74**	2.18
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)

Place: Pune
Date: 16 May 2019

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

Consolidated Cash Flow Statement for the period ended 31st March 2019

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

		31 March 2019	31 March 2018
A.	**Cash flow from operating activities**		
	Net profit before tax	**879.253**	530.125
	Adjustments for:		
	Loss / (profit) on sale of property, plant and equipment	**0.508**	0.261
	Loss / (profit) on discardment of property, plant and equipment	**0.092**	0.551
	Gain on redemption of mutual fund investments	**(105.306)**	(73.739)
	Bad Debts / Provision for doubtful debts and advances	**188.930**	136.263
	Excess provision / creditors written back (including advances)	**(6.310)**	(3.229)
	Unrealised foreign exchange (gain) / loss (net)	**(36.442)**	(21.298)
	Sundry Balances Written Off	**0.658**	1.178
	Depreciation and amortisation	**229.496**	240.925
	Interest earned	**(76.045)**	(36.449)
	Unrealised gain on mutual fund investments	**(20.477)**	34.288
	Dividend from mutual fund investments	**(0.064)**	(30.443)
	Interest charged	**0.208**	3.943
	Equity-settled share-based payment transactions	**29.986**	27.318
	Operating profit before working capital changes	**1084.487**	**809.694**
	Changes in working capital		
	(Increase) /decrease in trade receivables	**(635.790)**	209.939
	(Increase)/decrease in inventories (including contracts in progress)	**(701.044)**	665.863
	(Increase)/decrease in non-current loans	**21.988**	(10.624)
	(Increase)/decrease in other non-current financial assets	**(161.269)**	162.270
	(Increase)/decrease in other non-current assets	**16.931**	(8.533)
	(Increase)/decrease in current loans	**(0.873)**	(0.527)
	(Increase)/decrease in other current assets	**(117.226)**	28.311
	Increase/(decrease) in trade payables	**597.497**	(369.903)
	Increase/(decrease) in other current financial liabilities	**37.953**	59.488
	Increase/(decrease) in other current liabilities	**347.323**	(324.889)
	Increase/(decrease) in long term provisions	**(0.389)**	1.420
	Increase/(decrease) in short term provisions	**46.773**	(81.860)
	Cash generated from operations	**536.361**	**1140.649**
	Direct taxes paid (including taxes deducted at source), net of refunds	**(206.444)**	(126.683)
	NET CASH FROM OPERATING ACTIVITIES	**329.917**	**1013.966**
B.	**Cash flow from investing activities**		
	Purchase of property, plant and equipment and intangible assets	**(141.596)**	(161.067)
	Investments:		
	- in mutual funds	**(1395.300)**	(1556.595)
	- in debentures & bonds	**(348.100)**	(99.960)
	Sale of investments		
	- in mutual funds	**1885.833**	1150.592
	- in debentures & bonds	**-**	-
	Proceeds from sale of property, plant and equipment	**3.560**	0.637
	Interest received on investments	**49.495**	34.179
	Dividend received on investments	**0.064**	30.443
	Investment /(redemption) in fixed deposits	**(113.100)**	(104.760)
	NET CASH FROM / (USED) IN INVESTING ACTIVITIES	**(59.144)**	**(706.531)**

		31 March 2019	31 March 2018
C.	**Cash flow from financing activities**		
	Proceeds from exercise of employee stock options	**88.905**	89.145
	Increase / (Decrease) in Long term borrowings	**(0.410)**	(0.410)
	Increase / (Decrease) in borrowings	**(59.418)**	16.826
	Dividend paid including dividend distribution tax	**(463.283)**	(349.001)
	Interest paid	**(0.208)**	(3.943)
	NET CASH FROM / (USED) IN FINANCING ACTIVITIES	**(434.414)**	**(247.383)**
	Net increase/(decrease) in cash and cash equivalents (A+B+C)	**(163.641)**	**60.052**
	Cash and cash equivalents at the beginning of the year (Refer Note 10)	**772.250**	**691.833**
	Add: effect of exchange rate changes on cash and cash equivalents	**26.989**	**20.365**
	Cash and cash equivalents at the end of the year (Refer Note 10)	**635.598**	**772.250**

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 2019

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

Statement of changes in equity for the period ended 31st March 2019

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

A. Equity share capital

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
Balance as on 1 April 2018	**Changes in equity share capital during the year**	**Balance as on 31 March 2019**
361.865	3.431	365.296

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			Special Economic Zone Re-investment Reserve	General reserve	Retained earnings	Exchange differences on translating the financial statements of a foreign operation			
			Capital redemption reserve	Amalgamation reserve	Share option outstanding account							
Balance at the beginning of the reporting period as at 1 April 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)
Transfer to retained earnings										-		-
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 at 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**
Balance at the beginning of the reporting period as at 1 April 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**
Investment by Minority shareholders												
Profit for the year								682.032		682.032	0.043	682.075
Other comprehensive income								4.305	1.986	6.291		6.291
Dividends (including dividend distribution tax)								(464.507)		(464.507)		(464.507)
Transfer to retained earnings										-		-
Employee stock options exercised during the year		121.764			(36.290)					85.474		85.474
Equity settled share based payment to employees					29.986					29.986		29.986
Employee stock options expired and transferred to/from statement of profit and loss					(9.058)			9.058		-		-
Transfer to Special Economic Zone Re-investment Reserve						61.400		(61.400)		-		-
Adjustments to Opening Retained Earnings - Ind AS 115								(153.912)		(153.912)		-
Balance as on 31 March 2019	**0.033**	**937.165**	**14.627**	**3.063**	**25.592**	**132.948**	**958.500**	**4994.340**	**18.588**	**7084.856**	**6.642**	**7245.410**

Notes to the Consolidated financial statements for the year ended 31st March 2019

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

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 2019.

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.

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

2.5 Current versus non-current classification

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

An asset as current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

All other liabilities are classified as non-current.

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

2.6 Principles of consolidation

The consolidated financial statements comprise the financial statements of the company and its subsidiaries as at 31 March 2019. 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	31March2019	31March2018
Praj Engineering & Infra Ltd.	India	**99.65%**	99.65%
(Formerly known Pacecon Engineering Projects Ltd.)			
Praj Far East Co Ltd.	Thailand	**100.00%**	100.00%
Praj Americas Inc	United States of America	**100.00%**	100.00%
Praj Industries Namibia Pty Ltd	Namibia	**100.00%**	100.00%
Praj HiPurity Systems Limited	India	**100.00%**	100.00%
(Formerly known as Neela systems limited)			
Praj Industries (Africa) Pty. Ltd.	South Africa	**100.00%**	100.00%
Praj far East Philippines Inc.,	Philippines	**100.00%**	100.00%

Notes to the Consolidated financial statements for the year ended 31st March 2019

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

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

Notes to the Consolidated financial statements for the year ended 31st March 2019

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

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 when performance obligation is satisfied by transferring promised goods or services and 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 over time, when the outcome of the contract can be estimated reliably by reference to the percentage of completion of the contract on the reporting date under input method. 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.

Notes to the Consolidated financial statements for the year ended 31st March 2019

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

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.

Notes to the Consolidated financial statements for the year ended 31st March 2019

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

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.

Notes to the Consolidated financial statements for the year ended 31st March 2019

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

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 2019

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

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 Standards issued but not effective

1. Ind AS 116 - Leases

Ind AS 116 was notified by the Ministry of Corporate Affairs on 30 March 2019 and it is applicable for annual reporting periods beginning on or after 1 April 2019.

Ind AS 116 will affect primarily the accounting by leases and will result in the recognition of almost all leases on the balance sheet. The standard removes the current distinction between operating and finance leases and requires recognition of an asset (the right-of-use of the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases.

The statement of profit and loss will also be affected because the total expense is typically higher in the earlier years of a lease and lower in the later years. Additionally, operating expense will be replaced with interest and depreciation, so key metrics like EBITDA will change.

Operating cash flows will be higher as repayments of the lease liability and related interest are classified within financing activities.

The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease. Under Ind AS 116, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company is evaluating the requirements of Ind AS 116 and its impact on financial statements.

2. Appendix C, Uncertainty over Income Tax Treatments, to Ind AS 12, 'Income Taxes'

The appendix explains how to recognize and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses:

- How to determine the appropriate unit of account, and that each uncertain tax treatment should be considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty;
- That the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, i.e. that detection risk should be ignored;
- That the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment;
- That the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty; and
- That the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements.

The application of this guidance is not expected to have an impact on the separate financial statements.

3. Prepayment Features with Negative Compensation – Amendments to Ind AS 109, 'Financial Instruments'

The narrow-scope amendments made to Ind AS 109 enable entities to measure certain prepayable financial assets with negative compensation at amortized cost. These assets, which include some loan and debt securities, would otherwise have to be measured at fair value through profit or loss. To qualify for amortized cost measurement, the negative compensation must be 'reasonable compensation for early termination of the contract' and the asset must be held within a 'held to collect' business model.

These amendments are not expected to have any impact on the separate financial statements.

4. Plan Amendment, Curtailment or Settlement – Amendments to Ind AS 19, 'Employee Benefits'

The amendments to Ind AS 19 clarify the accounting for defined benefit plan amendments, curtailments and settlements. They confirm that entities must:

- Calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change;
- Any reduction in a surplus should be recognized immediately in profit or loss either as part of past service cost, or as a gain or loss on settlement. In other words, a reduction in a surplus must be recognized in profit or loss even if that surplus was not previously recognized because of the impact of the asset ceiling; and
- Separately recognize any changes in the asset ceiling through other comprehensive income.

These amendments will apply to any future plan amendments, curtailments or settlements of the Company on or after 1 April 2019.

5. Ind AS 12, 'Income Taxes'

The amendments clarify that the income tax consequences of dividends on financial instruments classified as equity should be recognized according to where the past transactions or events that generated distributable profits were recognized. These requirements apply to all income tax consequences of dividends. Previously, it was unclear whether the income tax consequences of dividends should be recognized in profit or loss, or in equity, and the scope of the existing guidance was ambiguous.

