

# Integrating Transformation

Annual Report  
2014-15



## Board of Directors

From L to R - Gajanan Nabar, Daljit Mirchandani, Kishor Chaukar, Berjis Desai, Pramod Chaudhari, Prakash Kulkarni, Parimal Chaudhari, Rajiv Maliwal and Sivaramakrishnan S. Iyer

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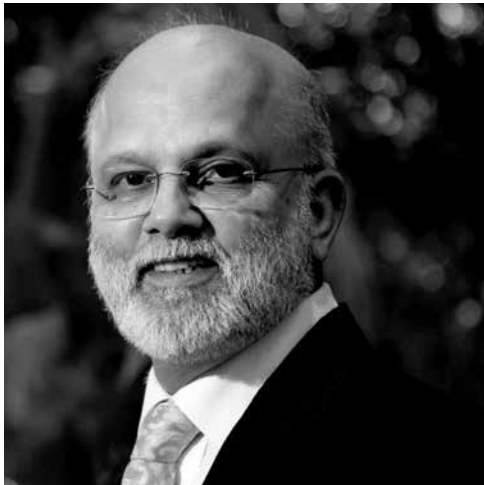
## Company Information

Board of Directors	: <b>Executive Directors</b> Pramod Chaudhari, Executive Chairman Gajanan Nabar, CEO & MD
	<b>Non Executive Directors</b> Berjis Desai Daljit Mirchandani (w.e.f. 28/05/2015) Kishor Chaukar Parimal Chaudhari Prakash Kulkarni Rajiv Maliwal Sivaramakrishnan S. Iyer
CFO & Company Secretary	: Dattatraya Nimbolkar
Auditors	: B.K. Khare & Co.
Cost Auditors	: Dhananjay V. Joshi & Associates
Internal Auditors	: Khare Deshmukh & Co.
Bankers	: Bank of Maharashtra The Royal Bank of Scotland HSBC Ltd.
Solicitors	: J. Sagar Associates, Mumbai
Registered Office	: "Praj Tower", S.No. 274 & 275/2, Bhumkar Chowk- Hinjewadi Road, Hinjewadi, Pune 411 057. India
R & D Center	: Praj Matrix – The Innovation Center Gat No. 402, 403, 1098, Village Urwade, Tal. Mulshi, Dist. Pune 412 108. India
Manufacturing Facilities	: S.No.748, Sanaswadi, Pune 412 208. India Gat No. 745, Sanaswadi, Pune 412 208. India  Plot No. E-20 & E-21 additional MIDC Area, Jejuri Tal. Purandar, Dist. Pune 412 303. India
Export Oriented Units	: Kandla SEZ Unit I, Plot No 307 to 314, Sector IV, Gandhidham, Kutch, 370 230, Gujarat. India Kandla SEZ Unit II, Plot No 282 to 286 and 294 to 298, Sector IV, Gandhidham, Kutch, 370 230, Gujarat. India
Presence in	: India, South Africa, Thailand, UAE and USA and also in Argentina, Namibia, The Philippines, Tanzania and Sierra Leone

## Praj at Glance (Consolidated)

	UOM	14-15	13-14	12-13	11-12	10-11	09-10	08-09	07-08	06-07
SALES	₹ Mn	<b>10118.457</b>	9858.371	9190.714	10031.102	6649.290	7344.398	9542.174	7380.067	6301.937
OTHER INCOME	₹ Mn	<b>340.163</b>	230.092	312.286	443.375	295.156	456.695	252.147	388.527	89.145
TOTAL INCOME	₹ Mn	<b>10458.620</b>	10088.463	9503.000	10474.477	6944.446	7801.093	9794.321	7768.594	6391.082
TOTAL EXPENDITURE EXCLUDING DEPRECIATION	₹ Mn	<b>8838.281</b>	9081.384	8364.357	9118.177	6175.477	6412.838	8252.633	5983.412	5248.024
DEPRECIATION	₹ Mn	<b>378.260</b>	237.631	215.297	163.472	111.989	107.350	88.721	58.154	33.097
EBIDTA (EXCLUDING OTHER INCOME)	₹ Mn	<b>926.588</b>	791.382	849.418	924.464	473.872	935.150	1295.098	1397.416	1057.188
PBT	₹ Mn	<b>863.819</b>	769.448	923.346	1192.828	656.980	1280.905	1452.967	1727.028	1109.961
PAT BEFORE MINORITY INTEREST	₹ Mn	<b>782.289</b>	565.026	715.468	703.300	569.982	1198.323	1175.405	1513.227	865.991
PAT AFTER MINORITY INTEREST	₹ Mn	<b>762.662</b>	546.257	680.272	678.942	577.513	1195.856	1211.948	1529.250	865.991
NET BLOCK OF FIXED ASSETS + CWIP	₹ Mn	<b>3071.989</b>	3280.278	2959.784	2590.420	1599.808	1447.999	1539.485	1235.956	637.300
SHARE CAPITAL	₹ Mn	<b>354.930</b>	354.930	354.930	359.096	369.557	369.477	366.862	366.324	167.800
RESERVES AND SURPLUS	₹ Mn	<b>5866.654</b>	5470.277	5350.295	5174.588	5219.567	4908.715	3982.415	3130.078	1301.001
NET WORTH	₹ Mn	<b>6221.584</b>	5825.207	5705.225	5533.684	5589.124	5278.192	4349.277	3496.402	1468.801
EPS BASIC	₹	<b>4.30</b>	3.08	3.83	3.69	3.13	6.49	6.61	8.52	5.19
RATIOS										
EBIDTA (EXCLUDING OTHER INCOME) TO SALES	%	<b>9%</b>	8%	9%	9%	7%	13%	14%	19%	17%
PBT TO SALES	%	<b>9%</b>	8%	10%	12%	10%	17%	15%	23%	18%
PAT AFTER MINORITY INTEREST TO SALES	%	<b>8%</b>	6%	7%	7%	9%	16%	13%	21%	14%
RONW	%	<b>13%</b>	9%	12%	12%	11%	25%	31%	62%	86%
ROCE	%	<b>14%</b>	13%	16%	21%	12%	26%	35%	66%	102%
NO. OF SHARES	Nos.	<b>177,465,079</b>	177,465,079	177,465,079	179,548,092	184,778,723	184,738,492	183,431,082	183,161,810	83,900,066
DIVIDEND	%	<b>81%</b>	111%	81%	81%	63%	72%	90%	99%	135%
BOOK VALUE PER SHARE	₹	<b>35.06</b>	32.82	32.15	30.82	30.25	28.57	23.71	19.09	8.81
CASH EPS	₹	<b>6.43</b>	4.42	5.04	4.58	3.73	7.08	7.09	8.84	5.39

## Chairman's Statement



### Integrating Transformation

Two years ago, we set the stage for the transformation process with a single thought – *maximize value for all our stakeholders*. I am glad to say that we have covered a lot of ground during the implementation of this process - we implemented a new identity; we shifted to an environment friendly corporate address called Praj Tower which recently received the Leed Platinum Certification from IGBC; we started a strategy program with a global consulting firm.

We are now moving onwards to integrating various elements of transformation. By integrating, I mean embedding transformation into the very fabric of our organization, making the organization more sustainable. Because, the reality is that the world around us is very dynamic and we have to be in readiness to change as per the demands of the times. This will make us swifter and even more resilient.

We consider Innovation and Excellence to be the two pillars of organizational transformation. So, we concentrated on these two elements to start with. While innovation is all encompassing, we began with what we do best, *Technology Innovation*. I am glad to say that under the applied innovation, several new initiatives have been taken to market in the shortest possible time. We are also working on disruptive innovation at Matrix – the R & D Center. The mandate is to create new paradigms in biobased economy.

On the Excellence front, we have looked at the entire value chain. Best practices have been implemented in many areas and we are already seeing results of the same. We will continue to embed it across the organization. Our aim is to provide sustainable solutions and that can only come through if the solutions are viable. In fact, this is our pre-condition for the 2G technology where no efforts have been spared in order to make it competitive. More than anything else, transformation leads to unleashing of human energy, taking it to a new level. Our aim to put the organization onto the next growth phase is not just a factor of the tightening the 'nuts and bolts' and getting a new fleet but it is also about firing the imagination of the people and to make it possible for each one to realize their true potential. In order for this to happen the leadership of the organization should be first made to break the barriers. We are in the process of setting up a 'Leadership Academy' which will create the future leaders for the organization. Sustainability is all about people.

I am excited about the future of our Company. Globally, the past thirty years were marked with multiple periods of disruption in the economic cycles. In each period, we have been better prepared. We have been largely unscathed and have been on an even keel. However, if we have to stay the course of continual growth, we have to practise organizational transformation process consistently. With the new vigour, I am confident of traversing the path of sustainability very successfully.

**Pramod Chaudhari**

Executive Chairman

Pune, June 2015

## CEO & MD's Statement



### Delivering Transformation

Transformation journey starts making the difference only if it starts touching all aspects of the Organization – people, processes, performance & profits, leading to increased value for all stakeholders.

The transformation process, which was set in motion two years ago, has seen changes in many aspects of your Company's operations viz. business mix, customer profile, execution cycles and business models employed for each of the business verticals. What has remained constant, though, is the sustainability element in every single offering of Your Company.

The fiscal 2014-15 has been a watershed year in many respects. The year saw Your Company breaking the Rs 1000 cr mark in terms of new order inflow, with 25% increase over the previous year. Internationalization efforts for emerging businesses have yielded encouraging results with significant increase in the global footprint.

The transformation process is driven on vectors of Innovation and Excellence.

Keeping with the tradition of introducing new innovative offerings and technologies into the market, your Company commercialized several initiatives like Ecosmart & Ecophotox technologies for distilleries; oil and gas skids by the Critical Process Equipment business; Biowizbioreactor for high purity segment and variety of solutions for modernization and value added services.

On R&D front, the year saw introduction of Customized Research Services & Solutions (CRSS) to monetize the R&D efforts. Also, the total number of patents granted now stands at 16.

Your Company has clearly identified growth levers and a defined path. For ethanol/alcohol plants, it is modernization by leveraging the existing reference base, whereas for brewery plants, the focus is on international markets in the wake of two successful orders in Namibia and Myanmar.

For water segment (in Praj HiPurity Systems Limited and wastewater solutions), the growth levers are enhancement of scope & value added services, whereas the critical process equipment & systems will be driven by value accretive & niche space of process skids.

While driving innovation and growth, we increased our focus on Excellence and brought stringent financial discipline, improved business process efficiency and continually worked upon reducing waste.

Our efforts have been to make this transformation sustainable and far reaching.

In the coming years, your Company will continue to chart newer growth horizons based on high impetus on Innovation and Excellence. We will actualize the vision of being supplier of choice for sustainable technologies worldwide while creating value for our stakeholders.

**Gajanan Nabar**

CEO & MD

Pune, June 2015

## Directors' Report

### To The Members of Praj Industries Limited,

Your Directors are pleased to present the 29<sup>th</sup> Annual Report and the Audited Statements of Account for the year ended 31<sup>st</sup> March, 2015.

### Financial Results

In the year under review, your Company has recorded total income of ₹ 8334 Mn. (previous year ₹ 8048 Mn). While the total income increased by 3.6%, Profit before Tax decreased by 13.0% to ₹ 682 Mn. (previous year ₹ 784 Mn). Despite turbulent global economy, your Company's performance has been stable. The performance summary is presented herewith:

	(₹ Mn.)	
Particulars	2014-15	2013-14
Turnover	8011	7827
Other Income	323	221
Total Income	8334	8048
Total Expenses	7652	7264
PBT	682	784
PAT	685	624
(+) Balance in Profit & Loss account	4081	3980
Profit Available for Appropriations	4766	4604
Appropriations		
Adjustment relating to Fixed Assets	29	-
Dividend		
- Interim	-	106
- Final (Proposed)	287	287
- Dividend Tax (interim Dividend)	-	18
- Dividend Tax (final Dividend)	59	49
- Transfer to General Reserve	69	63
Balance in Statement of Profit & Loss	4322	4081

### State of Company's Affairs

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

### Summary of Consolidated Results

Total Income at ₹ 10459 Mn is higher by 3.7% over last year whereas PBT at ₹ 864 is higher by 12.4% over last year.

	(₹ Mn.)	
Particulars	2014-15	2013-14
Turnover	10119	9858
Other income	340	230
Total income	10459	10088
Total expenses	9595	9319
PBT	864	769
PAT (after Minority Interest)	763	546

### Dividend

The Board of Directors of your Company has recommended a final dividend of ₹ 1.62 (81%) per equity share of Face Value of ₹ 2/- for the Financial Year ended 31<sup>st</sup> March, 2015. The dividend is payable subject to shareholders' approval at the ensuing AGM. The final dividend pay-out will be ₹ 346.020 Mn. (Dividend: ₹ 287.493 Million and Dividend Distribution Tax: ₹ 58.527 Million).



**Reserves**

The Company proposes to carry ₹ 69.000 Million to Reserves.

**Credit Rating**

- a) CRISIL has reaffirmed "A1+" rating to Company's short-term banking facilities which signifies that the degree of safety regarding timely payment of instruments is very strong.
- b) CRISIL has also reaffirmed its rating of the Company's long-term bank facilities to 'AA/Stable'. The "AA" rating signifies high safety with regard to timely payment of long-term financial obligations.

**Subsidiaries**

During the fiscal, your Company has divested from BioEnergy Europa B. V., The Netherlands and the subsidiary was closed. Hence it ceased to be the subsidiary of the Company.

Apart from the above, Pacecon Engineering Projects Ltd., India, Praj HiPurity Systems Ltd. (formerly Neela 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, Praj Sur America SRL, Argentina and Praj Industries (Namibia) Pty. Ltd., Namibia continue to be subsidiaries of your Company.

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

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

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

**Corporate Governance**

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, Management Discussion and Analysis Report (Annexure 1) and Report on Corporate Governance and Compliance Certificate on Corporate Governance (Annexure 3) are annexed to this report.

**Directors**

Mr. Utpal Sheth (DIN : 00081012) retired by rotation as Director of the Company on 28<sup>th</sup> July, 2014 and pursuant to his unwillingness to act as a Director, ceased to be the Director of the Company with effect from 28<sup>th</sup> July, 2014.

Mr. Gajanan Nabar, Director (DIN: 00714569) will retire by rotation at the ensuing Annual General Meeting and, being eligible, has offered himself for reappointment.

Pursuant to the provisions of the Section 161(1) of the Companies Act, 2013 read with the Articles of Association of the company, Mr. Daljit Mirchandani (DIN: 00022951) is appointed as Additional Director with effect from 28<sup>th</sup> May, 2015 and he shall hold office only up to the date of this Annual General Meeting and being eligible, has offered himself for re-appointment as Director liable to retire by rotation.

Mr. Gajanan Nabar was reappointed as CEO & Managing Director in the Board meeting held on 28.07.2014, subject to the approval of members in the ensuing Annual General Meeting, for a period of three years with effect from 01.08.2014.