These amendments are not expected to have any material impact on the separate financial statements.

6. Ind AS 23, 'Borrowing Costs'

The amendments clarify that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

As the Company does not have any borrowings, there is no impact on account of this amendment.

Notes to the financial statements for the year ended 31st March 2019

(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)	Land (Freehold)	Buildings	Plant and machinery	Computers and office equipment	Vehicles	Furniture and fixtures	Total	Technical knowhow	Software	Total	Goodwill	Land (Freehold)	Grand total
Gross Block														
As at 1 April 2018	11.000	370.517	1,449.276	1,576.310	281.043	52.454	243.625	3,984.225	91.050	98.240	189.290	822.712	136.928	5,133.155
Additions / adjustments		-	54.139	44.734	16.469	23.930	17.490	156.762	2.703	3.180	5.883	-	-	162.645
Deletions	-	-	-	0.161	0.568	12.529	0.432	13.690	-	-	-	-	-	13.690
Adjustments	-	-	-	0.082	1.517	0.002	0.015	1.616	-	0.148	0.148	-	-	1.764
As at 31 March 2019	**11.000**	**370.517**	**1,503.415**	**1,620.801**	**295.427**	**63.853**	**260.668**	**4,125.681**	**93.753**	**101.272**	**195.025**	**822.712**	**136.928**	**5,280.346**
Accumulated depreciation and amortisation														
As at 1 April 2018	0.637	-	371.336	958.156	254.227	23.746	178.467	1,786.569	88.818	90.011	178.829	196.562	-	2,161.960
Charge for the year	0.122	-	43.995	132.364	18.756	7.375	19.905	222.517	2.921	4.058	6.979	-	-	229.496
Deletions / Adjustments *	-	-	-	0.125	0.267	8.848	0.290	9.530	0.515	(0.515)	-	-	-	9.530
Adjustments	-	-	-	0.082	1.517	0.002	0.015	1.616	-	0.148	0.148	-	-	1.764
As at 31 March 2019	**0.759**	**-**	**415.331**	**1,090.313**	**271.199**	**22.271**	**198.067**	**1,997.940**	**91.224**	**94.436**	**185.660**	**196.562**	**-**	**2,380.162**
Net carrying value														
As at 31 March 2019	10.241	370.517	1,088.084	530.488	24.228	41.582	62.601	2,127.741	2.529	6.836	9.365	626.150	136.928	2,900.184
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

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.
3. * Depreciation of software grouped in depreciation of techincal knowhow in previous year same is now rectified.

(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 2019	31 March 2018	31 March 2019	31 March 2018
Balance at start of the year	**41.699**	314.564	**-**	-
Add: Additions during the year	**20.855**	12.455	**-**	-
Less: Capitalised during the year	**40.300**	285.320	**-**	-
Balance at the end of the year	**22.254**	41.699	**-**	-

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

a. Building INR 0.847 (31 March 2018 INR 39.901)

b. Machinery INR 21.407 (31 March 2018 INR 1.798)

Investment property: Reconciliation of Fair Value

Particulars	Land
Fair value as at 31 March 2018	**350.168**
Fair value difference	**18.968**
Fair value as at 31 March 2019	**369.136**

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

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

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

Notes to the Consolidated financial statements for the year ended 31st March 2019

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

	31 March 2019	31 March 2018
4 Investments		
(i) Unquoted Investments:		
Investment in Shares	**0.102**	0.102
5100 (31 March 2018 : 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
Less : Provision for Diminution in value of investment	**-**	-
	0.115	0.115
Other Investments (valued at cost unless stated otherwise)		
(ii) Investments at amortised cost		
Quoted investments in non-convertible debentures / bonds:		
300 Bonds issued by HDFC Bank Limited Unsecured Non-Convertible Perpetual Bonds Series 1/2017-18, Coupon 8.85% (31 March, 2018 : 100)	**300.210**	99.960
100 Bonds issued by SBI Unsecured Non-Convertible Perpetual Bonds Series IV, Coupon 8.15% (31 March, 2018 : Nil)	**97.850**	-
	398.060	99.960
(ii) Investments at fair value through profit and loss (FVTPL)		
Quoted investments in non-convertible debentures / bonds:		
500 Non-convertible Debentures issued by Citicorp Finance (India) Limited Series-2019/02/726 (31 March, 2018 : Nil)	**49.990**	-
Total	**49.990**	-
Total non-current	**448.165**	100.075
Market value of quoted investments		
Current investments		
(i) Investments at fair value through profit and loss (FVTPL)		
Quoted mutual funds		
ABSL SAVINGS FUND - GROWTH - REGULAR PLAN - 289,924 Units (31 March 2018 : 146,324 Units)	**107.022**	50.029
ADITYA BIRLA SUN LIFE FMP SR-SI 1141 DAYS - 30,00,000 Units (31 March 2018 : Nil Units)	**30.385**	-
ADITYA BIRLA SUN LIFE FMP SR-Sl 1120 DAYS - 5,000,000 Units (31 March 2018 : Nil Units)	**50.156**	-
DSP FMP S 220 - 40 M - DIRECT GW - 5,000,000 Units (31 March 2018 : 5,000,000 Units)	**54.386**	50.586
DSP BANKING AND PSU DEBT FUND - REG - GW - 3,344,369.754 Units (31 March 2018 : Nil Units)	**52.771**	-
FRANKLIN INDIA ULTRA SHORT BOND FUND GW-6,195,013.627 Units (31 March 2018 :4,161,724.619 Units)	**162.736**	100.102
HDFC CORPORATE BOND FUND - GW -2,630,249.979 Units (31 March 2018 : 2,630,249.979 Units)	**54.737**	50.792
HDFC FMP 1133 DAYS DIRECT GR SR-44 - 5,000,000 Units (31 March 2018 : Nil Units)	**50.686**	-
HSBC FTS 128 -GROWTH DIRECT PLAN - 1106 DAYS - 5,000,000 Units (31 March 2018 : 5,000,000 Units)	**57.108**	53.163
ICICI FIXED MATURITY PLAN SRS 82 - 1185 DAYS - 5,000,000 Units (31March2018 : 5,000,000 Units)	**54.511**	50.656

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

	31 March 2019	31 March 2018
ICICI FIXED MATURITY PLAN SRS 82 - 1135 DAYS - 5,000,000 Units (31 March 2018 : 5,000,000 Units)	**54.023**	50.175
ICICI PRUDENTIAL ULTRA SHORT TERM FUND-GRW - 2,673,868.285 Units (31 March 2018 : Nil Units)	**50.484**	-
INVESCO INDIA ACTIVE INCOME FUND-DIR PL-GW - 24,862.734 Units (31 March 2018 : 24,862.734 Units)	**54.434**	50.591
KOTAK MONEY MARKET SCHEME-GRW-REG PLAN - 16,413.422 Units (31 March 2018 : Nil Units)	**50.502**	-
KOTAK FMP SERIES 267 DIRECT GW - 5,000,000 Units (31 March 2018 : Nil Units)	**50.000**	-
L&T SHORT TERM OPPORTUNITIES FUND-GW - 3,064,326.338 Units (31 Mar 2018 : 3,064,326.338 Units)	**54.697**	50.914
RELIANCE FIXED HORIZON FUND-XXXI-SR9 - 5,000,000 Units (31 March 2018 : 5,000,000 Units)	**60.499**	56.178
RELIANCE FIXED HORIZON FUND-XXXV-SR14 - 5,000,000 Units (31 March 2018 : 5,000,000 Units)	**54.612**	50.787
RELAINCE FIXED HORIZON-XXXVII-SR04 - 5,000,000 Units (31 March 2018 : Nil Units)	**54.700**	-
SBI DEBT FUND SERIES - C - 8(1175 DAYS)-DG - 5,001,814.194 Units (31 March 2018 : 5,001,814.194 Units)	**54.470**	50.764
SBI ARBITRAGE OPPORTUNITIES FUND-REG GW -2,125,281.068 Units (31 March 2018 : Nil Units)	**51.012**	-
SBI MAGNUM ULTRA SHORT BOND FUND - REG GW - 12,750.972 Units (31 March 2018 : Nil Units)	**52.852**	-
TATA FIXED MATURITY PLAN SRS 53 SCHEME A - 5,000,000 Units (31 March 2018 : 5,000,000 Units)	**53.979**	50.251
UTI - FIXED TERM INCOME FUND SRS XXIX (1112 DAYS) - 5,000,000 Units (31 March 2018 : Nil Units)	**53.238**	-
ABSL TREASURY OPTIMIZER PLAN - QTRLY DIV - REG PLN - Nil Units (31 March 2018 : 670,123.699 Units)	**-**	69.280
ABSL TREASURY OPTIMIZER PLAN - GROWTH PLAN - Nil Units (31 March 2018 : 455,134.133 Units)	**-**	100.842
ABSL SAVINGS FUND - WKLY DIV - REG PLAN - Nil Units (31 March 2018 : 42,539.607 Units)	**-**	4.274
HSBC CASH FUND - DAILY DIVIDEND - Nil Units (31 March 2018 : 1,870.342 Units)	**-**	1.872
HSBC CASH FUND - GROWTH- Nil Units (31 March 2018 : 28,995.194 Units)	**-**	50.032
ICICI PRUDENTIAL DYNAMIC BOND FUND-REG P-MD - Nil Units (31 March 2018 : 9,83,352.972 Units)	**-**	10.852
ICICI PRUDENTIAL SHORT TERM - REG PLAN - FORTNIGHT - Nil Units (31 March 2018 : 8,18,282.533 Units)	**-**	10.184
ICICI BANKING AND PSU DEBT FUND-WD - Nil Units (31 March 2018 : 4,16,651.884 Units)	**-**	4.295
ICICI SHORT TERM- GROWTH OPTION - Nil Units (31 March 2018 : 1,381,402.455 Units)	**-**	50.024
ICICI BANKING & PSU DEBT FUND-GROWTH OPTION - Nil Units (31March2018 : 2,503,968.791 Units)	**-**	50.024
KOTAK LOW DURATION FUND - NIL Units (31 March 2018 : 26,284.796 Units)	**-**	55.802
KOTAK TREASURY ADVANTAGE FUND - GW - Nil Units (31 March 2018 :1,800,030.961 Units)	**-**	50.029
RELIANCE MEDIUM TERM FUND -DIRECT GROWTH PLAN - Nil Units (31 March 2018 : 1,612,139 Units)	**-**	59.975

Notes to the Consolidated financial statements for the year ended 31st March 2019

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

	31 March 2019	31 March 2018
RELIANCE MONEY MANAGER FUND-GROWTH PLAN -Nil Units (31 March 2018 : 20,891.977 Units)	-	50.027
INVESCO INDIA ANNUAL INTERVAL FUND-PLAN B - Nil Units (31 March 2018 : 5,000,000 Units)	-	62.227
FRANKLIN INDIA LOW DURATION FUND - MONTHLY DIV - Nil Units (31 March 2018 : 25,86,972.971 Units)	-	27.279
FRANKLIN INDIA ULTRA SHORT BOND FUND-WKLY DIV - Nil Units (31 March 2018 : 27,00,300.797 Units)	-	27.325
FRANKLIN INDIA LOW DURATION FUND - GW - NIl Units (31 March 2018 : 5,006,107.451 Units)	-	100.000
TATA SHORT TERM BOND FUND PLAN A - FORTNIGHT - Nil Units (31 March 2018 : 6,63,647.917 Units)	-	10.046
TATA ULTRA SHORT TERM FUND REGULAR PLAN - GW- Nil Units (31 March 2018 : 18,993.545 Units)	-	50.028
TATA SHORT TERM BOND FUND REG PLAN - GW - Nil Units (31 March 2018 : 1,549,225.078 Units)	-	50.024
UTI - SHORT TERM INCOME FUND - INSTI OPTION - GW - Nil Units (31 March 2018 : 6,120,700 Units)	-	129.283
DHFL PRAMERICA ULTRA SHORT TERM FUND-GW - Nil Units (31 March 2018 : 2,372,490.498 Units)	-	50.028
Total	**1424.000**	1788.741
(ii) Investments at amortised cost		
Unquoted investments:		
Deposit with Bajaj Finance Limited	**232.950**	119.850
Total current	**1656.950**	1908.591
Aggregate book value of quoted investments	**1872.050**	1888.701
Aggregate market value of quoted investments	**1868.150**	1889.351
Aggregate book value of unquoted investments	**233.065**	119.965

5 Loans

	31 March 2019	31 March 2018
Non-current		
Security deposits		
Unsecured considered good	**50.129**	72.117
	50.129	72.117
Current		
Security deposits		
Unsecured considered good	**1.579**	0.706
	1.579	0.706
	51.708	72.823

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 2019	31 March 2018
6	**Other financial assets**		
	Non-current		
	Deposits with banks with an original maturity of more than 12 months	**231.514**	70.245
		231.514	70.245
	Current		
	Foreign exchange forward contracts	**20.599**	1.205
	Interest accrued on fixed deposits and bonds	**41.225**	14.674
		61.824	15.879
	Total other financial assets	**293.338**	86.124
7	**Other assets**		
	Non-current		
	Capital advances	**6.241**	7.844
	Balances with central excise, customs and Value added tax authorities	**92.358**	105.293
	Prepaid expenses	**18.346**	22.342
		116.945	135.479
	Current		
	Contracts in progress (Refer note 29)	**1217.135**	1208.590
	Advances to suppliers	**173.468**	155.658
	Balances with central excise, customs and Value added tax authorities	**59.754**	188.915
	Prepaid expenses	**35.969**	37.504
	Amounts receivable in cash or kind	**111.827**	95.473
		1598.153	1686.140
	Total Other assets	**1715.098**	1821.619
8	**Inventories (valued at lower of cost and net realisable value)**		
	Raw materials	**1040.726**	502.778
	Work in progress	**188.374**	255.751
	Finished goods	**34.668**	49.324
		1263.768	807.853
9	**Trade Receivables**		
	Current		
	Unsecured, considered good	**3052.911**	2625.014
	Unsecured, considered doubtful	**846.978**	749.526
		3899.889	3374.540
	Less: Impairment allowance (allowance for bad and doubtful debts)	**846.978**	749.526
		3052.911	2625.014
	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	**378.451**	347.945
	Deposits with original maturity of less than 3 months	**255.304**	421.967
	Cheques, drafts on hand	**-**	0.857
	Cash on hand	**1.843**	1.481
		635.598	772.250
11	**Other bank balances**		
	Unclaimed dividend account	**11.527**	10.359
	Deposits with maturity for more than 3 months but less than 12 months	**232.500**	19.910
		244.027	30.269

Notes to the Consolidated financial statements for the year ended 31st March 2019

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

		31 March 2019		31 March 2018	
12	**Equity Share Capital**				
	Authorised shares				
	450,000,000 (31 March 2018: 450,000,000) equity shares of INR 2 each		**900.000**		900.000
	Issued, subscribed and fully paid-up shares				
	182,647,850 (31 March 2018: 180,932,415) equity shares of INR 2 each		**365.296**		361.865
	Total		**365.296**		361.865
a.	**Reconciliation of the shares outstanding at the beginning and at the end of the reporting period:**				
		No.	**Amount**	No.	Amount
	At the beginning of the period	**180,932,415**	**361.865**	179,444,188	358.888
	Add: Allotted during the period pursuant to exercise of employees stock options (Refer note 34)	**1,715,435**	**3.431**	1,488,227	2.977
	Outstanding at the end of the period	**182,647,850**	**365.296**	180,932,415	361.865

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 2018 and the same was approved by the shareholders at the Annual General Meeting held on 6 August 2018. The amount was recognised as distributions to equity shareholders during the year ended 31 March 2019.

The Board of Directors proposed a final dividend of INR 1.62 per equity share for the financial year ended 31 March 2019. 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 2020. 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.

		31 March 2019		31 March 2018	
d.	**Details of shareholders holding more than 5% shares in the company:**				
	Equity shares of INR. 2 each fully paid	**No.**	**% of holding**	No.	% of holding
	Pramod Chaudhari (Promoter)	**38,700,000**	**21.19%**	38,700,000	21.39%
	Parimal Chaudhari (Promoter)	**14,400,000**	**7.88%**	14,400,000	7.96%
	HDFC Trustee Company Limited - HDFC Equity Fund	**15,969,221**	**8.74%**	15,971,366	8.83%
	Tata Capital Financial Services Limited	**13,256,223**	**7.26%**	13,422,400	7.42%
	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 2019	31 March 2018
Number of bonus shares issued, shares issued for consideration other than cash and shares bought back	-	-

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

		31 March 2019	31 March 2018
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	**815.401**	710.312
	Add : Employee stock options exercised	**85.474**	82.328
	Add : Transfer from Share option outstanding account on exercise of options	**36.290**	22.761
	Balance at the end of the year	**937.165**	815.401
	Share option outstanding account		
	Balance as at the beginning of the year	**40.954**	38.115
	Add : Employee stock option expense	**29.986**	27.317
	Less: Employee stock options expired and transferred to surplus in statement of profit and loss	**9.058**	1.717
	Less : Transfer to Securities Premium on exercise of options	**36.29**	22.761
	Balance at the end of the year	**25.592**	40.954
	Special Economic Zone Re-investment Reserve		
	Balance as at the beginning of the year	**71.548**	-
	Add : Transfer from Surplus in the Statement of Profit and Loss	**61.400**	71.548
	Balance at the end of the year	**132.948**	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	**16.602**	16.159
	Add : due to transactions during the year	**1.986**	0.443
	Balance at the end of the year	**18.588**	16.602
	Surplus in the Statement of Profit and Loss		
	Balance as at the beginning of the year	**4978.764**	4996.644
	Profit as per statement of profit and loss	**682.032**	394.909
	Other comprehensive income	**4.305**	7.574
	Add: Employee stock options expired and transferred from share option outstanding account	**9.058**	1.717
	Less: Appropriations		
	Interim/Final equity dividend	**385.311**	291.242
	Tax on Interim/Final equity dividend	**79.196**	59.290
	Transfer to Special Economic Zone Re-investment Reserve	**61.400**	71.548
	Adjustments to opening retained earnings - Ind AS 115	**153.912**	-
	Net Surplus in Statement of Profit and Loss	**4994.340**	4978.764
	Total Other Equity	**7084.856**	6899.492

Notes to the Consolidated financial statements for the year ended 31st March 2019

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

		31 March 2019	31 March 2018
14	**Borrowings**		
	Non-current		
	Unsecured loan		
	Government loan	**0.410**	0.820
	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
	Loan received from Department of Biotechnology (DBT) carrying interest at the rate of 2%. (Refer note 17)		
	Current		
	Secured loans -Loans payable on demand		
	(i) Cash Credit Loan	**-**	28.478
	Non-current		
	Current	**-**	28.478
	(ii) PCFC /PSFC Loan	**-**	14.310
	Non-current		
	Current	**-**	14.310
	(iii) Buyers Credit Loan	**-**	16.630
	Non-current		
	Current	**-**	16.630
		-	59.418
	Total Borrowings	**-**	59.828
15	**Provisions**		
	Non-current		
	Provision for employee benefits		
	Compensated absences	**68.846**	66.672
	Gratuity	**84.486**	92.515
	Performance incentive	**5.466**	0.000
		158.798	159.187
	Current		
	Provision for employee benefits		
	Compensated absences	**32.574**	29.024
	Gratuity	**20.589**	18.137
	Performance incentive	**72.075**	37.975
		125.238	85.136
	Total provisions	**284.036**	244.323
16	**Trade payables**		
	Current		
	-To related parties	**-**	-
	-To others		
	Total outstanding dues of micro enterprises and small enterprises (Refer note ii below)	**191.082**	120.208
	Total outstanding dues of creditors other than micro enterprises and small enterprises	**2154.270**	1644.305
		2345.352	1764.513
	Notes:		
	i. Trade payables are non-interest bearing and are normally settled on 30-90 days terms		
	ii. Interest due/payable to parties under MSMED Act, 2006	**0.009**	-