The contract with Mr. Pramod Chaudhari (DIN: 00196415) to act as the Executive Chairman of the Company will expire on 31<sup>st</sup> July, 2015. The Board, in its meeting held on 28<sup>th</sup> May, 2015, has, subject to the approval of the members in the ensuing Annual General Meeting, extended the term of his contract to act as Executive Chairman of the Company for a further period of two years with effect from 1<sup>st</sup> August, 2015 on the same terms and conditions including remuneration.



## 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. Gajanan Nabar	CEO & MD	15.11.2010	N.A.
Mr. Dattatraya Nimbolkar*	CFO & Company Secretary	22.07.2011	N.A.

\*Mr. Dattatraya Nimbolkar was appointed as Chief Financial Officer in addition to his holding of office as the Company Secretary in the Board meeting held on 26<sup>th</sup> May, 2014.

## Composition of Audit and 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 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 thereunder.

## Auditors

### a) Internal Auditors

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

### b) Statutory Auditors

Your Directors would like to inform you that the Company has received a letter dated 10<sup>th</sup> June, 2015 from the Statutory Auditors B. K. Khare & Co., Chartered Accountants, Mumbai (Firm Regn. No. 105102W), conveying their unwillingness to continue as the Statutory Auditors of the Company. Pursuant to provisions of Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, any casual vacancy caused in the office of the Statutory Auditors of the Company shall be filled by the Board of Directors within thirty days of such resignation, but if such casual vacancy is due to resignation of the Statutory Auditors, such appointment shall also be approved by the Company at a General Meeting convened within three months of the recommendation of the Board and the Auditor shall hold the office till the conclusion of the next Annual General Meeting. Considering the casual vacancy in the office of Statutory Auditors, the Company has vide its letter dated 13<sup>th</sup> June, 2015 approached M/s. P. G. Bhagwat, Chartered Accountants, Pune (Firm Regn. No. 101118W); to act as the Statutory Auditors of the Company. M/s. P. G. Bhagwat, Chartered Accountants, Pune, have conveyed their willingness to act as Statutory Auditors of the Company vide their letter dated 13<sup>th</sup> June, 2015 subject to the approval of shareholders in the ensuing Annual General Meeting. The Board of Directors has, subject to the approval of the shareholders in the ensuing Annual General meeting, appointed M/s. P. G. Bhagwat, Chartered Accountants, Pune as Statutory Auditors of the Company for a period of five years with effect from Financial Year 2015-16.

In view of the above, the Statutory Auditors of your Company, M/s. P. G. Bhagwat, Chartered Accountants, Pune, shall hold office from the date of their appointment by the Board of Directors till the conclusion of this Annual General Meeting and shall, subject to your approval, hold the office of Statutory Auditors from the conclusion of this Annual General Meeting until the conclusion of the Sixth Annual General Meeting of the Company to be held after this meeting.

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

Your Directors recommend the appointment of M/s. P. G. Bhagwat, Chartered Accountants, Pune, as the Statutory Auditors of your Company at the ensuing Annual General Meeting

Your Directors also place on record sincere thanks to B. K. Khare & Co. for their valuable contribution.

### c) Cost Auditors

The Cost Audit Report under The Companies (Cost Audit Report) Rules, 2011 for the year 2013-14 was duly filed with the Ministry of Corporate Affairs on 18<sup>th</sup> September, 2014.

Your Company has appointed Dhananjay V. Joshi & Associates, Cost Accountants as Cost Auditors of the Company for the year 2015-16 at the remuneration as set out in item No 8 of the explanatory statement which is subject to the approval of members in the ensuing Annual General Meeting.

**d) Secretarial Auditors**

Kanj & Associates, Pune, Practising Company Secretaries, were appointed to conduct the secretarial audit of the Company for the financial year 2014-15, as required under Section 204 of the Companies Act, 2013 read with rules framed thereunder. The Secretarial Audit Report for FY 2014-15 forms part of the Annual Report as Annexure 6.

The Board has appointed Kanj & Associates, Pune, Practising Company Secretaries, as secretarial auditors of the Company for the financial year 2015-16.

**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 2014-15 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 Clause 49 of the listing agreement, the Board formally adopted steps for framing, implementing and monitoring the risk management plan for the Company by way of Risk Management Policy.

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

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

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

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

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

During the year, your Directors have constituted a Risk Management Committee which;

- i. Identifies, assesses, manages and monitors risk.
- ii. allows investors and other stakeholders to be informed of material changes to the Company's risk profile.
- iii. recommends to the Board and then formally announces clear standards of ethical behaviour required of directors, employees and contractors and encourages observance of those standards.

The Company has a system of monitoring, reporting and mitigating the major risks and uncertainties that can impact its ability to achieve its strategic business plans.

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.

**Policy on Director's appointment, remuneration including criteria for determining qualifications, positive attributes, independence of a Director and other matters**

The Company's Remuneration Policy for Directors, Key Managerial Personnel and other employees is available on Company's website i.e. <http://www.praj.net/policies.html> and is also attached as Annexure 8 to this report.

### Criteria for evaluation of KMPs

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

### ESOP

Please refer Annexure 4 to this report for the particulars pursuant to Rule 12 (2) of the Companies (Share Capital and Debentures) Rules, 2014.

### 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 i.e. <http://www.praj.net/policies.html>. This Program aims to provide insights into the Company to enable the Independent Directors to understand its business in depth and contribute significantly to the Company.

### 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 also posted on the website of company i.e. <http://www.praj.net/policies.html>.

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

Kindly refer Annexure 2 to this Report

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

Loans, Guarantees and Investments covered under Section 186 of the Companies Act, 2013 form part of the notes to the financial statements provided in this Annual Report.

### 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.

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.

The Policy on materiality of related party transactions and dealing with related party transactions as approved by the Board may be accessed on the Company's website i.e. <http://www.praj.net/policies.html>.

The summary of related party transactions is given below;

### FORM AOC-2

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

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

1. Details of contracts or arrangements or transactions not at arm's length basis;  
N.A. as there were no transactions during the year which were not at arm's length.
2. Details of material contracts or arrangements or transactions at arm's length basis;

During the financial year 2014-15, all the transactions entered into with related parties were at Arm's Length. However, these transactions were not material.

### Performance evaluation

Clause 49 of the Listing Agreement mandates that the Board shall monitor and review the Board evaluation framework. 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. 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 our 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 director's obligations and fiduciary responsibilities; these include participation in Board and Committee meetings.

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 made by the Statutory Auditors or Secretarial Auditors in their report.

### **Extract of annual return**

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

### **Number of Board meetings conducted during the year under review**

The Board met Six times during the financial year, the details of which are given in the Corporate Governance Report that forms part of this Annual Report. The intervening gap between any two meetings was within the period prescribed by the Companies Act, 2013 and the Listing Agreement.

### **Directors' Responsibility Statement**

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

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the directors had selected such accounting policies and applied them consistently and made judgements 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 and loss of the Company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis; and
- (e) the directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

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

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

### **Deposits**

The Company has neither accepted nor renewed any deposits during the year under review.

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

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

Sr. No.	Name	Designation	Remuneration paid FY 2014-15 ₹ Mn.	% increase/ (decrease) in remuneration over FY 2013-14	Ratio of the remuneration of each Director to median remuneration of employees	Comparison of the Remuneration of the KMP against the performance of the Company for FY 2014-15
1	Mr. Pramod Chaudhari	Executive Chairman	50.132	(20.2)	69.2	Profit before Tax reduced by 13.0%.
2	Mr. Gajanan Nabar	CEO & MD	26.091	(8.4)	36.0	Profit before Tax reduced by 13.0%.
3	Mr. Berjis Desai	Non-Executive Independent Director	1.260	(6.7)	1.7	N.A.
4	Mr. Kishor Chaukar	Non-Executive Independent Director	0.570	(5.0)	0.8	N.A.
5	Ms. Parimal Chaudhari	Non-Executive Director	1.080	(7.7)	1.5	N.A.
6	Mr. Prakash Kulkarni	Non-Executive Independent Director	1.500	(2.0)	2.1	N.A.
7	Mr. Rajiv Maliwal	Non-Executive Independent Director	0.570	(5.0)	0.8	N.A.
8	Mr. Sivaramakrishnan S. Iyer	Non-Executive Independent Director	1.320	(2.2)	1.8	N.A.
9	Mr. Dattatraya Nimbolkar	CFO & Company Secretary	6.307	2.0	N.A.	Profit before Tax reduced by 13.0%.

Note - 1: Details not given for Mr. Utpal Sheth as he was a Director only for part of the financial year 2014-15 i.e. upto 28<sup>th</sup> July, 2014.

Note - 2: Details not given for Mr. Daljit Mirchandani as he was not a Director during the financial year 2014-15.

The median remuneration of employees of the Company during the financial year was ₹ 0.724 Million. In the financial year, there was an increase of 9.7% in the median remuneration of employees;

There were 979 permanent employees on the rolls of Company as on 31<sup>st</sup> March, 2015.

**Relationship between average increase in remuneration and Company performance:-**

The Profit before Tax for the financial year ended 31<sup>st</sup> March, 2015 reduced by 13.0% whereas the increase in median remuneration was 9.7%. The average increase in median remuneration was in line with the industry standards.

### Comparison of Remuneration of the Key Managerial Personnel (s) against the performance of the Company

The total remuneration of Key Managerial Personnel decreased by 15.4% from ₹ 97.508 Million in 2013-14 to ₹ 82.530 Million in 2014-15 whereas the Profit before Tax decreased by 13.0% to ₹ 681.592 Million in 2014-15 (₹ 784.400 Million in 2013-14).

### Variations in the market capitalisation of the Company

The market capitalisation as on 31<sup>st</sup> March, 2015 was ₹ 11,073.821 Million (₹ 9,316.917 Million as on 31<sup>st</sup> March, 2014). Price Earnings ratio of the Company was 15.29 as at 31<sup>st</sup> March, 2015 and was 14.91 as at 31<sup>st</sup> March, 2014.

Percent increase over/ decrease in the market quotations of the shares of the Company as compared to the rate at which the Company came out with the last public offer in the year- The Company had come out with initial public offer (IPO) in January, 1994. An amount of ₹ 4 invested in one equity share of the said IPO would be worth ₹ 62.4 as on 31<sup>st</sup> March, 2015 indicating a Compounded Annual Growth Rate of 14.0%. This is excluding the dividend accrued thereon.

Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2014-15 was around 8.0% whereas the Managerial Remuneration for the same financial year came down by 16.5%.

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

The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year – Not Applicable.

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

### 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.

### Employee Stock Option Plan

The information to be disclosed as per SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 is annexed to this Report (Annexure 4).

### "Group" for SEBI Takeover Regulations

For the purpose of Regulation 2 (1) (t) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, persons constituting 'Group' as defined in the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 are – Mr. Pramod Chaudhari, Ms. Parimal Chaudhari, Moriyaset Trust, Mr. Parth Chaudhari, P-Cube Enterprises Private Limited, Turtle Communication, Fusiontech Ventures Private Limited, Plutus Properties LLP and Parimal and Pramod Chaudhari Family Discretionary Trust.

### 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 2014-15.

### 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 Workplace (Prevention, Prohibition & Redressal) Act, 2013. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

Your Directors state that during the year under review, there were no cases filed pursuant to The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

## Energy Conservation, Technology Absorption, Adaptation, Innovation

Sustainability remains at the core in everything your Company undertakes.

During the year, your Company has -

1. been granted one international patent. With this, total number of granted patents stands at 16.
2. in association with Praj HiPurity Systems Limited and Praj Matrix - The Innovation Center, launched innovative Biowiz bio-reactor for the pharmaceutical industry.
3. developed and commercialized Ecophotox (Advanced Photochemical Oxidation) application for distillery condensate treatment & recycle.
4. introduced Customized Research Services & Solutions (CRSS).

The efforts on 2G ethanol technology are also on right path and Your Company is awaiting the final approval on the Government assistance. The demonstration project has received environmental clearance.

## Foreign Exchange Earnings & Outgo

(₹ Mn.)		
Particulars	31/3/2015	31/3/2014
Earnings	<b>3364</b>	3644
Outgo	<b>826</b>	747
Net Foreign Exchange Earnings	<b>2538</b>	2897

Your Company has retained its status as a net forex earner consecutively for past 18 years.

## Acknowledgements

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

For and on behalf of the Board of Directors

Place: Pune  
Date: 13<sup>th</sup> June, 2015

**Pramod Chaudhari**  
Executive Chairman



## ANNEXURE 1

### Management Discussion & Analysis

The financial year 2014-15 has proven to be a watershed year in many ways. The year saw a 25% increase in order inflow. Emerging businesses are also showing signs of scale up in terms of key orders like the one for oil & gas skids which contributed to a marked increase in new orders.

The year also saw your Company take record number of new initiatives to the market like Ecosmart technology for distilleries, oil and gas skids by the Critical Process Equipment business, Biowiz bioreactor for high purity segment and various solutions for modernization and value added services.

On the global economic front, growth in advanced economies has been showing signs of improvement. This will likely spur growth in connected emerging markets. Specific geographies in emerging markets will see growth, led by India, Thailand, Philippines and Indonesia in Asia; Mexico, Peru and Ecuador in Latin America; and Sub-Saharan Africa. Your Company's business is spread equally between India and overseas and your Company has a strong presence and experience of serving these markets.

Crude oil price is one of the variables considered while mandating ethanol blending program. But, with nearly half a century of ethanol blending in place, ethanol has now matured to a level where it is considered an integral part of gasoline supply chain in many countries. Besides, ethanol blending is largely led by environmental and other factors like rural job creation rather than just one variable, i.e. crude oil prices. In fact, low crude oil prices have seen Governments in many countries, especially developing ones, reduce subsidy burden and free up gasoline prices, leading to greater parity between gasoline and ethanol. In the wake of COP21, we expect renewables like ethanol to gain higher interest in the transport fuel sector.

Having said this, much of the ethanol business presently is led by beverage and industrial alcohol demand.

During the year, your Company accelerated and integrated transformation agenda for maximizing value through organizational efficiency enhancements.

Your Company is firmly establishing itself as a diverse process solutions & engineering Company with a focus on environment, energy and agri-led processing sectors.

#### Business Lines

The Ethanol/Alcohol plants and brewery business, also called the core business, form 70% of the revenue stream. The High Purity Systems, the wastewater treatment solutions and the critical process equipment & systems business, as part of the emerging business, account for nearly 30% of the turnover. Your Company is enhancing development initiatives to drive value added solutions, not just for the core business, but also for providing support to synergistic businesses including in pharma and biotech.

#### Praj HiPurity Systems Limited – Engaging with Pharma, Biotech, Cosmetics and Life Care Companies

The journey from being a purified water solutions supplier for the pharma & biotech industry to being a process solutions supplier has been quite exciting for Praj HiPurity Systems. Not just have they acquired business for process solutions, they have also introduced a novel bioreactor for the pharma industry which will enable Praj HiPurity Systems Limited to move up the value chain. It is yet another example of MAKE IN INDIA.

Praj HiPurity Systems Limited has also been working with globally aligned standards. Praj HiPurity Systems Limited is one of the first Companies to provide ASME BPE standards in its purified water systems for the pharma industry.

Praj HiPurity Systems Limited has also drawn up a plan for rapid internationalization of its business. It has identified countries that are promoting 'home-grown' pharma production. Governments in developing countries are focusing on 'low cost and effective' healthcare interventions. This calls for increased local production. Leads from international clients have doubled over the past one year since undertaking the agenda of internationalization.

In India, creation of Pharma Clusters is another growth driver. The Company is also targeting the biopharmaceuticals and biotechnology market with the Biowiz bioreactor. This fully automated, sterilizable fermentor is a ready to install equipment.

Other lever at Praj HiPurity Systems Limited is the launch of Value added Services to create recurring revenues as well as a service connect with the industry. The business build is expected in the coming year.

#### Critical Process Equipment & Systems (CPES) - Moving up the Value Chain

Your Company sees a scale to this business with the recent win of the 'multiple skids' order contracted from the Oil & Gas sector. It has always been our objective to move from the 'build-to-print' contracts to 'systems and skids'

contract. Today, your Company has successfully created a position for itself where it is seen as a supplier of value-added customized engineered equipment & systems. Significant business is dependent upon pre-qualifications. We are glad to submit that your Company's engineering and manufacturing facility has been approved by many of the top end EPC/Consulting Companies, globally.

While the Oil sector is facing challenges in terms of low crude prices, your Company expects investments in the Gas and Downstream Processing to continue. The CPES business is fairly widespread, both geographically as well as sectorally. Your Company continues its endeavour to spread to newer geographies and explore new relationships.

### **Water & Wastewater Treatment Systems**

The Environmental Group, as it is called, has been increasing its span of experience with many more industries added to its repertoire. The group commissioned a ZLD system for the world's largest terry towel company; it also commissioned a ZLD system for a large chemicals company. It developed ATFD\* systems and incorporated the same in over 15 projects. The group has acquired technology for advanced oxidation system, wherein it has not only exported the first system for small sewage treatment plants, but also developed application for distillery industry for treatment of condensate.

Ganga Action Plan was another trigger point in the effort to tighten the water pollution from various streams including that from the industrial sector across the river belt. This will find increasing support as water stress becomes a major challenge across India. Praj is working with a number of industries offering sustainable solutions. Expansion of geographies has been on the agenda. Your Company will also continue to push through in regions of interest like South East Asia, Middle East and Africa.

### **Brewery Business**

During the year, Praj commissioned its first turnkey brewery in Africa. Categorized as 'best in class for the capacity' it will serve as a reference for us as we increase our pitch with other international brewery Companies. . The brewery in South East Asia is in final stages of completion. Consequent to the two international projects, the international leads have increased. In India, the brewery market is under consolidation as global beer producers look to tap into the growing market. Many are expanding while some are looking at acquiring existing assets. This will surely call for investments in modernization or expansion. When it comes to per capita consumption, India has one of the lowest beer consumption amongst the high growth countries.

The brewery business is also engaged in exploring synergistic businesses to increase value to customer.

### **Fuel Ethanol & Beverage Alcohol Business**

The fiscal was marked by challenges due to lack of clarity on fuel ethanol mandates chiefly in USA, EU and India. EU has finally announced a 7% mandate in first generation ethanol, clearing the way for 2G ethanol. Subsequently, in USA, Environmental Protection Agency has released the renewable volume obligations for 2015 and 2016. India too has made some progress in terms of resolving on price, tax and logistical issues with the Government showing clear support for the fuel ethanol programme by waiving excise tax.

Your Company's ethanol business is not dependent solely upon fuel ethanol plants. A larger part is driven by beverage alcohol plants. Globally Beverage alcohol consumption grew 10% YOY, with main contributors being USA, Africa, India and South East Asia.

Praj has identified modernization of distilleries as a growth driver and launched several new technologies to help distilleries enhance their performance. This includes the EcoSmart Technology, ETP systems and many other energy reduction solutions. Your Company has built up a good level of interest. Your Company expects the business to scale up in the coming years.

Your Company's 2G ethanol demonstration project has received environmental clearance. It is now awaiting final approval on the Government assistance. The team has been engaged in further trials on variety of feedstocks and operating conditions.

### **Innovation, Research & Development**

Your Company's R & D Center, Praj Matrix - The Innovation Center has been granted 5 patents during the fiscal.

Praj HiPurity Systems Limited has developed Biowiz bioreactor. It is also introduced into the market.

A number of water & waste water treatment systems were piloted at Praj Matrix including EcoPhotox application for distillery condensate treatment & recycle which has been commercialized.

The livestock health & nutrition business which was a result of the products developed by Praj Matrix have been successfully beta tested.

Leveraging the skill sets and the state-of-the-art infrastructure, Praj has introduced Customized Research Services & Solutions (CRSS). This will help domestic & international pharma and biotech Companies/Research organizations to take products/processes to the market swiftly by partnering for bespoke technology development and scale up. It will also enable Praj Matrix to monetize its experience and expertise.

### **Human Resource & Organization**

Talent acquisition, retention and development are an integral part of the Human Resources initiatives. On a consolidated basis, Praj employs more than 1200 people with 75% of them being engineers and technologists.

As part of the transformation process, your Company is laying greater stress on contemporary performance management process which is aligned to the new organizational initiatives and deliverables. It is also focusing upon succession planning. Your Company inducted several senior level personnel to drive growth in each business unit. An organization wide talent mapping & identification exercise is underway for identification of high potential employees who will be further developed for future positions.

Your Company recognizes that transformation is successful only if the human capital is prepared for the change and the new way of working. For this purpose your Company is setting up a Leadership Development Institute which will also focus on current and future development of leaders for growth.

Your Company supports diversity in workplace. Women employees form 10% of the total workforce. There is a specific intent within the Company to employ and retain women at all levels of the organization.

### **Value Maximization**

As informed previously, your Company engaged the services of a globally renowned management consulting firm to redefine strategy, resulting into value maximization. As part of the engagement, which spanned the entire value chain of your Company, several levers of improvement in terms of financial, operational and organization efficiency have been identified and set in motion. Your Company expects the results to flow in during the coming years. It has also examined strategies which will help us garner better quality business.

### **Awards, Recognitions & Certifications**

During the year your Company has been recertified by TUV for ISO 14000 and OHSAS.

Sanaswadi Manufacturing facility received recertification for U, U2, R stamp and IBR approval.

In its tradition of practising sustainability in its operations, Praj set out to be energy and environmentally efficient at Praj Tower, its Corporate & Registered Office. Praj Tower has received the Leed "Platinum" certification from Indian Green Building Council. It is the highest ranking certificate and Praj is the 3rd corporate office in Pune to receive it.

Mr. Pramod Chaudhari was nominated for the Platts Energy Lifetime Achievement Award, a worthy recognition for his contribution to the sector

### **Future Outlook**

We expect our future growth to be driven by multiple vectors viz. Internationalization of Brewery and Emerging Businesses, particularly HiPurity Systems and Environment Business of Water & Wastewater Treatment Systems; Harnessing the existing base of Ethanol/Alcohol Plants through modernization and retrofit solutions; Enhancing the wallet share of HiPurity Systems business and adding value added services across businesses for recurring revenue. Effort is on-going to maximize value through intake of better quality orders; following more stringent commercial and financial discipline; incorporate excellence in all aspects of project/services delivery to enhance customer value.

### **Risks and concerns**

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

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

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

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

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

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

**Internal control systems**

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

**Forward looking statements**

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

## ANNEXURE 2

### CSR Report

#### 1. A brief outline of the Company's CSR policy :-

'Praj Industries Limited "PIL" has been involved in Corporate Social Responsibility activities for more than a decade. PIL welcomes the amendment to The Companies Act, incorporating Schedule VII which mandates Companies to undertake Corporate Social Responsibility engagements.

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 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).

#### Highlights of PIL's CSR policy

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. PIL is committed to supporting sustainable development in identified societies 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 a 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 to the Companies Act, 2013 (here in after referred to as "Schedule VII").

Pursuant to The Companies Act, 2013 and rules framed there under for the purposes specified in Schedule VII and also in pursuance of this CSR Policy, PIL will spend, in every financial year, at least 2% of the average net profits of the Company made during the 3 immediately preceding financial years.

Also, Surplus arising out of the CSR activity will never form the part of business profits of the Company.

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

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

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

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

#### 2. The Composition of the CSR Committee :-

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

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

₹ 928.703 Million

**4. Prescribed CSR Expenditure (2% of the amount as in item 3 above) :-**

₹ 18.574 Million.

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

(a) Total amount spent during the financial year;

₹ 18.618 Million

(b) Amount unspent, if any;

Nil

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

(Amount in ₹)							
Sr. No	CSR Project or Activity Identified	Sector in which the project is covered	Projects or Programmes 1) Local Area or other 2) Specify the state and district where projects or programme was undertaken	Amount outlay (budget) project or programme wise	Amount spent on the projects or programmes Sub heads: 1) Direct Expenditure on projects or programmes 2) Overheads	Cumulative Expenditure upto the reporting period	Amount spent Direct or through implementing agency
1	Developing Art Based Therapy (ABT) model for rehabilitation & recovery of Schizophrenia patients	Clause I Schedule VII	Schizophrenia patients in Pune	50,000	50,000	50,000	Through Implementing agency, World Centre for Creative Learning (WCCL)
2	Delivering Preventive Health care at the door step: Empowering women as Arogya Sakhis/ health entrepreneurs	Clause I Schedule VII	Parner Taluka, Ahmednagar district	8,25,000	8,25,000	8,25,000	Through Implementing agency, Swayam Shikshan Prayog (SSP)
3	Developing drinking water source for the village	Clause I Schedule VII	Mandede village, Taluka Mulshi	1,50,000	1,50,000	1,50,000	Directly through Praj Industries Ltd
4	Support to a needy patient for Maintenance Haemo Dialysis (MHD)	Clause I Schedule VII	One needy patient at KEM Hospital, Pune	1,40,400	1,40,400	1,40,400	Through Implementing agency, KEM Hospital, Pune
5	Preventive healthcare awareness among Rural women	Clause I Schedule VII	Women beneficiaries in Mulshi Taluka	5,46,650	5,46,650	5,46,650	Through Implementing agency, Rachana Society for Social Reconstruction
6	Preventive healthcare awareness among rural women	Clause I Schedule VII	Women beneficiaries in Velhe Taluka	1,24,500	1,24,500	1,24,500	Through Implementing agency, Samaj Vikas Sanstha
7	Safe sanitation facility at 2 secondary schools in Sakhar and Manjai Asani, Velhe Taluka	Clause I Schedule VII	Students in std. VIII- X in Velhe Taluka	2,63,000	2,63,000	2,63,000	Through Implementing agency, Swami Vivekanand and Shikshan Sanstha
8	Safe sanitation facility at secondary school in Sondemantahana, Velhe Taluka	Clause I Schedule VII	Students in std. VIII- X in Velhe Taluka	1,31,500	1,31,500	1,31,500	Through Implementing agency, Raje Shiv Chatrapati Sanstha
9	Safe sanitation facility at secondary school in Nivi, Velhe Taluka	Clause I Schedule VII	Students in std. VIII- X in Velhe Taluka	1,31,500	1,31,500	1,31,500	Through Implementing agency, Gunjawani Shikshan Sanstha

							(Amount in ₹)
Sr. No	CSR Project or Activity Identified	Sector in which the project is covered	Projects or Programmes 1) Local Area or other 2) Specify the state and district where projects or programme was undertaken	Amount outlay (budget) project or programme wise	Amount spent on the projects or programmes Sub heads: 1) Direct Expenditure on projects or programmes 2) Overheads	Cumulative Expenditure upto the reporting period	Amount spent Direct or through implementing agency
10	Creating awareness on sanitation through screening film "Lets Change" in schools	Clause I Schedule VII	School children	1,81,500	1,81,500	1,81,500	Through Implementing agency, Anand Beautification Cleanliness and Development with Education Foundation (ABCDE Foundation)
11	Support towards Balbhavan activities at Kasghar	Clause II Schedule VII	Tribal children in & around Kasghar village, Wada Block, Thane District	2,40,000	2,40,000	2,40,000	Through Implementing agency, Quality Education Support Trust (QUEST)
12	Environment awareness & educational support to secondary school students	Clause II Schedule VII	Students in Secondary school at Dhamari	1,26,149	1,26,149	1,26,149	Directly through Praj Industries Ltd.
13	Environment awareness & educational support to secondary school students	Clause II Schedule VII	Students in Secondary school at Shindavane	1,16,927	1,16,927	1,16,927	Directly through Praj Industries Ltd.
14	Environment awareness & educational support to secondary school students	Clause II Schedule VII	Students in Secondary school at Warude	83,751	83,751	83,751	Directly through Praj Industries Ltd.
15	Environment awareness & educational support to secondary school students	Clause II Schedule VII	Students in Secondary school at Wadgaon peer	60,351	60,351	60,351	Directly through Praj Industries Ltd.
16	Technology incubation cum entrepreneurs development center	Clause II Schedule VII	School dropouts & rural youth	5,87,000	5,87,000	5,87,000	Through Implementing agency, Vigyan Ashram
17	Science Outreach Program in Schools	Clause II Schedule VII	Std VII-Xth students from Pune Municipal Schools	2,00,000	2,00,000	2,00,000	Through Implementing agency, Entrepreneurship Development Center.
18	Vocational scholarships & mentoring for deserving girls	Clause II Schedule VII	Std X & XII passed deserving students from low economic background	4,50,000	4,50,000	4,50,000	Through Implementing agency, Shyamchi Aai Foundation
19	Upgrading training cum semi commercial production facility of food processing	Clause II Schedule VII	Rural students	2,17,000	2,17,000	2,17,000	Through Implementing agency, Jnana Prabodhini Harali.