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

			31 March 2019	31 March 2018
17	**Other financial liabilities**			
	Current			
	Current maturities of long term borrowings		**0.410**	0.410
	Unclaimed dividends		**11.503**	10.279
	Employee benefits payable		**123.385**	76.598
	Other payables		**29.376**	38.210
			164.674	125.497
18	**Other liabilities**			
	Current			
	Advances received from customers		**1743.445**	1443.914
	Dues to customers relating to contracts in progress (Refer Note 29)		**428.676**	394.494
	Statutory dues payable		**46.660**	33.050
			2218.781	1871.458
19	**Revenue from operations**			
	Sale of Products and Projects (including excise duty)		**9162.321**	8497.377
	Add: Closing Contracts in progress		**807.866**	859.776
	Less: Opening Contracts in progress		**184.573**	1313.122
		(a)	**9785.614**	8044.031
	Sale of services		**1400.359**	1052.868
	Add: Closing Contracts in progress		**(19.406)**	(45.680)
	Less: Opening Contracts in progress		**(45.680)**	(28.678)
		(b)	**1426.633**	1035.866
	Other Operating Revenue			
	Scrap Sales		**160.510**	130.748
	Sale of Licenses		**38.363**	23.923
		(c)	**198.873**	154.671
	Total Revenue from operations (a+b+c)		**11411.120**	9234.568
20	**Other income**			
	Foreign exchange fluctuation gain (net)		**89.909**	95.075
	Dividend from mutual fund investments current investment		**0.064**	30.443
	Gain on redemption of mutual fund investments (net)-current investment		**105.306**	73.739
	Investment In mutual fund fair valuation gain/loss		**20.477**	(34.288)
	Interest			
	- on fixed deposits		**42.579**	27.439
	- others		**33.466**	9.010
	Income calculated using effective interest rate method		**2.664**	2.168
	(Loss) / profit on sale of property,plant and equipment (net)		**(0.600)**	(0.812)
	Excess provision / creditors written back (including advances)		**6.310**	3.229
	Other non-operating income		**22.791**	61.246
			322.966	267.249

Notes to the Consolidated financial statements for the year ended 31st March 2019

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

		31 March 2019	31 March 2018
21	**Cost of materials consumed**		
	Raw material consumed	**6013.337**	4712.004
		6013.337	4712.004
22	**(Increase) / Decrease in inventories of Finished Goods and Work in Progress**		
	Inventories at the end of the year		
	Work in progress	**188.374**	255.751
	Finished goods	**34.668**	49.324
		223.042	305.075
	Inventories at the beginning of the year		
	Work in progress	**255.751**	189.037
	Finished goods	**49.324**	96.835
		305.075	285.872
	(Increase) / Decrease in inventories	**82.033**	(19.203)
23	**Employee Benefit Expenses**		
	Salaries, wages and bonus	**1429.769**	1337.511
	Contributions to provident and other funds (Refer note 33a)	**58.913**	52.197
	Gratuity Expense (Refer note 33 b)	**17.298**	17.663
	Employee stock option expense	**29.986**	27.318
	Staff welfare	**69.723**	55.462
		1605.689	1490.151
24	**Finance costs**		
	Interest expense	**0.208**	3.943
	Net interest cost on net defined benefit obligations (Refer note 33b)	**7.423**	7.477
		7.631	11.420

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

		31 March 2019	31 March 2018
25	**Other Expenses**		
	Consumption of stores and spares	**137.942**	119.528
	Site expenses and labour charges	**1109.605**	874.721
	Freight and transport	**278.397**	263.370
	Bad debts written off / Provision for doubtful debts and advances	**188.930**	136.263
	Sales commission	**137.772**	75.385
	Travel and conveyance	**243.333**	211.166
	Professional consultancy charges	**164.302**	186.393
	Insurance	**35.910**	39.348
	Rent (Refer note 32)	**81.418**	81.858
	Power and fuel	**57.292**	64.129
	Advertising and exhibition expenses	**33.178**	23.549
	Communication expenses	**20.219**	23.134
	Testing charges	**31.139**	23.412
	Repairs and maintenance:		
	Building	**8.212**	2.679
	Plant and Machinery	**29.285**	22.834
	Others	**22.549**	18.930
	Auditors' remuneration		
	for audit services	**5.006**	4.690
	for taxation services	**1.450**	1.400
	out of pocket expenses	**0.100**	0.099
	Director's fees	**7.200**	4.500
	Rates and taxes	**4.941**	3.890
	Provision for diminution in value of investment / Loss on sale of shares	**31.892**	0.237
	Miscellaneous expenses	**286.575**	286.176
		2916.647	2467.691

Notes to the Consolidated financial statements for the year ended 31st March 2019

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

		31 March 2019	31 March 2018
26	**Income tax**		
A	**Statement of profit and loss:**		
	Current income tax:		
	Current income tax charge	**169.424**	154.919
	Tax relating to earlier periods	**(0.425)**	0.248
	Deferred tax:		
	Relating to origination and reversal of temporary differences	**28.179**	(19.919)
	Income tax expense reported in the statement of profit and loss	**197.178**	135.248
B	**Statement of other comprehensive income:**		
	Deferred tax:		
	Remeasurements gains and losses on post employment benefits	**(2.366)**	(3.984)
	Income tax expense reported in the statement of other comprehensive income	**(2.366)**	(3.984)
C	**Reconciliation of effective tax rate**		
	Accounting profit before tax	**879.253**	530.125
	Tax using the Company's domestic tax rate 34.9440% (34.608%)	**307.246**	183.466
	i Adjustments in respect of current income tax of previous years	**(0.425)**	0.248
	ii Deferred tax effects on earlier year	**-**	(4.095)
	Less: Tax effect of:		
	i Tax rate difference on book profit as per Minimum Alternate Tax	**(98.944)**	(64.801)
	ii Tax effect on exempt income dividend	**(0.021)**	(10.536)
	iii Tax effect of reversal of Deffered Tax on adjustment to Opening Reserve in respect of IND AS 115	**(82.674)**	-
	iv Tax effect on Ind AS adjustments	**(3.068)**	-
	Add: Tax effect of		
	i Tax liability on IND AS adjustment to Retained earnings	**1.772**	1.752
	ii Tax liability on permanent Difference	**1.811**	2.368
	iii Effect on deduction claimed in MAT for Doubtful debt provision written back	**50.227**	36.424
	iv Deferred Tax expenses accounted as no effect of Timing differences on MAT liability	**30.544**	(16.669)
	ii change in tax rate including subsidiaries	**(9.290)**	7.091
	Total	**197.178**	135.248
	Income tax expense reported in the statement of profit and loss	**197.178**	135.248

(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 2019	31 March 2018	31 March 2019	31 March 2018
Deferred tax asset				
Provision for doubtful debts and advances	**294.438**	241.963	**(52.475)**	(37.002)
Gratuity	**35.963**	38.639	**2.676**	0.461
Long term capital losses	**15.349**	27.125	**11.776**	0.814
Carry forward business loss	**0.224**	4.614	**4.390**	21.231
Compensated absences	**34.623**	33.449	**(1.174)**	(1.905)
Percentage of completion on consolidated basis	**5.315**	8.402	**3.087**	5.820
Others	**9.116**	10.753	**1.106**	(0.856)
IND AS 115 Deferred Tax reversal			**82.674**	0.000
Total	**395.028**	364.945	**52.060**	(11.437)
Deferred tax liability				
Property, plant & equipment and intangible assets	**(298.777)**	(320.293)	**(21.516)**	(4.304)
Amortisation of prepaid lease rentals / others	**(2.810)**	(2.809)	**0.001**	(0.194)
Total	**(301.587)**	(323.102)	**(21.515)**	(4.498)
Net deferred tax asset / (liability)	**93.441**	41.843		
Deferred tax expense/(income)			**30.545**	(15.935)
- Recognised in the statement of profit and loss			**28.179**	(19.919)
- Recognised in the statement of other comprehensive income			**2.366**	3.984

27 Earnings per share

Particulars	31 March 2019	31 March 2018
Reconciliation of basic and diluted shares used in computing earnings per share		
Weighted average number of basic equity shares	**181,820,960**	179,976,373
Add: effect of dilutive potential equity shares:		
- Employee stock options	**419,204**	776,034
Weighted average number of diluted equity shares	**182,240,164**	180,752,407
Computation of basic and diluted earnings per share		
Net profit after tax attributable to equity shareholders	**682.032**	394.909
Basic earnings per equity share of INR 2 each	**3.75**	2.19
Diluted earnings per equity share of INR 2 each	**3.74**	2.18

Notes to the Consolidated financial statements for the year ended 31st March 2019

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

28 Capital commitments and contingent liabilities

Particulars	31 March 2019	31 March 2018
Capital commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	**8.267**	1.880
Other commitments		
Partly paid shares-Praj Far East Co. Ltd., Thailand	**12.828**	11.530
Contingent liabilities		
Claims against Company not acknowledged as debts (primarily relating to performance related claims filed by customers)	**49.847**	44.469
Disputed demands in appeal towards income tax, service tax & sales tax	**203.030**	211.625
Guarantee issued in respect of obligations of a subsidiary	**559.968**	929.165

29 Disclosures pursuant to Ind AS 115-Revenue from Contracts with Customers

'Ind AS 115 - Revenue from Contracts with Customers' is a new accounting standard effective from 1 April 2018 which replaces earlier revenue recognition requirements. With effect from 1 April 2018, the Company has adopted Ind AS 115 using cumulative effect method i.e. the new standard is applied retrospectively to the contracts that are not completed as at the date of initial application. The Company has recognised the cumulative effect of ₹ 153.912 million (net of tax effect of ₹ 82.672 million) as an adjustment to the opening balance of retained earnings as at 1 April 2018. The comparative information for the previous periods is not restated.