(Amount in ₹)							
Sr. No	CSR Project or Activity Identified	Sector in which the project is covered	Projects or Programmes 1) Local Area or other 2) Specify the state and district where projects or programme was undertaken	Amount outlay (budget) project or programme wise	Amount spent on the projects or programmes Sub heads: 1) Direct Expenditure on projects or programmes 2) Overheads	Cumulative Expenditure upto the reporting period	Amount spent Direct or through implementing agency
20	Empowerment of women in Latur	Clause II Schedule VII	Women from low economic status, disadvantaged sections of the society	50,000	50,000	50,000	Through Implementing agency, Shishuadhar for the Child
21	Provide life skills & vocational training to mentally challenged persons	Clause II Schedule VII	Mentally challenged persons	1,00,000	1,00,000	1,00,000	Through Implementing agency, Navkshitij
22	Provide life skills & vocational training to mentally challenged persons	Clause II Schedule VII	Mentally challenged persons	1,00,000	1,00,000	1,00,000	Through Implementing agency, Snehkshitij
23	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	15,90,000	15,90,000	15,90,000	Through Implementing agency, Vigyan Ashram
24	Educational scholarships to deserving girls from SC, ST category under the "Affirmative Action for the Scheduled Castes and Scheduled Tribes" initiative by Indian companies.	Clause II Schedule VII	2 girls from Madhya Pradesh & Gujarat	1,11,250	1,11,250	1,11,250	Through Implementing agency, Foundation for Academic Excellence & Access (FAEA)
25	Implementing Parisar Abhyas Module in 25 centers	Clause II Schedule VII	Children in age group of 6-14 yrs	2,07,665	2,07,665	2,07,665	Through Implementing agency, Door Step School
26	Technology Incubation at IIT Pawai Mumbai	Clause IX Schedule VII	Maharashtra	50,00,000	50,00,000	50,00,000	Directly through Praj Industries
27	Building the Oxygen hubs of Pune city through tree plantation on defence land	Clause IV Schedule VII	Citizens of Pune	3,00,000	3,00,000	3,00,000	Through Implementing agency, Tree Public Foundation
28	Decentralised Solid waste management	Clause IV Schedule VII	Citizens of Pune	10,64,202	10,64,202	10,64,202	Through Implementing agency, Know How Foundation
29	Greening & biodiversity initiative at Warude	Clause IV Schedule VII	People in the village & nearby areas	3,000	3,000	3,000	Directly through Praj Industries Ltd
30	Contributing to environment sustainability through Solar lighting system of residential facility for children with special needs	Clause IV Schedule VII	Mentally handicapped & cerebral palsy individuals	3,10,000	3,10,000	3,10,000	Through Implementing agency, Umed Pariwar

							(Amount in ₹)
Sr. No	CSR Project or Activity Identified	Sector in which the project is covered	Projects or Programmes 1) Local Area or other 2) Specify the state and district where projects or programme was undertaken	Amount outlay (budget) project or programme wise	Amount spent on the projects or programmes Sub heads: 1) Direct Expenditure on projects or programmes 2) Overheads	Cumulative Expenditure upto the reporting period	Amount spent Direct or through implementing agency
31	Contributing to environment sustainability through Solar water heating system of residential facility for children with special needs	Clause IV Schedule VII	Mentally handicapped & cerebral palsy individuals	2,00,000	2,00,000	2,00,000	Through Implementing agency, Umed Pariwar
32	Water resource development at Eknathwadi, Tal. Pathardi	Clause IV Schedule VII	Villagers of Eknathwadi	17,25,000	17,25,000	17,25,000	Through Implementing agency, Jan Kalyan Samiti
33	Desilting of Khadakwasla Dam	Clause IV Schedule VII	Citizens of Pune city	20,00,000	20,00,000	20,00,000	Through Implementing agency, Green Thumb
34	Environment awareness & conservation through Green concepts	Clause IV Schedule VII	Girls from std. V-XII	4,92,091	4,92,091	4,92,091	Through Implementing agency, MES Rani Laxmibai Mulinchi Sainiki Shala
35	Conservation of 50 acres private forests in Ghodavli, Tal. Sangameshwar, Dist. Ratnagiri.	Clause IV Schedule VII	Forest owners	1,25,000	1,25,000	1,25,000	Through Implementing agency, Applied Environment Research Foundation (AERF)
36	Support towards waste management system at Hinjewadi	Clause IV Schedule VII	Citizens of Hinjewadi	4,94,784	4,94,784	4,94,784	Through Implementing agency, Changbhale Group
37	Maintenance of Praj Silver Jubilee Biodiversity Park	Clause IV Schedule VII	Citizens of Pune	1,20,000	1,20,000	1,20,000	Directly through Praj Industries Ltd
<b>Total</b>				<b>186,18,220</b>	<b>186,18,220</b>	<b>186,18,220</b>	

## 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.'

**Gajanan Nabar**  
CEO & MD

**Parimal Chaudhari**  
CHAIRPERSON CSR COMMITTEE

## 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

##### a) Composition of the Board

The strength of the Board was eight Directors as on 31<sup>st</sup> March, 2015, comprising of two Whole-time Directors, six Non-Executive Directors. Five of the Non-Executive Directors are Independent Directors.

##### b) Number of Board Meetings

Six Board Meetings were held during the year ended 31<sup>st</sup> March, 2015. The dates are – 4<sup>th</sup> April, 26<sup>th</sup> May, 28<sup>th</sup> July, 16<sup>th</sup> October in the calendar year 2014 and 20<sup>th</sup> January, 30<sup>th</sup> March in the calendar year 2015.

##### 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 other Directorships <sup>2</sup>	No. of Committee Memberships <sup>3</sup>	
					Chairman	Member
Mr. Pramod Chaudhari	PD, ED	6	Yes	2	Nil	Nil
Mr. Gajanan Nabar	ED	6	Yes	1	Nil	3
Mr. Berjis Desai	ID, NED	6	Yes	9	3	5
Mr. Kishor Chaukar	ID, NED	5	Yes	7	1	4
Ms. Parimal Chaudhari <sup>1</sup>	PD, NED	5	Yes	Nil	Nil	1
Mr. Prakash Kulkarni	ID, NED	6	Yes	Nil	Nil	Nil
Mr. Rajiv Maliwal	ID, NED	4	Yes	1	Nil	Nil
Mr. Sivaramakrishnan S. Iyer	ID, NED	4	Yes	4	3	2

{PD – Promoter Director, ED – Executive Director, ID – 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, foreign & section 8 Companies.
3. Memberships/Chairmanship of only Audit Committee and Investors' Grievance Committee have been considered for this purpose.

All relevant information suggested under the Clause 49 is furnished to the Board from time to time.

#### Code of conduct:

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

The Board members and Senior Management personnel have affirmed compliance with the Code. A declaration to that effect signed by Mr. Gajanan Nabar, CEO & MD forms part of this Report.

#### 3. Committees of the Directors:

##### a) Audit Committee

**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 Clause 49 of the Listing Agreement with Stock Exchanges and as per Section 177 of the Companies Act, 2013 read with rules framed thereunder.

**Composition:** As on 31<sup>st</sup> March, 2015, the Audit Committee of the Company comprises of two Independent Non-Executive Directors namely Mr. Berjis Desai (Chairman of the Committee), Mr. Sivaramakrishnan S. Iyer and one Executive Director namely Mr. Gajanan Nabar. The composition of the Audit Committee meets the requirements of Section 177 of the Companies Act, 2013 and Clause 49 of the Listing Agreement. Audit committee members are all financially literate including one chartered accountant.

**Meetings:** This Committee has met five times during the year i.e. on 26<sup>th</sup> May, 28<sup>th</sup> July, 16<sup>th</sup> October, in the calendar year 2014 and 20<sup>th</sup> January, 30<sup>th</sup> March in the calendar year 2015.

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

Name of Director	No. of Meetings	Meetings attended
Mr. Berjis Desai	5	5
Mr. Sivaramakrishnan S. Iyer	5	4
Mr. Gajanan Nabar	5	4**
Mr. Prakash Kulkarni	5	1*

\* During the year, Mr. Prakash Kulkarni ceased to be the member of this committee with effect from 27<sup>th</sup> May, 2014.

\*\*During the year, Mr. Gajanan Nabar was appointed as member of this Committee with effect from 27<sup>th</sup> May, 2014.

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.

**b) Nomination & Remuneration Committee:**

**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 Clause 49 of the Listing Agreement. The Nomination & Remuneration Policy of the Company is attached as Annexure - 8 to the Directors' Report.

**Composition:** As on 31<sup>st</sup> March, 2015, the Nomination & Remuneration Committee of the Company comprises of three Non-Executive Directors namely Mr. Berjis Desai (Chairman of the Committee), Mr. Rajiv Maliwal and Mr. Sivaramakrishnan S. Iyer and one Executive Director, Mr. Pramod Chaudhari.

**Meetings:** This Committee has met five times during the year i.e. on 26<sup>th</sup> May, 28<sup>th</sup> July, 16<sup>th</sup> October in the calendar year 2014 and 20<sup>th</sup> January, 30<sup>th</sup> March in the calendar year 2015.

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

Name of Director	No. of Meetings	Meetings attended
Mr. Berjis Desai	5	5
Mr. Rajiv Maliwal	5	4
Mr. Sivaramakrishnan S. Iyer	5	3
Mr. Pramod Chaudhari	5	4**
Mr. Utpal Sheth	5	1*

\*During the year, Mr. Utpal Sheth ceased to be the member of this committee with effect from 27<sup>th</sup> May, 2014.

\*\*During the year, Mr. Pramod Chaudhari was appointed as member of this Committee with effect from 27<sup>th</sup> May, 2014.

**Remuneration Policy:**

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

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

**i) Remuneration of Executive Directors:**

The aggregate value of Salary & Perquisites including commission for the year ended 31<sup>st</sup> March, 2015 to the Executive Directors is as follows:

Mr. Pramod Chaudhari, Executive Chairman ₹ 50.132 Mn. (Salary ₹ 40.866 Mn., Perquisites ₹ 0.266 Mn., Commission 4.500 and Variable pay ₹ 4.500), Mr. Gajanan Nabar, CEO & MD ₹ 26.091 Mn. (Salary ₹ 22.125 Mn., Perquisites ₹ 0.366 Mn. Commission. ₹ 1.800 Mn. and 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.

Under ESOP 2005 Grant IV, 1,250,000 Options have been granted to Mr. Gajanan Nabar at Fair Market Value and the same are exercisable by him according to the terms of the Scheme.

Under ESOP 2011 Grant I, 2,50,000 Options have been granted to Mr. Gajanan Nabar at Fair Market Value and the same are exercisable by him according to the terms of the Scheme.

The current tenure of office of the Executive Chairman is for a period of 3 years from the date of appointment. As per agreement, Severance Fee is restricted to 36 months' remuneration.

The tenure of office of the CEO & MD is for a period of 3 years from the date of appointment. As per agreement, Severance Fee is restricted to 6 months' remuneration.

**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 shareholders of the Company had, in the 28<sup>th</sup> Annual General Meeting held on 28<sup>th</sup> 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 2014-15 is ₹ 6.300 Mn. The details are as follows:

Mr. Berjis Desai ₹ 1.260 Mn., Mr. Kishor Chaukar ₹ 0.570 Mn., Ms. Parimal Chaudhari ₹ 1.080 Mn., Mr. Prakash Kulkarni ₹ 1.500 Mn., Mr. Rajiv Maliwal ₹ 0.570 Mn. and Mr. Sivaramakrishnan S. Iyer ₹ 1.320 Mn.

"The Non-Executive Directors have no pecuniary relationship or transaction with the Company other than commission paid to them. The Company pays fees for professional services rendered by a firm of Solicitors and Advocates of which a Non-executive Director is a partner. The same is, however, not material in nature."

Shares held and Options granted to Non-Executive Directors as on 31/03/2015:

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

**c) Stakeholders' Relationship Committee:**

**Composition:** As on 31<sup>st</sup> March, 2015, the Stakeholders' Relationship Committee of the Board comprises of three Directors namely Mr. Sivaramakrishnan S. Iyer, (Chairman of the Committee), Mr. Gajanan Nabar and Ms. Parimal Chaudhari.

**Meetings:** This Committee has met four times during the year ended 31<sup>st</sup> March, 2015. The dates are – 4<sup>th</sup> April, 28<sup>th</sup> July, 16<sup>th</sup> October in the calendar year 2014 and 20<sup>th</sup> January in the calendar year 2015.

**Attendance of each Member at the Stakeholders' Relationship Committee meetings held during the year:**

Name of Director	No. of Meetings	Meetings attended
Mr. Sivaramakrishnan S. Iyer	4	3
Ms. Parimal Chaudhari	4	3
Mr. Gajanan Nabar	4	3*

\*During the year, Mr. Gajanan Nabar was appointed as member of this Committee with effect from 27<sup>th</sup> May, 2014.

During the year the Company received 4 complaints which were duly attended to. No investors' complaint is pending as on 31<sup>st</sup> March, 2015.

Mr. Dattatraya Nimbolkar, CFO & Company Secretary is the Compliance Officer for complying with the requirements of Companies Act, 2013, SEBI Regulations and the Listing Agreements with the Stock Exchanges.

**d) Praj Corporate Social Responsibility Committee:**

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

- a. 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.
- b. Recommend the amount of expenditure to be incurred on the activities referred to in Clause (a).
- c. Monitor the Corporate Social Responsibility Policy of the company from time to time.

**Composition:** As on 31<sup>st</sup> March, 2015, the Praj Corporate Social Responsibility Committee of the Board comprises of three Directors namely Ms. Parimal Chaudhari (Chairperson of the Committee), Mr. Kishor Chaukar (Independent Director) and Mr. Sivaramakrishnan Iyer (Independent Director).

The Committee met Four times i.e. on 4<sup>th</sup> April, 16<sup>th</sup> October, in the Calendar year 2014 and on 20<sup>th</sup> January, 30<sup>th</sup> March, in the calendar year 2015.

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

Name of Director	No. of Meetings	Meetings attended
Ms. Parimal Chaudhari	4	3
Mr. Kishor Chaukar	4	4
Mr. Sivaramakrishnan S. Iyer	4	3

**e) Risk Management Committee:**

The Committee was constituted vide the Board Meeting held on 16<sup>th</sup> October, 2014 for following;

- a. To Recommend to the Board and then formally announce, implement and maintain a sound system of risk oversight, management and internal control which:
  - i. identifies, assesses, manages and monitors risk; and
  - ii. allows investors and other stakeholders to be informed of material changes to the Company's risk profile.
  - iii. recommends to the Board and then formally announces clear standards of ethical behaviour required of directors, employees and contractors and encourages observance of those standards.
- b. In discharging its responsibilities, the Committee is to develop and seek Board approval for a range of specific duties that it is to carry out. Such duties will vary depending on the Company's circumstances, the Committee's responsibilities and in particular, the roles of the Board and other committees, such as audit and governance, health, safety, environment and quality (HSEQ).

**Composition:** As on 31<sup>st</sup> March, 2015, the Risk Management Committee comprises of three Directors namely Mr. Berjis Desai (Chairman of the Committee), Mr. Sivaramakrishnan S. Iyer and Mr. Gajanan Nabar.

**f) Share Transfer Committee:**

**Composition:** As on 31<sup>st</sup> March, 2015, the Share Transfer committee of the Board comprises of three Directors namely Mr. Gajanan Nabar (Chairman of the Committee), Ms. Parimal Chaudhari and Mr. Prakash Kulkarni.

**Meetings:** This Committee has met two times during the year ended 31<sup>st</sup> March, 2015. The dates are – 18<sup>th</sup> November in the calendar year 2014 and 20<sup>th</sup> January in the calendar year 2015.

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

Name of Director	No. of Meetings	Meetings attended
Ms. Gajanan Nabar	2	2
Ms. Parimal Chaudhari	2	1
Mr. Prakash Kulkarni	2	2

**g) Compensation & Share Allotment Committee :**

**Composition:** As on 31<sup>st</sup> March, 2015, the Compensation & Share Allotment Committee of the Board comprises of Mr. Sivaramakrishnan Iyer (Chairman of the Committee), Mr. Berjis Desai, Mr. Pramod Chaudhari, Mr. Gajanan Nabar and Mr. Prakash Kulkarni.

**Meetings:** This Committee has met two times during the year ended 31<sup>st</sup> March, 2015. The dates are – 16<sup>th</sup> October in the calendar year 2014 and 27<sup>th</sup> January in the calendar year 2015.

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

Name of Director	No. of Meetings	Meetings attended
Mr. Sivaramakrishnan Iyer	2	1
Mr. Berjis Desai	2	1
Mr. Pramod Chaudhari	2	2
Mr. Gajanan Nabar	2	1
Mr. Parkash Kulkarni	2	2

**General Body Meetings:**

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

Year	Venue	Date & Time	Special Resolutions passed
2011-12	"PRAJ HOUSE", Bavdhan, Pune 411 021	20 <sup>th</sup> July, 2012, 10.00 a.m.	Nil
2012-13	"PRAJ HOUSE", Bavdhan, Pune 411 021	22 <sup>nd</sup> July, 2013, 10.00 a.m.	Nil
2013-14	"Praj Tower", S.No. 274 & 275/2, Bhumkar Chowk- Hinjewadi Road, Hinjewadi, Pune 411 057	28 <sup>th</sup> July, 2014, 10.00 a.m.	a) Provision of part of office premises to related parties. b) Payment of remuneration to Non-Executive Directors.

**4. Disclosures:**

**a. Related Party Transactions :**

Please refer to Note No. 29 of Notes to Accounts for significant related party transactions.

**b. Statutory compliance, Penalties and Strictures :**

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

**c. Listing Agreement Compliance :**

The Company complies with all the requirements of the Listing Agreement including the mandatory requirements of Clause 49 of the Agreement.

**d. Vigil mechanism/ Whistle Blower Policy :**

In accordance with requirement of Companies Act as well as Listing Agreement 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 Internal Auditor or Chairman of the Audit Committee of the Company to report any grievance.



**e. Plant Locations :**

The Company has its manufacturing facilities at the following places;

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

**5. Disclosure regarding appointment / re-appointment of Directors:****Mr. Daljit Mirchandani**

Date of birth : 26/10/1947  
 Date of Appointment : 28/05/2015  
 Qualification : Electrical Engineer

**Expertise in specific functional area:**

He is an Electrical Engineer by qualification and has more than 45 years of experience in Engineering, Strategy management & other related fields.

**Directorships held in other Public Companies (excluding foreign Companies and section 8 Companies):**

Currently, Mr. Daljit Mirchandani is on the Board of Mahindra CIE Automotive Limited and Skill Training Assessment Management Partners Limited.

**Memberships/ Chairmanships of committees of Public Companies (includes only Audit Committee and Shareholders'/ Investors' Grievance Committee):**

Mr. Daljit Mirchandani is Chairman of the Audit Committee and member of Stakeholders' Relationship Committee of Mahindra CIE Automotive Limited.

**Shareholding in the Company:**

He holds 1,200 (0.00%) shares of the Company in his name as on 31<sup>st</sup> March, 2015.

**Mr. Pramod Chaudhari**

Date of birth : 26/11/1949  
 Date of Appointment : 08/11/1985  
 Qualification : Mechanical Engineer from IIT, Bombay

**Expertise in specific functional area:**

Mr. Pramod Chaudhari's career spans over 44 years of professional and entrepreneurial endeavour. He established Praj in 1985. Since then he has built PRAJ into a global Company.

**Directorships held in other Public Companies (excluding foreign companies and section 8 companies):**

Currently, Mr. Pramod Chaudhari is on the Board of Praj HiPurity Systems Limited and Nichrome India Limited.

**Memberships/Chairmanships of committees of Public Companies (includes only Audit Committee and Shareholders'/Investors' Grievance Committee):**

NIL

**Shareholding in the Company:**

He holds 38,700,000 (21.81%) shares of the Company in his name as on 31<sup>st</sup> March, 2015.

**Mr. Gajanan Nabar**

Date of birth : 16/11/1963  
 Date of Appointment : 15/11/2010  
 Qualification : Master's degree in Organic Chemistry and in Management from Bombay University

**Expertise in specific functional area:**

Experience of working with capital goods industry and energy equipment. As Managing Director of a multinational, he brings a global perspective.

**Directorships held in other public companies (excluding foreign companies and Section 8 companies):**

Currently, Mr. Gajanan Nabar is on the Board of Praj HiPurity Systems Limited.

**Memberships/Chairmanships of committees of Public Companies (includes only Audit Committee and Shareholders'/Investors' Grievance Committee):**

Mr. Gajanan Nabar is a member of Audit Committee and Stakeholders' Relationship Committee of Praj Industries Ltd. He is also a member of Audit Committee of Praj HiPurity Systems Ltd.

**Shareholding in the Company :**

He holds 50,000 (0.03%) shares of the Company in his name as on 31<sup>st</sup> March, 2015.

**6. Investor Services:****a. Share Transfer Process**

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

**b. Investor Help – desk**

Share transfers and all other investor related activities are attended to and processed at the office of our R & T Agents, Link Intime India Private Limited. Their address is given in the section on Shareholders' Information.

**c. Dividend**

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

**7. Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certification :**

As per the requirement of Clause 49 of the Listing Agreement, a Certificate duly signed by CEO and CFO of the Company was placed at the Board Meeting of the Company held on 28<sup>th</sup> May, 2015.

All mandatory requirements of Clause 49 of the Listing Agreement have been complied with by the company and the extent of adoption of non-mandatory requirements is as follows –

**Non-Mandatory requirements:****Chairman's Office:**

The Company has an Executive Chairman and the office with required facilities is provided and maintained at the Company's expenses for use by the Chairman.

**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 by two more years 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.

**Shareholders' Rights:**

The financial results are published in the LokSatta, Financial Express, Business Standard, Indian Express and The Hindu Business Line and are also displayed on the Company's website, [www.praj.net](http://www.praj.net) and therefore, have not been separately circulated to the shareholders.

**Training of Board Members:**

The present Board of Directors is comprised of well experienced professionals and entrepreneurs.

**8. Certificate on Corporate Governance :**

The Company has obtained a Certificate from Mr. Vikas Khare, Partner, Kanj & Associates, Practising Company Secretaries regarding Compliance of conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement and the same is annexed.

**9. ADDITIONAL INFORMATION FOR SHAREHOLDERS****Annual General Meeting:**

Date & Time : Thursday, 6<sup>th</sup> August, 2015 at 10.00 a.m.  
 Venue : "Praj Tower", S. No. 274 & 275/2, Bhumkar Chowk-  
 Hinjewadi Road, Hinjewadi, Pune 411 057

**Financial Year** : 1<sup>st</sup> April to 31<sup>st</sup> March

**Financial Calendar**

For the year ended 31<sup>st</sup> March, 2015 quarterly results were announced on:

Results for the quarter ended June 2014	28 <sup>th</sup> July, 2014
Results for the quarter ended September 2014	16 <sup>th</sup> October, 2014
Results for the quarter ended December 2014	20 <sup>th</sup> January, 2015
Results for financial year ended March 2015	28 <sup>th</sup> May, 2015

For the year ended 31<sup>st</sup> March, 2016, the tentative announcement dates are:

Results for the quarter ending June 2015	First week of August 2015
Results for the quarter ending September 2015	Third week of October 2015
Results for the quarter ending December 2015	Third week of January 2016
Results for last quarter ending March 2016	Third week of May 2016

**Date of Book Closure** : 31<sup>st</sup> July, 2015 to 6<sup>th</sup> August, 2015 (both days inclusive)

**Dividend payment Date** : On or after 20<sup>th</sup> August, 2015.

**Stock / Scrip Code / ISIN / CIN**

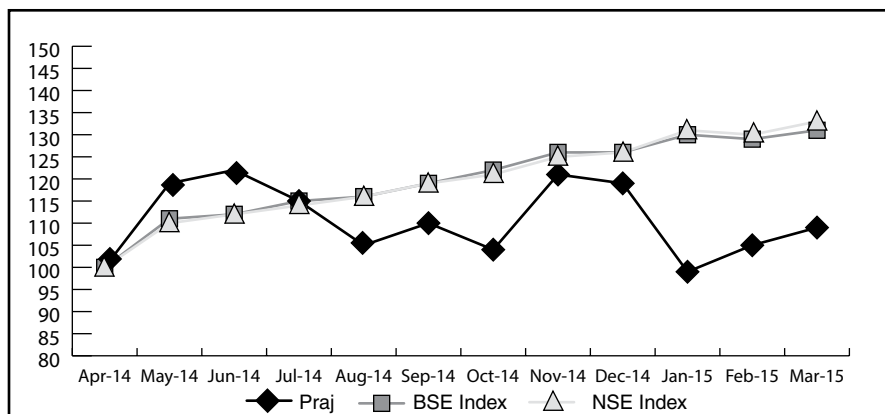
National Stock Exchange Ltd. (NSE)	PRAJIND
Bombay Stock Exchange Ltd. (BSE)	522205
ISIN with NSDL & CDSL	INE074A01025
Company Identification Number (CIN)	L27101PN1985PLC038031

The Annual Listing Fees for 2015-2016 have been paid to both the Stock Exchanges.

**Stock Market Data**

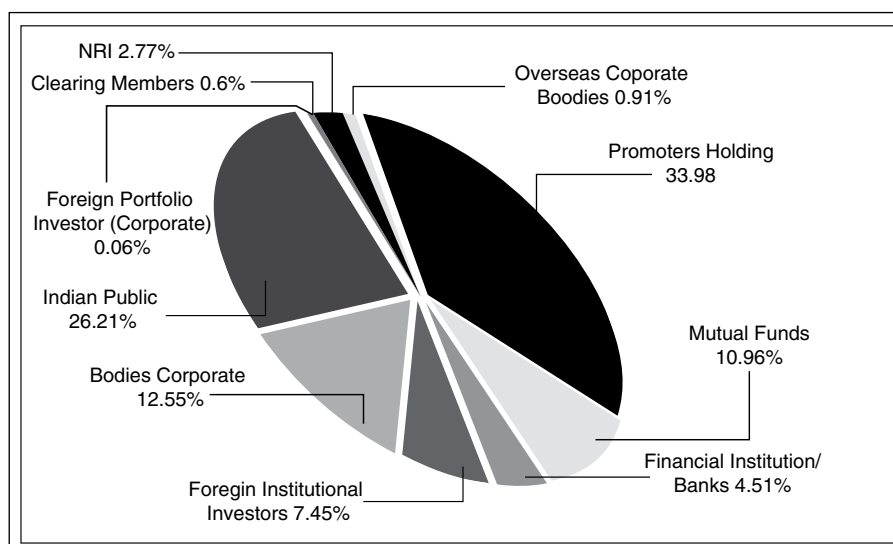
Monthly high / low during the year 2014 - 2015 on BSE & NSE:

Month	BSE		NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April 2014	64.85	51.95	64.95	52.05
May 2014	77.45	51.80	77.40	51.55
June 2014	79.15	64.25	78.95	64.30
July 2014	74.65	59.15	74.70	59.15
August 2014	68.30	56.80	68.30	56.70
September 2014	71.40	59.90	71.40	59.90
October 2014	67.40	60.60	67.50	60.65
November 2014	78.80	63.40	78.90	63.25
December 2014	76.90	58.10	77.15	58.00
January 2015	64.85	54.55	64.50	54.50
February 2015	67.75	61.50	67.90	61.50
March 2015	70.55	57.20	70.65	57.10



### Shareholding Pattern as on 31<sup>st</sup> March, 2015

Category	31/03/2015		31/03/2014	
	No. of shares of ₹ 2/- each	% of holding	No. of shares of ₹ 2/- each	% of holding
Promoters Holding	60300000		58500000	
<b>Total (A)</b>	<b>60300000</b>	<b>33.98</b>	<b>58500000</b>	<b>32.96</b>
Non – Promoter Holding				
Mutual Funds	19457029	10.96	4407692	2.48
Financial Institutions / Banks	8002078	4.51	7923705	4.46
Foreign Institutional Investors	13214080	7.45	12374081	6.97
Bodies Corporate	22266498	12.55	22957527	12.95
Indian Public	46518123	26.21	63936983	36.04
Foreign Portfolio Investor ( Corporate)	114634	0.06	Nil	Nil
Clearing Members	1057372	0.60	1325008	0.75
Non-Resident Indians	4908915	2.77	4414433	2.48
Overseas Corporate Bodies	1622250	0.91	1622250	0.91
Trusts	4100	0.00	3400	0.00
<b>Total (B)</b>	<b>117165079</b>	<b>66.02</b>	<b>118965079</b>	<b>67.04</b>
<b>Total (A) + (B)</b>	<b>177465079</b>	<b>100.00</b>	<b>177465079</b>	<b>100.00</b>



**Distribution of shareholding as on 31<sup>st</sup> March, 2015**

Shareholding of nominal value	Shareholders	Percentage	Nominal Value of Equity Shares in ₹	Percentage
1 - 5000	104517	97.5564	50480128	14.2226
5001 - 10000	1431	1.3357	10573796	2.9791
10001 - 20000	637	0.5946	9741522	2.7446
20001 - 30000	170	0.1587	4302716	1.2123
30001 - 40000	85	0.0793	3085560	0.8693
40001 - 50000	64	0.0597	2938040	0.8278
50001 - 100000	109	0.1017	7554774	2.1285
100001 and above	122	0.1139	266253622	75.0158

**Dematerialisation of Shares and Liquidity:**

As on 31<sup>st</sup> March, 2015, 99.79% of shareholding was held in dematerialized form with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL). In terms of the notification issued by SEBI, trading in the equity shares of the Company is permitted only in dematerialized form w.e.f. 15<sup>th</sup> March, 2000.

**Physical and Demat Shares:**

	As on 31 <sup>st</sup> March, 2015	%
No. of Shares held by NSDL	<b>86020480</b>	48.47
No. of Shares held by CDSL	<b>91066457</b>	51.32
Physical Shares	<b>378142</b>	0.21
<b>Total</b>	<b>177465079</b>	<b>100.00</b>

**Unclaimed Dividend:**

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

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

Financial Year	Type	Date of Declaration	Due date of transfer to IEPF
2008-09	Interim Dividend 08-09	02/02/2009	09/03/2016
2009-10	Interim Dividend 09-10	20/01/2010	24/02/2017
2010-11	Dividend 2010-11	22/07/2011	26/08/2018
2011-12	Dividend 2011-12	20/07/2012	25/08/2019
2012-13	Dividend 2012-13	22/07/2013	26/08/2020
2013-14	Interim Dividend 13-14	05/02/2014	12/03/2021
2013-14	Dividend 2013-14	28/07/2014	01/09/2021

Shareholders are advised to confirm from/ with their records and claim the amount well before due date; if not encashed earlier.

**Investor Services:**

The share transfer for electronic shares and physical shares is handled by Link Intime India Pvt. Ltd., Pune.

The Company has constituted Stakeholders' Relationship Committee for redressing shareholders and investors complaints. Mr. Dattatraya Nimbolkar, CFO and Company Secretary is the Compliance Officer.

In order to facilitate investor servicing, the Company has designated an e-mail id [investorsfeedback@praj.net](mailto: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.

**Address for correspondence:**

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

**Shares held in Electronic Form:**

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.

**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, Business Standard and The Hindu Business.
- News Release, Presentations etc. : Official news release, detailed presentations made to media, analysts etc. are displayed on the Company's website [www.praj.net](http://www.praj.net). Official Media Releases are sent to the Stock Exchanges.
- Website : The Company's website [www.praj.net](http://www.praj.net) contains a dedicated section "Investor Lounge" where information for shareholders is available. The Annual Report of the Company is also available on the website in a downloadable form.
- Annual Report : Annual Report containing, inter alia, Audited Annual Accounts, 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 [www.praj.net](http://www.praj.net).