Particulars	31 March 2019	31 March 2018
Contract revenue recognised during the year (excluding taxes)	**9200.837**	6715.937
Aggregate amount of contract costs incurred and recognised profits (less recognised losses)	**11249.695**	13284.574
Customer advances outstanding for contracts in progress	**1321.421**	1062.142
Retention money due from customers for contracts in progress	**597.087**	650.594
"Gross amount due from customers for contract work (presented as contracts in progress) "	**1217.135**	1208.590
Gross amount due to customers for contract work (presented as dues to customers relating to contracts in progress)	**(428.676)**	(394.494)

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.

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

31 Related party transactions

a)	Key management personnel and their close members of family	
	Executive chairman	Pramod Chaudhari
	CEO & Managing Director (w.e.f 2 April 2018)	Shishir Joshipura
	Chief Financial Officer & Director-Finance & Commercial	Sachin Raole
	Chief Internal Auditor & Company Secretary	Dattatraya Nimbolkar
	Non-executive directors	Berjis Desai
		Daljit Mirchandani
		Parimal Chaudhari
		Rajiv Maliwal
		Sivaramakrishnan S. Iyer
		Mrunalini Joshi
		Dr. Shridhar Shukla
	Close members of family of key management personnel	Parimal Chaudhari (Director)
		Parth Chaudhari

b)	Entity controlled or jointly controlled by a person identified in a)
	Praj Foundation
	Plutus Properties LLP

Notes to the Consolidated financial statements for the year ended 31st March 2019

(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 2019	31 March 2018
Praj Foundation		
Donation paid	**13.652**	15.773
Plutus Properties LLP		
Rent	**3.216**	3.063
Pramod Chaudhari		
Short term employee benefits	**49.035**	43.175
Post employment benefits	**4.392**	4.392
Other long term employee benefits	**1.080**	1.500
Dividend	**82.044**	62.694
Payable	**4.234**	10.240
Shishir Joshipura		
Short term employee benefits	**27.177**	-
Post employment benefits	**3.426**	-
Other long term employee benefit	**0.732**	-
Share based payment	**1.117**	-
Payable	**0.959**	-
Sachin Raole		
Short term employee benefits	**7.477**	6.220
Post employment benefits	**0.860**	0.366
Other long term employee benefit	**0.180**	0.226
Share based payment	**1.835**	2.213
Payable	**2.520**	1.291
Dattatraya Nimbolkar		
Short term employee benefits	**6.753**	5.842
Post employment benefits	**0.527**	0.306
Other long term employee benefit	**0.079**	(0.025)
Share based payment	**0.637**	0.605
Payable	**1.624**	1.012
Parimal Chaudhari		
Commission on profit	**1.650**	1.000
Dividend	**45.792**	34.992
Payable	**1.650**	1.000
Parth Chaudhari		
Remuneration	**2.916**	2.916

(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 2019	31 March 2018
Future minimum lease payments in respect of non-cancellable leases		
- amount due within one year from the balance sheet date	**87.006**	57.427
- amount due in the period between one year and five years	**228.539**	225.568
- amount due after five years	**38.687**	82.455
Lease payments debited to statement of profit and loss		
- cancellable leases	**19.713**	22.084
- non cancellable leases	**61.705**	59.773

33 Employee benefits

a) Defined contribution plans

The Company has recognised INR 58.913 (31 March 2018: INR 52.197) 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 2019	31 March 2018
Present value of obligation as at the beginning of the period	**222.541**	207.656
Interest cost	**16.207**	14.500
Past service cost	**-**	0.420
Current service cost	**17.160**	17.295
Benefits paid	**(13.827)**	(7.440)
Remeasurements on obligation - (gain) / loss	**(6.028)**	(9.890)
Present value of obligation as at the end of the period	**236.053**	222.541

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

Particulars	31 March 2019	31 March 2018
Fair value of plan assets at the beginning of the period	**112.136**	94.591
Interest income	**8.785**	7.023
Contributions	**10.300**	9.109
Benefits paid	**(0.624)**	0.999
Mortality Charges and Taxes	**(0.142**	(0.121)
Return on plan assets, excluding amount recognized in interest income - gain / (loss)	**0.642**	0.001
Adjustment entry	**-**	0.535
Fair value of plan assets as at the end of the period	**131.097**	112.137

Notes to the Consolidated financial statements for the year ended 31st March 2019

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

Amounts recognised in the balance sheet are as follows:

Particulars	31 March 2019	31 March 2018
Present value of obligation as at the end of the period	**236.053**	222.541
Fair value of plan assets as at the end of the period	**131.097**	112.137
Surplus / (deficit)	**(104.956)**	(110.404)

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

Particulars	31 March 2019	31 March 2018
Current service cost*	**17.160**	17.295
Past service cost	**6.819**	0.420
Net interest (income) / expense	**0.604**	7.477
Net periodic benefit cost recognised in the statement of profit and loss at the end of the period	**24.583**	25.192

* INR Nil (31 March 2018: INR 0.051 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 2019	31 March 2018
Remeasurement for the year - obligation (gain) / loss	**(6.028)**	(9.890)
Remeasurement for the year - plan assets (gain) / loss	**(0.636)**	(1.668)
Total remeasurements cost / (credit) for the year	**(6.664)**	(11.558)

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

Particulars	31 March 2019	31 March 2018
Interest (income) / expense - obligation	**16.207**	14.500
Interest (income) / expense - plan assets	**(8.785)**	(7.023)
Net interest (income) / expense for the year	**7.422**	7.477

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

Particulars	31 March 2019	31 March 2018
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 2019	31 March 2018
Discount rate	**7.50% - 7.80%**	7.50% - 7.80%
Rate of increase in compensation levels	**5% - 8%**	5% - 8%
Expected rate of return on plan assets	**7.50% - 7.80**	7.1% - 7.30
Expected average remaining working lives of employees (in years)	**9.67 - 15.95**	9.78 - 16.46
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%

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

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 2019	31 March 2018
Decrease by 1%	**248.823**	234.669
Increase by 1%	**224.815**	211.886

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 2019	31 March 2018
Decrease by 1%	**226.143**	213.117
Increase by 1%	**247.034**	233.034

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 2019	31 March 2018
Decrease by 1%	**235.881**	222.410
Increase by 1%	**236.203**	222.654

34 Employee Stock Option Plan (ESOP)

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. During the year 2018-19 1,625,000 options were granted to certain employees of the Company as ESOP 2011- Grant VIII to X.

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 2019	31 March 2018
Expense arising from equity-settled share-based payment transactions	**29.986**	27.318

Notes to the Consolidated financial statements for the year ended 31st March 2019

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

Movements during the year
I. ESOP 2005 Grant IV (Plan A)

Particulars	31 March 2019		31 March 2018	
	Options	Weighted average exercise price INR	Options	Weighted average exercise price INR
Number of options outstanding at the beginning of the year	**2,885,533**	**54.91**	2,502,060	61.06
Number of options granted during the year	**1,625,000**	**68.89**	1,969,700	50.00
Number of options exercised during the year	**(1,715,435)**	**51.83**	(1,488,227)	57.32
Number of options forfeited/lapsed during the year	**(400,000)**	**77.60**	(98,000)	76.46
Number of options outstanding at the end of the year	**2,395,098**	**62.82**	2,885,533	54.91
Number of options exercisable at the end of the year			890,493	64.60
Range of exercise price of options outstanding at the end of the year	**INR 50.00 to 70.00**		INR 50.00 to 114.32	
Average share price during the year	**INR 106.11**		INR 85.16	
Weighted average remaining contractual life of options outstanding at the end of the year	**3.13 years**		1.15 years	
Weighted average fair value of option as on date of grant (granted during the year)	**15-Dec-18**	**59.41**	27-Sep-2017	24.18
	15-Jan-19	**89.90**		
	28-Jan-19	**61.86**		
	28-Jan-19	**62.48**		

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 2018-19				FY 2017-18
Grant date	**15 Dec 2018**	**15 Jan 2019**	**28 Jan 2019**	**28 Jan 2019**	27 Sept 2017
Risk-free interest rate	**7.04%**	**6.83%**	**6.78%**	**6.78%**	6.45%
Expected life	**1.03 years**	**1.59 years**	**1.55 years**	**1.65 years**	1.5 years
Expected volatility*	**57.46%**	**60.39%**	**61.51%**	**61.51%**	43.01%
Expected dividend yield	**2.07%**	**2.07%**	**2.07%**	**2.07%**	2.96%
Price of the underlying share in market at the time of grant of option (INR)	**106.70**	**153.10**	**121.30**	**121.30**	68.50

* Expected volatility has been determined based on closing price of the share of the Company over a period equivalent to expected life.

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 2019	31 March 2018
Capital expenditure (excluding advances)	**27.375**	59.355
Revenue expenditure	**167.767**	151.748

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

36 Taxes

The company has not recognised MAT credit entitlement to the extent of INR 160.789 till 31 March, 2019 in respect of Income Tax paid in view of uncertainty of its utilisation for payment of tax in foreseeable future.

37 Corporate Social Responsibility (CSR) expenditure

The Company was required to spend INR 14.652 as expenditure on CSR as per requirements of the Companies Act, 2013. During the year, the Company has incurred CSR expenses of INR 14.652 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	14.652*	Nil	Nil

*Includes INR 13.652 given to Praj Foundation which is a related party.

The above expenditure includes contribution/donation of INR 14.652 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 2019	31 March 2018
	Levelled at level 2		
	Financial asset		
a)	**Carried at amortised cost**		
	Investment in Shares	**0.102**	0.102
	Investment in quoted perpetual bonds*	**398.060**	99.960
	Investment in deposits	**232.950**	119.850
	Investment in National saving certificate	**0.013**	0.013
	Security deposits	**51.708**	72.823
	Trade receivable	**3052.911**	2625.014
	Deposits with banks	**231.514**	70.245
	Other receivables	**41.225**	14.674
	Cash and cash equivalents & Other bank balances	**879.625**	802.519
b)	**Carried at fair value through profit and loss (FVTPL)**		
	Foreign exchange forward contracts	**20.599**	1.205
	Levelled at level 1		
a)	Investments in mutual funds	**1424.000**	1788.741
b)	Investments in debentures	**49.990**	-
	Levelled at level 2		
	Financial liabilities		
a)	**Carried at amortised cost**		
	Borrowings	**0.410**	60.238
	Trade payables	**2345.352**	1764.513
	Unclaimed dividends	**11.503**	10.279
	Financial guarantee contracts		
	Other payables	**152.761**	114.808
*	Fair value of investment in quoted non-convertible bonds	**394.160**	100.610

Notes to the Consolidated financial statements for the year ended 31st March 2019

(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 2019	31 March 2018
Trade receivables	**3899.889**	3374.540
Less : expected loss	**846.978**	749.526
	3052.911	2625.014

	31 March 2019	31 March 2018
Trade receivables		
Neither past due nor impaired	**1066.683**	1447.460
Less than 180 days	**1524.685**	764.399
181 - 365 days	**152.766**	152.374
More than 365 days	**308.777**	260.781
Total	**3052.911**	2625.014

Reconciliation of loss provision

	Trade receivables	**Trade receivables**
Loss allowance as at 31 March 2018	**749.526**	**638.638**
Changes in loss allowance	**97.452**	**110.888**
Loss allowance as at 31 March 2019	**846.978**	**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 2019	31 March 2018
Interest bearing borrowings		
On demand	-	59.418
Less than 180 days	**0.205**	0.205
181 - 365 days	**0.205**	0.205
More than 365 days	-	0.410
Total	**0.410**	60.238
Other liabilities		
On demand	**11.503**	10.279
Less than 180 days	**152.761**	114.808
181 - 365 days	-	-
More than 365 days	-	-
Total	**164.264**	125.087

Notes to the Consolidated financial statements for the year ended 31st March 2019

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

Exposure to risk	31 March 2019	31 March 2018
Trade payables		
On demand	-	-
Less than 180 days	**2345.352**	1764.513
181 - 365 days	-	-
More than 365 days	-	-
Total	**2345.352**	1764.513

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

Exposure to risk	31 March 2019	31 March 2018
Expiring within one year	**1690.000**	1506.400
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 2019	31 March 2018	31 March 2019	31 March 2018
Trade receivables	EUR	**1.034**	1.224	**78.234**	95.689
	USD	**9.153**	10.039	**627.680**	647.857
	GBP	**0.182**	0.244	**16.282**	22.249
Bank accounts	EUR	**0.094**	0.053	**7.202**	4.243
	USD	**2.029**	3.328	**138.824**	214.425
Foreign exchange forward contracts	EUR	-	-	-	-
	USD	**8.150**	12.050	**559.335**	777.225

Financial liabilities	Currency	Amount in foreign currency		Amount in INR	
		31 March 2019	31 March 2018	31 March 2019	31 March 2018
Trade payables	EUR	**1.224**	0.457	**95.992**	36.620
	USD	**2.625**	1.384	**183.185**	90.070
	GBP	-	0.002	-	0.182
PCFC	USD	-	0.220	-	14.310
Buyer's credit	USD	-	0.206	-	16.630

Currency wise net exposure (assets -liabilities)

Particulars	Amount in foreign currency		Amount in INR	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
EUR	**(0.096)**	0.820	**(10.556)**	63.312
USD	**16.707**	23.607	**1142.654**	1518.497
GBP	**0.182**	0.242	**16.282**	22.067

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

Sensitivity analysis

Currency	Amount in INR		Sensitivity %		Impact on profit-strengthen [Loss / (Gain)]		Impact on profit - weakening [Loss / (Gain)]	
	2019	2018	2019	2018	2019	2018	2019	2018
EUR	**(10.556)**	63.312	**5.00%**	5.00%	**0.528**	(3.166)	**(0.528)**	3.166
USD	**1142.654**	1518.497	**5.00%**	5.00%	**(57.133)**	(75.925)	**57.133**	75.925
GBP	**16.282**	22.067	**5.00%**	5.00%	**(0.814)**	(1.103)	**0.814**	1.103
Total	**1148.380**	1603.876			**(57.419)**	(80.194)	**57.419**	80.194

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

40 Capital management

Risk management

The groups' 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 of 0%. The gearing ratios were as follows:

	31 March 2019	31 March 2018
Loans and borrowings	**-**	0.410
Other financial liability	**0.410**	59.828
Less: cash and cash equivalents	**635.598**	772.25
Net debt	**-**	-
Equity	**7456.795**	7267.957
Capital and net debt	**7456.795**	7267.957
Gearing ratio	**0%**	0%

Notes to the Consolidated financial statements for the year ended 31st March 2019

(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	98.72%	7361.646	91.49%	624.060	70.64%	4.444	91.30%	628.504
Subsidiaries								
Indian								
1 Praj HiPurity Systems Limited, India.	13.35%	995.360	0.57%	3.874	(1.37%)	(0.086)	0.55%	3.788
2 Praj Engineering and infra Limited,India	0.95%	70.975	1.79%	12.211	(0.84%)	(0.053)	1.77%	12.158
Foreign								
1 Praj Far East Philippinnes Ltd. Inc., Philippinnes	0.88%	65.970	1.55%	10.548	14.21%	0.894	1.66%	11.442
2 Praj Industries (Africa) Pty. Limited, South Africa	0.11%	7.865	(0.36%)	(2.455)	15.56%	0.979	(0.21%)	(1.476)
3 Praj Americas Inc. USA	0.06%	4.359	0.70%	4.771	(1.18%)	(0.074)	0.68%	4.697
4 Praj Far East Co., Ltd. Thailand	0.13%	9.781	1.92%	13.064	(12.16%)	(0.765)	1.79%	12.299
5 Praj Industries Namibia Limited, Namibia	(0.01%)	(0.972)	1.50%	10.203	15.13%	0.952	1.62%	11.155
Minority Interests in all subsidiaries	0.00%	0.239	0.01%	0.043	0.00%	-	0.01%	0.043
Inter Company Eliminations/ Goodwill Amortisation	(14.19%)	(1058.428)	0.84%	5.756	0.00%	-	0.84%	5.756
Total	100.00%	7456.795	100.00%	682.075	100.00%	6.291	100.00%	688.366

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 2019

Notice

Notice is hereby given that the Thirty Third Annual General Meeting of **PRAJ INDUSTRIES LIMITED** will be held on **Tuesday, the 23rd July, 2019 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, 2019 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, 2019 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.

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, 2020 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, 2020."

5. **To consider and approve extension of appointment of Mr. Pramod Chaudhari (DIN : 00196415) as Executive Chairman of the Company and to fix his remuneration and in this matter, to consider and if thought fit, to pass the following Resolution as Special Resolution:**

   "RESOLVED THAT in accordance with the provisions of Sections 196 , 197 and 203, read with rules framed there under and Schedule V and other applicable provisions (including any Statutory modifications or re-enactments thereof for the time being in force), if any, of the Companies Act, 2013, hereinafter referred to as 'The Act', the consent of the Company be and is hereby accorded to the extension of appointment of Mr. Pramod Chaudhari as Executive Chairman of the Company for a period of three years with effect from 1st August, 2019 till 31st July, 2022, which includes continuation of appointment from 26th November, 2019 being the date of attainment of age of 70 years, 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.

   RESOLVED FURTHER THAT in the event of any enhancement of the limits specified in Schedule V to the Act, the Board of Directors be and is hereby authorized to vary and / or upwardly revise the remuneration within such enhanced limits.

   RESOLVED FURTHER 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."

6. **To consider and approve extension of appointment of Mr. Sachin Raole (DIN: 00431438) as CFO & Director-Finance & Commercial 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 extension of appointment of Mr. Sachin Raole (DIN: 00431438) as CFO & Director-Finance & Commercial, for a period of three (3) years effective 1st August, 2019 till 31st July, 2022 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.

RESOLVED FURTHER 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."

7. **To consider and approve re-appointment of Mr. Berjis Desai (DIN: 00153675) as an Independent Director and in this regard to consider and, if thought fit, to pass the following resolution as Special Resolution:**

"RESOLVED THAT in accordance with the provisions of Sections 149 (10), 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, and Regulation 17 (1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and further amendments thereto, Mr. Berjis Desai (DIN : 00153675), in respect of whom the Company has received a notice in writing under Section 160 (1) of the Companies Act, 2013 from a member proposing his candidature for the office of Director be and is hereby re-appointed as an Independent Director of the Company to hold office for a further period of 5 (five) years till 31st March, 2024."

8. **To consider and approve re-appointment of Mr. Sivaramakrishnan S. Iyer (DIN: 00503487) as an Independent Director and in this regard to consider and, if thought fit, to pass the following resolution as Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 149 (10) read with schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and qualification of Directors) Rules, 2014 (including any statutory modifications or re-enactments thereof for the time being in force) and Regulation 17 (1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and further amendments thereto, Mr. Sivaramakrishnan S. Iyer (DIN : 00503487) in respect of whom the Company has received a notice in writing under Section 160 (1) of the Companies Act, 2013 from a member proposing his candidature for the office of Director be and is hereby re-appointed as an Independent Director of the Company for a further period of 5 (five) years till 31st March, 2024."

9. **To consider and approve grant of 2,50,000 options to Mr. Shishir Joshipura CEO and Managing Director and in this regard to consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:**

"RESOLVED THAT based on the recommendation of Nomination and Remuneration Committee (NRC) and approval by the Board of Directors of the Company and subject to the provisions of Section 197 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, read with amendments made by Companies (Amendment) Act, 2017 the consent of the Company be and is hereby accorded for the grant of 2,50,000 options [consisting of 1,00,000 fixed options and 1,50,000 variable options (actual quantum of vesting of which will depend upon achievement of performance on the basis of specified parameters)] to Mr. Shishir Joshipura, CEO & Managing Director under ESOP 2011."