## Declaration for Compliance with Code of Conduct

To the members of **PRAJ INDUSTRIES LIMITED**

Pursuant to Clause 49 II (E) (2) of the Listing Agreement, I hereby declare that all Board members and senior management personnel are aware of the provisions of the Code of Conduct laid down by the Board (as amended from time to time) and made effective from 28<sup>th</sup> January, 2006. All Board members and senior management personnel have affirmed compliance with the Code of Conduct.

For **Praj Industries Limited**

**GAJANAN NABAR**  
CEO & MD

Place: Pune

Date: 28<sup>th</sup> May, 2015

## CERTIFICATE ON COMPLIANCE WITH CLAUSE 49 OF THE LISTING AGREEMENT BY PRAJ INDUSTRIES LIMITED

To,

The Members,

**Praj Industries Limited**

Praj Tower, S. No. 274 & 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 31<sup>st</sup> March 2015, as stipulated in Clause 49 of the Listing Agreement of the Company with the National Stock Exchange and Bombay Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the Clause 49 of the Listing Agreements. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreements.

For **KANJ & ASSOCIATES**  
Company Secretaries

**Vikas Khare**  
FCS No.3541  
C P No. 2107

Place: Pune

Date: 28<sup>th</sup> May, 2015



## ANNEXURE 4

### Summary of ESOP

Sr. No.	Particulars	16 Nov., 2010 Plan A	16 Nov., 2010 Plan B	27 Jan., 2015 Plan A	27 Jan., 2015 Plan B
1	Date of Meeting	Annual General Meeting held on 23/07/2005	Annual General Meeting held on 23/07/2005	Annual General Meeting held on 22/07/2011	Annual General Meeting held on 22/07/2011
2	Stock Options Summary				
a)	Options outstanding at the beginning of the year	12,50,000	6,29,000	Nil	Nil
b)	Options granted during the year	Nil	Nil	2,50,000	35,00,000
c)	Pricing formula	At fair market value	At fair market value	At fair market value	At fair market value
d)	Options forfeited during the year	Nil	Nil	Nil	Nil
e)	Options exercised during the year	Nil	Nil	Nil	Nil
f)	The total number of shares arising as a result of exercise of options	Nil	Nil	Nil	Nil
g)	Options expired during the year	Nil	6,29,000	Nil	Nil
h)	Variation in terms of options	Nil	Nil	Nil	Nil
i)	Money realized by exercise of options during the year	Nil	Nil	Nil	Nil
j)	Options outstanding at the end of the year	12,50,000	Nil	2,50,000	35,00,000
k)	Options exercisable at the end of the year	7,50,000	Nil	Nil	Nil
l)	Employee wise details of options granted to				
i.	Key Managerial Personnel	12,50,000	Nil	2,50,000	1,00,000
ii.	Any other employee who receives a grant in any one year of option amounting to 5% or more of options granted during that year	Nil	Nil	Nil	Nil
iii.	Identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	Nil	Nil	Nil	Nil

Sr. No.	Particulars	16 Nov., 2010 Plan A	16 Nov., 2010 Plan B	27 Jan., 2015 Plan A	27 Jan., 2015 Plan B
3	Average share price during the year			₹ 63.91/-	
4	Range of exercise price of options outstanding at the end of the year	₹ 72.70/- per Option	N.A.	₹ 55.75/- per Option	₹ 55.75/- per Option
5	Weighted average remaining contractual life of Options outstanding at the end of the year	2.34 years	N.A.	2.75 years	3.25 years
6	Weighted average fair value of option as on date of grant	38.19	32.47	15.99	14.52

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 as stated below:**

Particulars	16 Nov., 2010 Plan A	16 Nov., 2010 Plan B	27 Jan., 2015 Plan A	27 Jan., 2015 Plan B
1 Risk-free interest rate	7.57%	7.10%	7.74%	7.74%
2 Expected Life	2-3 years	1-3 years	2-3 years	1-2 years
3 Expected Volatility	76.64%	80.77%	50.79%	52.53%
4 Expected Dividend Yield	2.57%	2.57%	3.08%	3.08%
5 Price of the underlying share in market at the time of Options grants	₹ 72.70	₹ 72.70	₹ 55.75	₹ 55.75

- **The difference between employee compensation cost using intrinsic value method vis-à-vis fair value method of accounting for stock options:**

Had the Company followed Fair Value method of accounting for stock options, ₹ 1,02,08,313/- would have been debited to Profit & Loss Account instead of Nil amount being debited under the intrinsic value method.

- Proforma adjusted net income and earning per share

Particulars	₹
Net income as reported (in millions)	685.353
Add: Intrinsic Value Compensation Cost	Nil
Less: Fair Value Compensation Cost (in millions)	10.208
Adjusted Proforma Net Income	675.145
Basic Earning Per Share	
- As Reported	3.86
- Adjusted Proforma	3.80
Diluted Earning Per Share	
- As Reported	3.85
- Adjusted Proforma	3.79

The details of the variables used and fair value computed for grant made on 27<sup>th</sup> January, 2015 are stated below:

Particulars	Grant on 27 <sup>th</sup> January, 2015 Plan A		
	1 <sup>st</sup> Vesting 1 <sup>st</sup> July, 2016	2 <sup>nd</sup> Vesting 1 <sup>st</sup> July, 2017	
Stock Price	55.75	55.75	
Volatility	50.79%	50.79%	
Risk free Interest Rate	7.74%	7.74%	
Exercise Price	55.75	55.75	
Time to Maturity	1.42 years	2.42 years	
Dividend Yield	3.08%	3.08%	
<b>Fair Value</b>	<b>14.05</b>	<b>17.94</b>	

Particulars	Grant on 27 <sup>th</sup> January, 2015 Plan B		
	1 <sup>st</sup> Vesting 1 <sup>st</sup> February, 2016	2 <sup>nd</sup> Vesting 1 <sup>st</sup> October, 2016	3 <sup>rd</sup> Vesting 1 <sup>st</sup> July, 2017
Stock Price	55.75	55.75	55.75
Volatility	52.53%	52.53%	52.53%
Risk free Interest Rate	7.74%	7.74%	7.74%
Exercise Price	55.75	55.75	55.75
Time to Maturity	1.21 years	1.68 years	1.43 years
Dividend Yield	3.08%	3.08%	3.08%
<b>Fair Value</b>	<b>34.76</b>	<b>35.81</b>	<b>38.28</b>

## ANNEXURE 5

### EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED 31.03.2015

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

#### I. REGISTRATION AND OTHER DETAILS:

- i) **CIN** : L27101PN1985PLC038031
- ii) **Registration Date** : 08.11.1985
- iii) **Name of the Company** : Praj Industries Ltd.
- iv) **Category/Sub-Category of the Company** : Company Limited by Shares/Indian Non-Government Company.
- v) **Address of the Registered office and contact details** : "Praj Tower", S. No. 274 & 275/2, Bhumkar Chowk-Hinjewadi Road, Hinjewadi, Pune – 411 057.  
Ph: +91 20 71802000 Fax: +91 20 22941299, e-mail: [info@praj.net](mailto: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, 2<sup>nd</sup> floor, Akshay Complex, Near Ganesh Temple, Off Dhole Patil Road, Pune 411 001.  
Ph: +91 2026160084, e-mail: [rnt.helpdesk@linkintime.co.in](mailto: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	Pacecon Engineering Projects Ltd. "Praj Tower", S. No. 274 & 275/2, Bhumkar Chowk - Hinjewadi Road, Hinjewadi, Pune - 411 057.	U45204PN1993PLC073239	Subsidiary	99.65	2(87)(ii)
2	Praj HiPurity Systems Ltd. 1211, Solitaire Corporate Park, 1st Floor, Building 12, Andheri-Ghatkopar Link Road, Andheri (East), Mumbai - 400 093	U41000MH2007PLC175261	Subsidiary	80.00	2(87)(ii)
3	Praj Far East Philippines Ltd. Inc. 17 <sup>th</sup> Floor, Liberty Center, 104 H.V. H.V. Dela Costa Street, Salcedo Village, Makati City, Metro Manila, Philippines	N.A.	Subsidiary	100.00	2(87)(ii)
4	Praj Far East Co. Ltd. 15, Sukhumvit Soi 31, Sukhumvit Road, Klongtoey Nua, 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, P.O. box 1574, Johannesburg, South Africa	N.A.	Subsidiary	100.00	2(87)(ii)
7	Praj Industries (Namibia) Pty. Ltd. Shop 48, Second Floor, Old Power Station Complex, Armstrong, PO Box 90757 Windhoek, Namibia	N.A.	Subsidiary	100.00	2(87)(ii)
8	Praj Sur America SRL Av. Corrientes 330 Piso 6° C1043AAQ - Buenos Aires , Capital Federal, Argentina,	N.A.	Subsidiary	100.00	2(87)(ii)
9	Praj Industries (Tanzania) Ltd. Plot No.2309/50 First Floor, Corner of Garden Avenue, Azikiwe Street,P.O. Box. 71772, Dar Es Salaam, Tanzania	N.A.	Step Subsidiary (Subsidiary of Praj Industries (Africa) Pty. Ltd.)	N.A.	N.A.
10	Praj Industries (Sierra Leone) Ltd. 42 B, Siaka Stevens Street, Freetown, Sierra Leone	N.A.	Step Subsidiary (Subsidiary of Praj Industries (Africa) Pty. Ltd.)	N.A.	N.A.

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

## i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total
<b>A. Promoters</b>							
(1) Indian							
Individual/HUF							
Central Govt	5,85,00,000	Nil	5,85,00,000	32.96	6,03,00,000	Nil	6,03,00,000
State Govt(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Bodies Corp.	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Banks / FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Any Other...	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Sub-total (A) (1):</b>	<b>5,85,00,000</b>	<b>Nil</b>	<b>5,85,00,000</b>	<b>32.96</b>	<b>6,03,00,000</b>	<b>Nil</b>	<b>6,03,00,000</b>
(2) Foreign							
NRIs - Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Other – Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Bodies Corp.	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Banks / FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Any Other...	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Sub-total (A) (2):</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>5,85,00,000</b>	<b>Nil</b>	<b>5,85,00,000</b>	<b>32.96</b>	<b>6,03,00,000</b>	<b>Nil</b>	<b>6,03,00,000</b>
<b>B. Public Shareholding</b>							
Institutions							
Mutual Funds	44,05,692	2,000	44,07,692	2.48	1,94,55,029	2,000	1,94,57,029
Banks / FI	79,23,705	Nil	79,23,705	4.46	80,02,078	Nil	80,02,078
Central Govt State Govt(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Insurance Companies	Nil	Nil	Nil	Nil	Nil	Nil	Nil
FIs	1,23,74,081	Nil	1,23,74,081	6.98	1,32,14,080	Nil	1,32,14,080
Foreign Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Others (specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Sub-total (B)(1):</b>	<b>2,47,03,478</b>	<b>2,000</b>	<b>2,47,05,478</b>	<b>13.92</b>	<b>4,06,71,187</b>	<b>2,000</b>	<b>4,06,73,187</b>
<b>Sub-total (B)(2):</b>							
<b>Sub-total (B)(1)+(B)(2):</b>							

Category of Shareholders	No. of Shares held at the beginning of the year			% of Total Shares	No. of Shares held at the end of the year			% of Total Shares	% Change during the year
	Demat	Physical	Total		Demat	Physical	Total		
2. Non-Institutions									
Bodies Corp.									
Indian	2,29,57,527	Nil	2,29,57,527	12.94	2,22,59,498	7,000	2,22,66,498	12.55	-3.01
Overseas	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Individuals									
Individual shareholders holding nominal share capital upto ₹ 1 lakh	3,63,41,930	3,91,642	3,67,33,572	20.71	3,81,06,281	3,69,142	3,84,75,423	21.68	4.68
Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	2,72,03,411	Nil	2,72,03,411	15.33	80,42,700	Nil	80,42,700	4.53	-70.45
c) Others (specify)									
Foreign Portfolio Investor (Corporate)	Nil	Nil	Nil	Nil	1,14,634	Nil	1,14,634	0.06	0.06
Clearing Member	13,25,008	Nil	13,25,008	0.75	10,57,372	Nil	10,57,372	0.60	-20.00
Foreign National (NRI Repat + NRI Non- Repat)	44,14,433	Nil	44,14,433	2.48	49,08,915	Nil	49,08,915	2.77	11.69
Foreign Companies	16,22,250	Nil	16,22,250	0.91	16,22,250	Nil	16,22,250	0.91	Nil
Trusts	3,400	Nil	3,400	0.00	4,100	Nil	4,100	0.00	20.59
Sub-total (B)(2):	9,38,60,959	3,98,642	9,42,59,601	53.12	7,61,15,750	3,76,142	7,64,91,892	43.10	-18.86
Total Public Shareholding (B)=(B)(1)+ (B)(2)	11,85,64,437	3,91,642	11,89,65,079	67.04	11,67,86,937	3,78,142	11,71,65,079	66.02	-1.52
C. Shares held by Custodian for GDRs & ADRs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Grand Total (A+B+C)	17,70,64,437	4,00,642	17,74,65,079	100.00	17,70,86,937	3,78,142	17,74,65,079	100.00	Nil

**(ii) Shareholding of Promoters**

Sl No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding 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	21.81	Nil	3,87,00,000	21.81	Nil	Nil
2	Ms. Parimal Pramod Chaudhari	1,44,00,000	8.11	Nil	1,44,00,000	8.11	Nil	Nil
3	Ms. Parimal Pramod Chaudhari (A/c Moriyaset Trust)	54,00,000	3.04	Nil	72,00,000	4.06	Nil	33.55
<b>Total</b>		<b>5,85,00,000</b>	<b>32.96</b>	<b>Nil</b>	<b>6,03,00,000</b>	<b>33.98</b>	<b>Nil</b>	<b>3.09</b>

**(iii) Change in promoters' Shareholding**

Sl. No.	Name	Shareholding		Date	Increase/ (Decrease) in shareholding	Reason	Cumulative Shareholding during the year (01.04.2014 to 31.03.2015)	
		No. of shares at the beginning (01.04.2014) / end of the year (31.03.2015)	% of total shares of the Company				No. of Shares	% of total shares of the Company
1	Mr. Pramod Madhukar Chaudhari	3,87,00,000	21.81	01.04.2014	Nil	No Change during the year	3,87,00,000	21.81
		3,87,00,000	21.81	31.03.2015				
2	Ms. Parimal Pramod Chaudhari	1,44,00,000	8.11	01.04.2014	Nil	No Change during the year	1,44,00,000	8.11
		1,44,00,000	8.11	31.03.2015				
3	Ms. Parimal Pramod Chaudhari (A/c Moriyaset Trust)	54,00,000	3.04	01.04.2014				
				14.07.2014	1,800	Transfer	54,01,800	3.04
				14.08.2014	52,200	Transfer	54,54,000	3.07
				19.08.2014	1,54,800	Transfer	56,08,800	3.16
				21.08.2014	3,04,200	Transfer	59,13,000	3.33
				25.08.2014	3,55,500	Transfer	62,68,500	3.53
				28.08.2014	31,500	Transfer	63,00,000	3.55
				23.01.2015	4,50,000	Transfer	67,50,000	3.80
				27.01.2015	2,52,000	Transfer	70,02,000	3.95
				02.03.2015	1,98,000	Transfer	72,00,000	4.06
		72,00,000	4.06	31.03.2015			72,00,000	4.06