10. **To consider and approve grant of 1,50,000 options to Mr. Sachin Raole CFO and Director - Finance and Commercial and in this regard to consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:**

"RESOLVED THAT based on the recommendation of Nomination and Remuneration Committee (NRC) and approval by the Board of Directors of the Company and subject to the provisions of Section 197 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, read with amendments made by Companies (Amendment) Act, 2017 the consent of the Company be and is hereby accorded for the grant of 1,50,000 options [consisting of 1,00,000 fixed options and 50,000 variable options (actual quantum of vesting of which will depend upon achievement of performance on the basis of specified parameters)] to Mr. Sachin Raole, CFO & Director-Finance & Commercial under ESOP 2011,"

By Order of the Board of Directors

Place: Pune
Date: 16th May, 2019

Dattatraya Nimbolkar
Chief Internal Auditor &
Company Secretary

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)	Post Graduate degree in Journalism & Communications from Pune University and MS in Television-Radio-Film (TRF) from Syracuse University, USA. (Ms. Parimal Chaudhari is spouse of Mr. Pramod Chaudhari, Executive Chairman)	Communication and human resource development. As Managing Trustee of Praj Foundation, she steers the CSR activities.	Praj Industries Ltd.	Praj Industries Ltd.-Member of Stakeholders' Relationship Committee.
Mr. Pramod Chaudhari (DIN : 00196415)	26/11/1949 (38,700,000)	Mechanical Engineer from IIT, Bombay. (Mr. Pramod Chaudhari is a spouse of Ms. Parimal Chaudhari, Director)	Mr. Pramod Chaudhari's career spans over 48 years of professional and entrepreneurial endeavour. He established Praj in 1985. Since then, he has built Praj in to a global Company.	Praj Industries Ltd. Praj HiPurity Systems Ltd. Nichrome India Ltd.	Nil
Mr. Sachin Raole (DIN : 00431438)	29/08/1970 Nil	Chartered Accountant and Cost Accountant (not related with any Director/ KMP of the Company)	24 years of experience in varied fields of Finance and Accounts. He has worked in the areas of divestment, merger and acquisitions, financial restructuring, treasury , accounts and taxation. He has very rich experience in wide spectrum of finance across industries, manufacturing, project, financial service and pharmaceuticals. Additionally, he also has an experience in handling human resources, materials, IT, Legal and Secretarial.	Praj Industries Ltd. Praj Engineering & Infra Ltd.	Praj Industries Ltd.-Member of Stakeholders' Relationship Committee. Praj Industries Ltd.-Member of Audit Committee.

Name of Director and (DIN)	Date of Birth (No. of Equity Shares held)	Qualification (Relationship with other Directors)	Nature of Expertise	Name of Companies in which he/she holds Directorship*	Name of Committees of the Companies of which he/she holds Chairmanship/ Membership**
Mr. Berjis Desai (DIN : 00153675)	02/08/1956 (1,481,450)	LLB. Masters degree in law from Cambridge University. (not related with any Director/ KMP of the Company)	Laws relating to mergers and acquisitions, securities, international commercial arbitration and in financial and international business law.	Praj Industries Ltd. Jubliant Food Works Limited. Emcure Pharmaceuticals Ltd. Man Infraconstruction Ltd. Lodha Developers Ltd. Deepak Fertilizers and Petrochemicals Corporation Ltd. The Great Eastern Shipping Company Ltd. Edelweiss Financial Services Ltd. Nuvoco Vistas Corporation Ltd.	Praj Industries Ltd.- Audit Committee- Chairman Man Infraconstruction Ltd.-Stakeholders' Relationship Committee Chairman Edelweiss Financial Services Ltd.- Stakeholders' Relationship Committee Chairman Lodha Developers Ltd.- Stakeholders' Relationship Committee Chairman The Great Eastern Shipping Company Ltd.- Audit Committee- Member Edelweiss Financial Services Ltd.-Audit Committee -Member Emcure Pharmaceuticals Ltd.-Audit Committee- Member Nuvoco Vistas Corporation Ltd.-Audit Committee- Member Deepak Fertilizers and Petrochemicals Corporation Ltd.- Stakeholders' Relationship Committee-Member
Mr. Sivaramakrishnan S. Iyer (DIN : 00503487)	28/01/1967 (180,000)	Chartered Accountant (not related with any Director/ KMP of the Company)	Specialisation in corporate finance and advices companies on debt/ equity fund raising mergers, amalgamations, capital restructuring for new/expansion of projects.	Praj Industries Ltd. Praj HiPurity Systems Ltd. The Phoenix Mills Ltd.	Praj HiPurity Systems Ltd.-Audit Committee- Chairman Praj Industries Ltd.-Stakeholders' Relationship Committee-Chairman Praj Industries Ltd.- Audit Committee- Member.

* 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 **Wednesday, the 17th July, 2019 to Tuesday, the 23rd July, 2019 (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 Tuesday, the 16th July, 2019 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 Tuesday, the 16th July, 2019 .

c. The dividend on Equity Shares, if declared at the Meeting, will be credited / dispatched on or after 30th July, 2019 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 up to the financial year 2010-11 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 6th August, 2018 (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 39,880 shares to Investor Education and Protection Fund on 26/10/2018.

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 33rd 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 19th July, 2019 to facilitate the answering thereto. The queries be sent on e-mail at investorsfeedback@praj.net.

By Order of the Board of Directors

Place: Pune
Date: 16th May, 2019

Dattatraya Nimbolkar
Chief Internal Auditor &
Company Secretary

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 33nd Annual General Meeting to be held on **Tuesday, the 23rd July, 2019 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 **Tuesday, the 23rd July, 2019**.

ii. The remote e-voting facility will be available during the following voting period:

Commencement of remote e-voting	End of remote e-voting
Saturday, the 20th July, 2019 at 9.00 A.M.	Monday, the 22nd July, 2019 up to 5.00 P.M.

   During this period, shareholders of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. Tuesday, the 16th July, 2019 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 the "shareholders" tab.

v. Now Enter your User ID

   a. For CDSL: 16 digits beneficiary ID,

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

   c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

vi. Next enter the Image Verification as displayed and Click on Login.

vii. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any Company, then your existing password is to be used.

viii. If you are a first time user, follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and 8 digits of the Sequence Number in the "PAN "field. • In case the Sequence Number is less than 8 digits, enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. e.g. If your name is Ramesh Kumar with Sequence No.001 then enter RA000001 in the "PAN" field.2222222
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's 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 (v).

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 chose to vote.

xiii. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

xiv. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

xv. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

xvi. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

xvii. You can also take print of the voting done by you by clicking on "Click here to print" option on the Voting page.

xviii. If Demat account holder has forgotten the changed password then enter the User ID and the image verification code and click on Forgot Password and enter the details as prompted by the system.

xix. Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.

xx. Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporate.
- 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 Tuesday, the 16th July, 2019 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 16th July, 2019.

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 33rd Annual General Meeting of the Company on 23rd July, 2019 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. 16th July, 2019, 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 sandip.pawar @linkintime.co.in.

By Order of the Board of Directors

Place: Pune
Date:16th May, 2019

Dattatraya Nimbolkar
Chief Internal Auditor &
Company Secretary

STATEMENT PURSUANT TO SECTION 102 (1) OF THE COMPANIES ACT, 2013:

The following Statement set outs all material facts relating to the Special Businesses 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, 2020 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

The Company had entered into an agreement dated 11th August, 2017 with Mr. Pramod Chaudhari (DIN 00196415) re-appointing him as Executive Chairman of the Company for a term of two years w.e.f. 1st August, 2017 till 31st July, 2019.

On recommendation of Nomination & Remuneration Committee, the Board of Directors, in its meeting held on 16th May, 2019, subject to the approval of the members in the ensuing Annual General Meeting, has extended the term of the agreement on the terms and conditions including remuneration w.e.f. 1st August, 2019 for a further period of three years. The remuneration of Mr. Pramod Chaudhari has remained unchanged for last three terms since 1st August 2012.

In view of this, based on the recommendation of Nomination & Remuneration Committee, the Board has approved the increase of 15% in his remuneration.

The information relevant for considering the resolution is as under:

Mr. Pramod Chaudhari is a B.Tech in Mechanical Engineering from IIT, Bombay. He is Promoter and Founder Director of Praj Industries Limited. He has over 48 years' experience in the industry, as a professional and as an entrepreneur.

The key components of remuneration payable to Mr. Pramod Chaudhari, Executive Chairman shall be as under:-

I. **Salary :**

Basic Salary not exceeding ₹ 2,070,000/- per month.

II. **Performance Bonus/Variable Pay :**

In addition to salary and perquisites, Performance Bonus/Variable Pay as recommended by the Nomination & Remuneration Committee and as approved by the Board shall be paid to Mr. Pramod Chaudhari after considering the performance of the Company & Praj Group Companies and his individual performance.

III. **Commission**

In addition to salary, perquisites and Performance Bonus/Variable Pay, Commission on profits shall be paid to Mr. Pramod Chaudhari depending upon the profitability of the Company and Praj Group Companies. The commission will be recommended by the Nomination & Remuneration Committee and will be approved by the Board after considering the performance of Company and Praj Group Companies within the overall limits approved by the members.

The total payments under the head Performance Bonus and Commission taken together shall not exceed 3% of consolidated profit before tax (subject to the overall limits prescribed under Section 197 (1) of the Companies Act 2013) read with rules framed there under.

IV. **Contribution to Provident Fund and Gratuity to the extent it is not taxable in the hands of Mr. Pramod Chaudhari.**

V. **Ex-gratia: 15% of annual basic salary**

VI. **Allowances / Perquisites:**

In addition to the above, Mr. Pramod Chaudhari shall be entitled to the allowances / perquisites which shall not exceed 125% of his basic salary.

The overall remuneration payable to Mr. Pramod Chaudhari shall be within the ceiling of Section 197(1) of the Companies Act, 2013 read with rules framed there under.

However, the Board has got power to vary the remuneration upward within over all ceiling as prescribed under Section 197 (1) of the Companies Act, 2013 read with relevant Rules.

VII. Minimum Remuneration :

In the event of loss or inadequacy of profits in any financial year during the Term the payment of Salary, perquisites and other allowances shall stand reduced to the limit prescribed by Schedule V to the Companies Act, 2013, as amended from time to time, as minimum remuneration.