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

Sl. No.	Name	Shareholding		Date	Increase/ (Decrease) in shareholding	Reason	Cumulative Shareholding during the year (01.04.2014 to 31.03.2015)	
		No. of shares at the beginning (01.04.2014)/ end of the year (31.03.2015)	% of total shares of the Company				No. of Shares	% of total shares of the Company
1	HDFC Trustee Company Limited -HDFC EQUITY FUND	Nil	Nil	01.04.2014				
				13.06.2014	1,30,00,000	Transfer	1,30,00,000	7.33
				22.08.2014	24,03,366	Transfer	1,54,03,366	8.68
				05.09.2014	5,68,000	Transfer	1,59,71,366	9.00
		1,59,71,366	9.00	31.03.2015			1,59,71,366	9.00
2	TATA Capital Financial Services Limited	1,34,22,400	7.56	01.04.2014	Nil	No Change during the year		
		1,34,22,400	7.56	31.03.2015			1,34,22,400	7.56
3	Life Insurance Corporation of India	71,08,481	4.00	01.04.2014	Nil	No Change during the year		
		71,08,481	4.00	31.03.2015			71,08,481	4.00
4	Government Pension Fund Global	Nil	Nil	01.04.2014				
				21.11.2014	37,15,993	Transfer		
		37,15,993	2.09	31.03.2015			37,15,993	2.09
5	Mr. Vinod Khosla	28,65,969	1.61	01.04.2014	Nil	No Change during the year		
		28,65,969	1.61	31.03.2015			28,65,969	1.61
6	Marubeni Corporation	16,22,250	0.91	01.04.2014	Nil	No Change during the year		
		16,22,250	0.91	31.03.2015			16,22,250	0.91
7	ICICI Prudential Life Insurance Company Ltd.	Nil	Nil	01.04.2014				
				18.07.2014	1,55,000	Transfer	1,55,000	0.09
				01.08.2014	1,24,000	Transfer	2,79,000	0.16
				08.08.2014	57,365	Transfer	3,36,365	0.19
				15.08.2014	8,95,913	Transfer	12,32,278	0.69
				22.08.2014	1,28,850	Transfer	13,61,128	0.77
				29.08.2014	1,320	Transfer	13,62,448	0.77
				19.09.2014	83,125	Transfer	14,45,573	0.81
				05.12.2014	5,200	Transfer	14,50,773	0.82
				12.12.2014	2,540	Transfer	14,53,313	0.82
				19.12.2014	4,900	Transfer	14,58,213	0.82
				31.12.2014	4,660	Transfer	14,62,873	0.82
				06.02.2015	2,750	Transfer	14,65,623	0.83
				13.02.2015	2,750	Transfer	14,68,373	0.83
				20.02.2015	(1,750)	Transfer	14,66,138	0.83
				06.03.2015	5,600	Transfer	14,71,738	0.83
		14,71,738	0.83	31.03.2015			14,71,738	0.83
8	Progressive India Fund	Nil	Nil	01.04.2014				
				06.02.2015	10,06,000	Transfer	10,06,000	0.57
				13.02.2015	1,40,000	Transfer	11,46,000	0.65
				13.03.2015	2,83,535	Transfer	14,29,535	0.81
		14,29,535	0.81	31.03.2015			14,29,535	0.81

Sl. No.	Name	Shareholding		Date	Increase/ (Decrease) in shareholding	Reason	Cumulative Shareholding during the year (01.04.2014 to 31.03.2015)	
		No. of shares at the beginning (01.04.2014)/ end of the year (31.03.2015)	% of total shares of the Company				No. of Shares	% of total shares of the Company
9	IDFC Infrastructure Fund	Nil	Nil	01.04.2014				
				14.11.2014	5,93,000	Transfer	5,93,000	0.33
				21.11.2014	6,02,000	Transfer	11,95,000	0.67
				12.12.2014	80,000	Transfer	12,75,000	0.72
				31.03.2015			12,75,000	0.72
10	Matthews Emerging Asia Fund	4,94,063	0.28	01.04.2014				
				05.12.2014	69,068	Transfer	5,63,131	0.32
				12.12.2014	1,73,483	Transfer	7,36,614	0.42
				13.03.2015	78,362	Transfer	8,14,976	0.46
				20.03.2015	4,09,471	Transfer	12,24,447	0.69
				31.03.2015			12,24,447	0.69

**(V) Shareholding of Directors and Key Managerial Personnel:**

Sl. No.	Name	Shareholding		Date	Increase/ (Decrease) in shareholding	Reason	Cumulative Shareholding during the year ( 01.04.2014 to 31.03.2015)	
		No. of shares at the beginning ( 01.04.2014)/ end of the year (31.03.2015)	% of total shares of the Company				No. of Shares	% of total shares of the Company
<b>A DIRECTORS :</b>								
1	Mr. Pramod Chaudhari	3,87,00,000	21.81	01.04.2014	Nil	No Change during the year	3,87,00,000	21.81
	Executive Chairman	3,87,00,000	21.81	31.03.2015				
2	Mr. Gajanan Nabar	10,000	0.00	01.04.2014		Transfer	20,000	0.01
	CEO & MD			22.08.2014	10,000			
				30.01.2015	18,564			
				06.02.2015	1,436			
				27.02.2015	9,373			
				13.03.2015	627			
		50,000	0.02	31.03.2015				
		50,000	0.02					
3	Mr. Berjis Desai	14,81,450	0.83	01.04.2014	Nil	No Change during the year	14,81,450	0.83
	Non- Executive, Independent Director	14,81,450	0.83	31.03.2015				
4	Mr. Kishor Chaukar	Nil	Nil	01.04.2014	Nil	No Change during the year	Nil	Nil
	Non- Executive, Independent Director	Nil	Nil	31.03.2015				
5	Ms. Parimal Chaudhari	1,44,00,000	8.11	01.04.2014	Nil	No Change during the year	1,44,00,000	8.11
	Non- Executive Promoter Director	1,44,00,000	8.11	31.03.2015				
6	Mr. Prakash Kulkarni	5,000	0.00	01.04.2014	Nil	No Change during the year	5,000	0.00
	Non- Executive, Independent Director	5,000	0.00	31.03.2015				
7	Mr. Rajiv Maliwal	Nil	Nil	01.04.2014	Nil	No Change during the year	Nil	Nil
	Non- Executive, Independent Director	Nil	Nil	31.03.2015				
8	Mr. Sivaramakrishnan Iyer	1,80,000	0.10	01.04.2014	Nil	No Change during the year	1,80,000	0.10
	Non- Executive, Independent Director	1,80,000	0.10	31.03.2015				
9	Mr. Utpal Sheth	1,20,100	0.07	01.04.2014	Nil	No Change during the year	1,20,100	0.07
	Nominee Director (Ceased to be a Director w.e.f. 28.07.2014)	1,20,100	0.07	31.03.2015				
<b>B KEY MANAGERIAL PERSONNEL (KMP's) :</b>								
1	Mr. Dattatraya Nimbolkar	920	0.00	01.04.2014	Nil	No Change during the year	920	0.00
	(CFO & Company Secretary)	920	0.00	31.03.2015				

**INDEBTEDNESS**

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

(₹ Mn.)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	1.463	Nil	Nil	1.463
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
<b>Total (i+ii+iii)</b>	<b>1.463</b>	<b>Nil</b>	<b>Nil</b>	<b>1.463</b>
Change in Indebtedness during the financial year				
• Addition	0.586	Nil	Nil	0.586
• Reduction	Nil	Nil	Nil	Nil
Net Change	0.586	Nil	Nil	0.586
Indebtedness at the end of the financial year				
i) Principal Amount	2.049	Nil	Nil	2.049
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
<b>Total (i+ii+iii)</b>	<b>2.049</b>	<b>Nil</b>	<b>Nil</b>	<b>2.049</b>

**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
		Gajanan Nabar	Pramod Chaudhari	
		CEO & MD	Executive Chairman	
1	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	22.125	40.866	62.991
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.366	0.266	0.632
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961.	0.000	0.000	0.000
2	Stock Option	0.000	0.000	0.000
3	Sweat Equity	0.000	0.000	0.000
4	Commission - as % of profit	1.800	4.500	6.300
5	Others, please specify Variable Pay	1.800	4.500	6.300
	<b>Total (A)</b>	<b>26.091</b>	<b>50.132</b>	<b>76.223</b>
	<b>Ceiling as per the Act</b>			<b>80.615</b>

**B. Remuneration to other Directors:**

Sl. No.	Particulars of Remuneration	Name of Directors						Total Amount
		Berjis Desai	Kishor Chaukar	Parimal Chaudhari	Prakash Kulkarni	Rajiv Maliwal	Sivaramakrishnan S. Iyer	
1.	<b>Independent Directors</b>							
	Fee for attending board /committee meetings	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Commission	1.260	0.570	Nil	1.500	0.570	1.320	5.220
	Others, please specify	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	<b>Total (1)</b>	<b>1.260</b>	<b>0.570</b>	<b>Nil</b>	<b>1.500</b>	<b>0.570</b>	<b>1.320</b>	<b>5.220</b>
2.	<b>Other Non- Executive Directors</b>							
	Fee for attending board /committee meetings	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Commission	Nil	Nil	1.080	Nil	Nil	Nil	1.080
	Others, please specify	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	<b>Total (2)</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>1.080</b>
	<b>Total (B)= (1+2)</b>	<b>1.260</b>	<b>0.570</b>	<b>1.080</b>	<b>1.500</b>	<b>0.570</b>	<b>1.320</b>	<b>6.300</b>
	<b>TOTAL MANAGERIAL REMUNERATION*</b>							<b>82.523</b>

Note: Mr. Utpal Sheth ceased to be a Director of the company with effect from 28<sup>th</sup> July, 2014.

\* 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**

(₹ Mn.)

Sl. No.	Particulars of Remuneration	Key managerial personnel*
		Dattatraya Nimbolkar CFO & Company Secretary
1	Gross Salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	6.307
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961.	Nil
2	Stock Option	Nil
3	Sweat Equity	Nil
4	Commission	
	- as % of profit	
	- others, specify...	
<b>TOTAL</b>		<b>6.307</b>

\* Remuneration to CEO 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)
<b>A. COMPANY</b>					
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>B. DIRECTORS</b>					
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>C. OTHER OFFICERS IN DEFAULT</b>					
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 31<sup>ST</sup> MARCH, 2015**

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

To,

The Members,  
 Praj Industries Limited  
 Praj Tower,  
 S. No. 274 & 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). Secretarial Audit was conducted in a manner that provided us as reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of 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 31<sup>st</sup> March, 2015 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 31<sup>st</sup> March, 2015 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 ('SCRA') 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, Overseas Direct Investment. The Company has no External Commercial Borrowings;
- 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, 1992;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (not applicable to the Company during the audit period);
  - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (not applicable to the Company 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 to the Company during the audit period); and
- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (not applicable to the Company during the audit period);

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India (not notified therefore not applicable to the Company during the audit period).
- (ii) The Listing Agreements entered into by the Company with National Stock Exchange and Bombay Stock Exchange(s),

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

**We further report that:**

Having regard to the compliance system prevailing in the company and on the examination of the relevant documents, form and records in pursuance thereof, on test check basis, the Company has complied with the Special Economic Zone Act, 2005 and the rules made thereunder, as applicable for SEZ Units of the Company, being the law applicable specifically to the company.

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. Mr. Utpal Sheth Non-Executive and Non-Independent Director retired by rotation at the AGM held on 28<sup>th</sup> July 2014 and he did not offer himself for reappointment. Except this, there were no changes in the composition of the Board of Directors during the period under review. Notice is given to all directors to schedule the Board Meetings as required by law along with agenda and detailed notes on agenda are sent subsequently or placed before the meeting in case of confidential agenda items. Some additional agenda items are also placed in a Board Meeting. As informed, 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.

All decisions at Board Meetings and Committee Meetings were carried out unanimously. As per the records available in the said minutes there were no dissenting views expressed by any director in 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 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, standards, etc. referred to above.

For **KANJ & ASSOCIATES**  
Company Secretaries

**Vikas Khare**  
Partner  
FCS No.3541  
C P No. 2107

Place: Pune  
Date: 28<sup>th</sup> May, 2015



To,

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

Our report of even date provided in Form MR-3 is to be read along with this letter.

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

For **KANJ & ASSOCIATES**  
Company Secretaries

**Vikas Khare**  
Partner  
FCS: 3541  
CP 2107

Place: Pune  
Date: 28<sup>th</sup> May, 2015

## ANNEXURE 7

Statement containing the salient features of the financial statements of subsidiaries/associate Companies/joint ventures.

[Pursuant to first proviso to Sub-section (3) of Section 129 of the Companies Act, 2013, read with Rule 5 of the Companies (Accounts) Rules, 2014 – AOC-1]

(All amounts are in Indian rupees million unless otherwise stated)									
NAME OF THE SUBSIDIARY COMPANY	Praj Far East Philippines Ltd. Inc., The Philippines	Praj Industries (Africa) (Pty.) Ltd., South Africa	Praj Americas, Inc., USA	Praj Far East Co., Ltd. Thailand	Praj Sur America SRL, Argentina	Praj Industries (Namibia) Pty. Ltd., Namibia	Praj HiPurity Systems Ltd., India.	Pacecon Engineering Projects Ltd., India	
1 FINANCIAL PERIOD OF THE SUBSIDIARY ENDED ON	31/3/2015	31/3/2015	31/3/2015	31/3/2015	31/3/2015	31/3/2015	31/3/2015	31/3/2015	31/3/2015
2 % OF SHAREHOLDING	100% of Equity Capital	100% of Equity capital	100% of Equity Capital	100% of Equity Capital	100% of Equity Capital	100% of Equity Capital	80% of Equity Capital	99.65% of Equity Capital	
3 SHARE CAPITAL	11.167	104.558	9.281	5.007	0.000	0.001	50.000	3.098	
4 RESERVES AND SURPLUS	22.251	(31.580)	(1.761)	2.824	0.000	3.700	678.479	44.782	
5 TOTAL ASSETS	171.649	91.482	8.565	8.689	0.350	48.996	1347.303	369.978	
6 TOTAL LIABILITIES (EXCLUDING SHARE CAPITAL AND RESERVES AND SURPLUS)	138.231	18.504	1.045	0.858	0.350	45.295	618.824	322.098	
7 INVESTMENTS	NIL	NIL	NIL	NIL	NIL	NIL	NIL	0.115	
8 TURNOVER	197.984	85.769	27.188	43.381	0.000	103.551	1615.992	303.333	
9 PROFIT/(LOSS) FOR THE CURRENT YEAR (BEFORE TAXES)	30.041	27.150	(1.933)	(1.242)	0.000	1.598	152.965	48.643	
10 PROVISION FOR TAXATION (INCLUDING DEFERRED TAXES)	9.216	0.166	0.000	0.181	0.000	1.284	55.349	19.095	
11 PROFIT/(LOSS) AFTER TAX	20.825	26.984	(1.933)	(1.423)	0.000	0.314	97.616	29.548	
12 ORIGINAL CURRENCY	PESO	ZAR	US DOLLAR	THAI BAHT	ARGENTINA PESO	NAMIBIAN DOLLAR	INR	INR	
13 EXCHANGE RATE AS ON 31 ST MARCH, 2015 IN INR-CLOSING RATE	1.39	5.17	62.18	1.92	7.28	5.17	-	-	
14 EXCHANGE RATE FROM 1 ST APRIL 14 TO 31 ST MARCH, 2015 IN INR-AVERAGE RATE	1.38	5.52	61.04	1.88	7.09	5.52	-	-	

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

**Pramod Chaudhari**  
Executive Chairman

**Gajanan Nabar**  
CEO & MD

**Dattatraya Nimbolkar**  
CFO & Company Secretary

**Sivaramakrishnan S. Iyer**  
Director

Place: Pune

Date: 28<sup>th</sup> May, 2015

## 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.

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 Clause 49 under the Listing Agreement (as may be amended from time to time).