Brief resume of Mr. Pramod Chaudhari, nature of his expertise in specific functional areas, names of companies in which he holds directorships and memberships /chairmanships of Board Committees, shareholding and relationship between directors inter-se as stipulated under SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 read with amendments thereto, are given at page no. 172 of this notice.

The Company has received Consent in writing to continue to act as Executive Director from Mr. Pramod Chaudhari .

Mr. Pramod Chaudhari will shortly attain age of 70 years on 26th November, 2019.

As per provisions of Section 196(3), person who has attained the age of 70 years can continue as a Whole Time Director of the Company subject to the approval of shareholders by Special Resolution.

The Board of the Company is of the view that Mr. Pramod Chaudhari's leadership qualities and rich and versatile experience in the area in which the Company operates, since the inception of the Company, would definitely enable the Company to reach the desired targets and goals.

Mr. Pramod Chaudhari is interested in the resolution set out at Item No. 5 of the Notice. The relatives of Mr. Pramod Chaudhari may be deemed to be interested in the resolution set out at Item No. 5 of the Notice, to the extent of their shareholding interest, if any, in the Company.

None of the Directors, other than Mr. Pramod Chaudhari and Ms. Parimal Chaudhari being spouse of Mr. Pramod Chaudhari, is in any way concerned or interested in the said resolution.

Copy of agreement with Mr Pramod Chaudhari is available for inspection at the Registered Office of the Company on working day.

The Board recommeds this Special Resolution set out at Item No. 5 of the Notice for approval by the Members.

Item No. 6

Shareholders at their 31st Annual General Meeting of the Company held on 11th August, 2017, had approved the appointment of Mr. Sachin Raole (DIN: 00431438) as Chief Financial Officer (CFO) and Director –Finance & Commercial , in the category of Whole Time Director for a period from 16th January, 2017 till 31st July, 2019.

The Board of Directors, on the recommendation of Nomination & Remuneration Committee, in its meeting held on 28th January, 2019, subject to the approval of the members in the ensuing Annual General Meeting, has extended the tenure of service of Mr. Sachin Raole as CFO & Director-Finance & Commercial for a further period of three years with effect from 1st August, 2019 till 31st July, 2022.

The key components of remuneration payable to Mr. Sachin Raole, Chief Financial Officer (CFO) and Director –Finance & Commercial shall be as under:-

Salary :

I. Basic salary: ₹ 268,830/- per month.

II. Performance Bonus/Variable Pay : ₹ 30,00,000/- p.a.

III. Allowances and perquisites:

In addition to the above, Mr. Sachin Raole shall be entitled to the allowances / perquisites which shall not exceed 200% of his basic salary.

IV. Contribution to Provident Fund, Gratuity and Superannuation to the extent it is not taxable in the hands of Mr. Sachin Raole .

V. Ex-gratia: Excess of 10% of annual basic salary over maximum superannuation contribution of ₹ 1,50,000/-

VI. Minimum Remuneration :

In the event of loss or inadequacy of profits in any financial year during the Term the payment of Salary, perquisites and other allowances shall stand reduced to the limit prescribed by Schedule V to the Companies Act, 2013, as amended from time to time, as minimum remuneration.

The overall remuneration payable to Mr. Sachin Raole shall be within the ceiling of Section 197(1) of the Companies Act, 2013 read with rules framed there under.

However, the Board has got power to vary the remuneration upward within over all ceiling as prescribed under Section 197 (1) of the Companies Act, 2013 read with relevant Rules.

Brief resume of Mr. Sachin Raole, nature of his expertise in specific functional areas, names of companies in which he holds directorships and memberships /chairmanships of Board Committees, shareholding and relationship between directors inter-se as stipulated under SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 read with amendments thereto, are given at page no. 172 of this notice.

The Company has received Consent in writing to continue to act as Executive Director from Mr. Sachin Raole;

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

The Board recommends the Ordinary Resolution as set out at Item No. 6 of the Notice for approval by the shareholders.

Item No. 7 & 8:

Shareholders at 28th Annual General Meeting held on 28th July, 2014 had approved the appointment of Mr. Berjis Desai and Mr. Sivaramakrishnan S. Iyer as Independent Directors for a period of five (5) years till 33rd Annual General Meeting to be held in the calendar year 2019.

As per provisions of Sections 149 (10), 152 and other applicable provisions if any, read with Companies (Appointment and Qualification of Directors) Rules, 2014, read with Schedule IV of the Companies Act, Independent Director shall hold office for a term up to five consecutive years and shall be eligible for re-appointment on passing of a Special Resolution by the Company and disclosure of such appointment in the Board' Report.

Based on the confirmation received from the respective Directors, it is proposed to re-appoint the following Independent Directors to hold office for a period of five (5) years with effect from 1st April, 2019 till 31st March, 2024:

1. Mr. Berjis Desai
2. Mr. Sivaramakrishnan Iyer

Brief resume of Independent Directors as mentioned above, proposed to be 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 given at page no. 173 of this notice.

None of the above Independent Directors is disqualified from being re-appointed as Director in terms of Section 164 of the Act. All the above mentioned Independent Directors have given their consent to act as such Director.

The Company has also received declaration from above Directors that they meet the criteria of independence as prescribed both under sub-section 6 of Section 149 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosures) Regulations, 2015 read with amendments thereto.

In the opinion of the Board, the above Independent Directors fulfil the conditions for re-appointment as Independent Directors as specified in the Act and the provisions of SEBI (Listing Obligations and Disclosures) Regulations, 2015 read with amendments thereto, and all of them are independent of the management.

Copy of the draft letter of re-appointment of each of the above Independent directors setting out the terms and conditions is available for inspection by members at the Registered Office of the Company.

Mr. Berjis Desai and Mr. Sivaramakrishnan S. Iyer are interested in the resolution set out respectively at Item Nos. 7 & 8 of the Notice with regard to their re-appointment.

The relatives of 1) Mr. Berjis Desai and 2) Mr. Sivaramakrishnan S. Iyer may be deemed to be interested in the resolution set out respectively at Item No.s 7 & 8 of the Notice, to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives is, in any way, concerned or interested, financially or otherwise, in this resolution.

The Board recommends the Special Resolution set out at Item No.s 7 & 8 of the Notice for approval by the shareholders.

Item No. 9

Based on the recommendation of Nomination and Remuneration Committee, the Board at its meeting held on 28th January, 2019, has granted 2,50,000 options [consisting of 1,00,000 fixed options and 1,50,000 variable options (actual quantum of vesting of which will depend upon achievement of performance on the basis of specified parameters)] @ ₹. 70/- per option to Mr. Shishir Joshipura, CEO & Managing Director under ESOP 2011.

As per provisions of Section 197 of the Companies Act, 2013 read with Schedule V, relevant Rules thereon and further amendments, if any, remuneration payable to Managerial Personnel is subject to approval of shareholders and subject to over all ceiling prescribed under Section 197 of the Companies Act, 2013.

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

The Board recommends the Ordinary Resolution as set out at Item No.9 of the Notice for approval by the shareholders

Item No. 10

Based on the recommendation of Nomination and Remuneration Committee, the Board at its meeting held on 28th January, 2019, has granted 1,50,000 options [consisting of 1,00,000 fixed options and 50,000 variable options (actual quantum of vesting of which will depend upon achievement of performance on the basis of specified parameters)] @ ₹ 70/- per option to Mr. Sachin Raole, CFO & Director- Finance & Commercial under ESOP 2011.

As per provisions of Section 197 of the Companies Act, 2013 read with Schedule V, relevant Rules thereon and further amendments, if any, remuneration payable to Managerial Personnel is subject to approval of shareholders and subject to over all ceiling prescribed under Section 197 of the Companies Act, 2013.

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

The Board recommends the Ordinary Resolution as set out at Item No.10 of the Notice for approval by the shareholders

By Order of the Board of Directors

Place: Pune
Date:16th May, 2019

Dattatraya Nimbolkar
Chief Internal Auditor &
Company Secretary

Praj Industries Limited

33rd Annual General Meeting scheduled to be held on Tuesday, the 23rd July, 2019 at 10.00 A.M.

Latitude : 18.5971 Longitude : 73.7188

Route Map from Bhumkar Chowk to Praj Industries Limited

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 Third Annual General Meeting** of the Company, to be held on **Tuesday, the 23rd July, 2019 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, 2019 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, 2019 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 payable to M/s. Dhananjay V. Joshi & Associates, Cost Accountants as cost auditors for the financial year 2019-20.		
5. Extension of tenure of service of Mr. Pramod Chaudhari (DIN00196415) for a period of three years i.e. up to 31st July, 2022.		
6. Extension of tenure of service of Mr. Sachin Raole (DIN 00431438) CFO & Director-Finance & Commercial for a period of three years effective from 1st August, 2019.		
7. Re-appointment of Mr. Berjis Desai (DIN: 00153675) as an Independent Director for a further period of five years.		
8. Re-appointment of Mr. Sivaramakrishnan S. Iyer (DIN: 00503487) as an Independent Director for a further period of five years.		
9. Grant of options to Mr. Shishir Joshipura		
10. Grant of options to Mr. Sachin Raole		

Affix
Revenue
Stamp
15 paise

Signature of shareholder

Signed this ____________________ day of ____________________ 2019.

____________________ ____________________ ____________________

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.

Giving back to the society

Ms. Parimal Chaudhari, Managing Trustee of Praj Foundation handed over special cooling Jackets and Caps to Pune Traffic Police so as to help them combat scorching heat in summer season on 10th April, 2019, in presence of Commissioner of Police Dr. K. Venkatesham.

praj | foundation

Sterile Water System and Process Skids for Vaccine plant manufactured at Praj HiPurity System's Wada (Thane) facility.
The systems has been designed as per USFDA and WHO norms.

praj
Innovate • Integrate • Deliver

"Praj Tower", S. No. 274 & 275/2, Bhumkar Chowk-Hinjewadi Road, Hinjewadi, Pune 411057, INDIA.
+91-20-71802000 / 22941000 | 020-22941299 | info@praj.net