#### 1. DEFINITIONS

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

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

**"Senior Management"** shall mean personnel of the company (which include persons engaged as retainer or on contractual basis) and who are members of its core management team excluding Board of Directors, comprising all members of management one level below the executive directors, including the functional heads.

**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.

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**

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.

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

### **5. COMPOSITION OF COMMITTEE**

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

### **6. CHAIRPERSON**

The Chairperson of the Committee shall be an Independent Director.

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.

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

### **7. MISCELLANEOUS**

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.

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

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

## Important Communication to Shareholders

### Green Initiative

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

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

### Demat Your Shares

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

### Register Your National Electronic Clearing Services (NECS) Mandate

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

## ANNEXURE 9

Information Pursuant to Section 197 of the Companies Act, 2013 read with Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

(Financial Year 2014-2015)

Sr. No.	Employee Name	Designation	Gross Remuneration (₹)	Nature of employment	Qualification	Total experience (Years)	Date of commencement	Age	Last employment held
1	Pramod Chaudhari	Executive Chairman	50,132,168	Contractual	B. Tech. (Mech)	42	08.11.1985	65	Rapicut Carbides Ltd.
2	Gajanan Nabar	CEO & MD	26,091,030	Contractual	Master Degree in Organic Chemistry and Master Degree in Management	25	15.11.2010	51	Praxair India Pvt. Ltd.
3	Mallikarjun Navalgund	Executive Vice President	8,057,266	Regular	B. Tech (Chemical)	33	17.08.1987	56	Dhake Dyes & Chemicals Pvt. Ltd.
4	Pramod Kumbhar	Executive Vice President	7,750,174	Regular	M. Chem, Ph. D in Chemical Engineering	25	07.05.2012	51	SI Group-India Ltd.
5	S. Suresh Kumar	Executive Vice President	7,666,377	Regular	B. Tech (Mech)	29	01.06.2011	51	Marg Ltd.
6	Ghansham Deshpande	President	7,176,790	Regular	M.E. (Chemical)	28	01.02.1990	51	Aker Solutions
7	Shrikant Ahirrao	Executive Vice President	7,070,157	Regular	B.E. Chemical	24	07.01.2011	48	GE India Industrial Pvt. Ltd.
8	Atul Mulay	Executive Vice President	6,563,099	Regular	D.M.E., D.M.M.	28	01.01.1985	51	N.A.
9	Dattatraya Nimbolkar	CFO & Company Secretary	6,306,755	Regular	B.Com. (Hons.), ACA, ACS, ACMA	34	29.11.2007	56	Crompton Greaves Ltd.
10	Sanjay Sapru*	Business Unit Head	5,900,732	Regular	B.E. (Mech)	20	20.11.2014	43	SAB Miller India Ltd.
11	Ravichandran Selvaraj*	Business Unit Head	4,420,582	Regular	B.E. (Mech), M.B.A.	30	10.11.2014	54	Nalco Pacific Pte. Ltd.
12	Mahesh Lakshminarayanan*	President & COO	3,548,160	Regular	B. Tech (Chemical), M.S. (Chemical- USA), MBA	18	11.12.2012	45	Matix Fertilisers and Chemicals Ltd
13	Soumitra Kumar Dutt*	President & Head - HR	133,384	Regular	B.A., LLB, Ph.D	30	27.03.2015	54	ABG Group

Notes: None of the above employees is related to any Director of the Company, except Mr. Pramod Chaudhari who is a husband of Ms. Parimal Chaudhari.

None of the employees, except Mr. Pramod Chaudhari, holds more than 2% of the outstanding shares of the Company as on 31st March 2015.



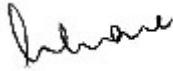
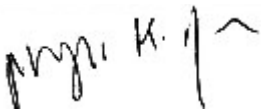
\* Indicates earnings for part of the year.

For **Praj Industries Limited**

**Dattatraya Nimbolkar**  
CFO & Company Secretary

## FORM A

Format of covering letter of the annual audit report to be filed with the Stock Exchanges

1.	Name of the Company	PRAJ INDUSTRIES LIMITED
2.	Annual financial statements for the year ended	31 <sup>st</sup> March, 2015
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	N.A.
5.	To be signed by-	
	<b>GAJANAN NABAR</b> CEO & MANAGING DIRECTOR	
	<b>DATTATRAYA NIMBOLKAR</b> CFO & COMPANY SECRETARY	
	<b>PADMINI KHARE KAICKER</b> MANAGING PARTNER, B.K. KHARE & CO. STATUTORY AUDITORS	
	<b>BERJIS DESAI</b> AUDIT COMMITTEE CHAIRMAN	

## Independent Auditors' Report

To the Members of Praj Industries Limited

### Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of Praj Industries Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015, and the Statements of Profit and Loss and Cash Flow for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2015, and its profit and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2015, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.



10. 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 purpose 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 and Cash Flow dealt with by this Report are in agreement with the books of account.
- d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
- e. on the basis of written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of Section 164(2) of the Act.
- f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 26 to the financial statements.
  - ii. The Company did not have any long-term contracts including derivate contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **B. K. Khare & Co.**  
Chartered Accountants  
Firm's Registration Number 105102W

**Padmini Khare Kaicker**  
Partner  
Membership Number 44784

Pune, May 28, 2015

## Annexure to Auditors' Report

Annexure to the Auditors' Report referred to in paragraph 9 under the heading "Report on other legal and regulatory requirements" of our report of even date :

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets were physically verified by the management in the previous year in accordance with a planned programme of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.
- (ii) (a) As explained to us, the inventory was physically verified during the year by the Management. In our opinion, the frequency of the verification is reasonable.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. Discrepancies noticed on verification between the physical stocks and the book records were not material and have been appropriately dealt with in the books of account.
- (iii) (a) As informed, the Company has not taken or granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, provisions of the clause 3 (iii) (a), (b) of the Companies (Auditor's Report) Order, 2015 are not applicable and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system of the company.
- (v) The Company has not accepted any deposits within the meaning of sections 73 to 76 and any other relevant provisions of the Companies Act, 2013 and rules framed thereunder to the extent notified.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under sub section (1) of section 148 of the Companies Act, 2013, 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 determining whether they are accurate or complete.
- (vii) According to the records of the Company examined by us and information and explanations given to us:
  - (a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities and according to the information and explanations given to us, there are no arrears of undisputed statutory dues as at the last day of financial year concerned for a period of more than six months from the date they become payable.
  - (b) According to the records of the Company, the dues of income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess not paid on account of any dispute, are as follows:

Name of the statute	Nature of dues	Rupees in Million	Period to which the amount relates	Forum where dispute is pending
Central Sales Tax Act, 1956	Demand as per Sales Tax Assessment and Show Cause Notice	30.26	F.Y. 2010-2011	Deputy Commissioner (Appeals)
The Finance Act, 1994	Demand on account of non-submission of statutory returns in stipulated time	2.20	F.Y. 2012-2013	CESTAT Mumbai (Appeals)

- (c) The amount required to be transferred to Investor Education and Protection Fund by the Company have been transferred within the stipulated time in accordance with the provisions of the Companies Act, 2013 and the rules made thereunder.
- (viii) The Company does not have accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (ix) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (x) According to the information and explanations given to us, the Company has given Corporate Guarantees on behalf of its Indian and Overseas subsidiary Companies, as follows:

Sr. No.	Nature of Guarantee	Beneficiary Subsidiary	Issued In Favor Of	To the extent of
1	Corporate Guarantee	Praj Far East Philippines Ltd. Inc.	HSBC Philippines	USD 1.5 Million
2	Corporate Guarantee	Praj Far East Co. Limited	Royal Bank of Scotland (Thailand)	USD 0.5 Million
3	Corporate Guarantee	Praj HiPurity Systems Limited	ICICI Bank (India) Ltd	INR 50 Million
4	Corporate Guarantee	Praj HiPurity Systems Limited	ICICI Bank (India) Ltd	INR 10 Million

In our opinion, terms and conditions of such Corporate Guarantees are not prejudicial to the interests of the Company.

- (xi) During the year, term loans were applied for the purpose for which the loans were obtained.
- (xii) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit, nor have we been informed of such case by the management.

For **B. K. Khare & Co.**  
Chartered Accountants  
Firm registration number: 105102W

**Padmini Khare Kaicker**  
Partner  
Membership Number: 44784

Pune, 28 May 2015

**Balance Sheet** as at 31st March, 2015

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

	Notes	March 2015	March 2014
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	3	<b>354.930</b>	354.930
Reserves and Surplus	4	<b>5799.227</b>	5488.631
<b>Non-Current Liabilities</b>			
Long Term Borrowings	5	<b>2.049</b>	1.463
Deferred Tax Liabilities (Net)	6	<b>8.541</b>	91.701
Long-Term Provisions	7	<b>117.848</b>	96.306
<b>Current liabilities</b>			
Trade Payables	8	<b>1451.811</b>	1604.707
Other Current Liabilities	8	<b>2091.165</b>	1885.725
Short-Term Provisions	9	<b>1003.500</b>	1903.523
<b>TOTAL</b>		<b>10829.071</b>	11426.986
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets			
Tangible Assets	10	<b>2125.947</b>	2354.153
Intangible Assets	10	<b>24.331</b>	37.886
Capital Work-in-Progress		<b>13.891</b>	15.640
Non-Current Investments	11	<b>1412.150</b>	1193.091
Long-Term Loans and Advances	12	<b>119.993</b>	123.492
Other Non Current Assets	13	<b>0.020</b>	100.020
<b>Current Assets</b>			
Current Investments	14	<b>1479.276</b>	860.227
Inventories	15	<b>703.059</b>	911.660
Contract-in-Progress	27	<b>1266.736</b>	904.726
Trade Receivables	16	<b>2030.304</b>	2505.337
Cash and Bank Balances	17	<b>728.554</b>	285.034
Short-Term Loans and Advances	18	<b>924.810</b>	2135.720
<b>TOTAL</b>		<b>10829.071</b>	11426.986
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 **B K Khare & Co.**

Chartered Accountants

Firm Regn No.:105102W

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

Partner

Membership No.: 044784

**Pramod Chaudhari**

Executive Chairman

**Gajanan Nabar**

CEO &amp; Managing Director

Place: Pune

Date: 28<sup>th</sup> May, 2015**Dattatraya Nimbolkar**

CFO &amp; Company Secretary

**Sivaramakrishnan S. Iyer**

Director

## Statement of Profit and Loss for the year ended 31st March, 2015

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

	Notes	March 2015	March 2014
<b>Income:</b>			
Revenue from operations (Gross)	19	<b>8309.932</b>	8082.702
Less: Excise Duty		<b>298.651</b>	255.864
Revenue from operations (Net)		<b>8011.281</b>	7826.838
Other Income	20	<b>323.013</b>	221.081
<b>Total Revenue</b>		<b>8334.294</b>	8047.919
<b>Expenses:</b>			
Cost of materials consumed	21	<b>4184.504</b>	4000.920
(Increase)/Decrease in inventories of Finished Goods, Work-in-Progress	22	<b>30.563</b>	100.312
Employee Benefit Expenses	23	<b>1102.902</b>	1049.346
Finance costs	24	<b>2.985</b>	2.226
Depreciation and amortisation expenses	10	<b>261.340</b>	139.365
Other Expenses	25	<b>2070.408</b>	1971.350
<b>Total Expenses</b>		<b>7652.702</b>	7263.519
<b>Profit before tax</b>		<b>681.592</b>	784.400
<b>Tax Expense:</b>			
Current Tax		<b>173.009</b>	184.937
Prior Year Taxes		<b>(108.408)</b>	-
Deferred Tax charge/(credit)		<b>(68.362)</b>	(24.601)
<b>Profit/(Loss) after tax</b>		<b>685.353</b>	624.064
<b>Earning per share</b>			
1. Basic [nominal value of ₹ 2 each (31 <sup>st</sup> March, 2014 ₹ 2)]	31	<b>3.86</b>	3.52
2. Diluted [nominal value of ₹ 2 each (31 <sup>st</sup> March, 2014 ₹ 2)]	31	<b>3.85</b>	3.52
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 **B K Khare & Co.**

Chartered Accountants

Firm Regn No.:105102W

**Padmini Khare Kaicker**

Partner

Membership No.: 044784

Place: Pune

Date: 28<sup>th</sup> May, 2015For and on behalf of the Board of Directors of  
**Praj Industries Limited****Pramod Chaudhari**

Executive Chairman

**Dattatraya Nimbolkar**

CFO &amp; Company Secretary

**Gajanan Nabar**

CEO &amp; Managing Director

**Sivaramakrishnan S Iyer**

Director

## Cash Flow Statement for the year ended 31st March, 2015

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

	March 2015	March 2014
<b>A. Cash flow from operating activities</b>		
<b>Net profit before tax</b>	<b>681.592</b>	784.400
Adjustments for:		
Loss/(Profit) on sale of fixed assets	(118.225)	(5.748)
Gain on redemption of mutual fund investments	(30.963)	(76.321)
Gain on redemption of bonds	(18.928)	-
Bad Debts/Provision for doubtful debts and advances	190.637	124.880
Excess provision/creditors written back (including advances)	(17.074)	(98.987)
Provision for diminution in investments/Loss on sale of shares	10.304	-
Unrealised foreign exchange (gain)/loss (net)	(75.492)	9.674
Depreciation and amortisation	261.340	139.365
Interest earned	(19.051)	(16.027)
Dividend from mutual fund investments	(58.531)	(22.306)
Interest charged	2.985	2.226
<b>Operating profit before working capital changes</b>	<b>808.594</b>	841.156
Changes in working capital		
(Increase)/decrease in trade receivables	296.145	(461.334)
(Increase)/decrease in inventories (including contracts in progress)	(153.409)	(729.692)
(Increase)/decrease in long-term loans and advances	3.499	0.446
(Increase)/decrease in short-term loans and advances	130.790	33.266
(Increase)/decrease in other non-current assets	100.000	-
Increase/(decrease) in trade payables	(133.362)	490.470
Increase/(decrease) in other current liabilities	205.440	246.341
Increase/(decrease) in long-term provisions	21.542	6.628
Increase/(decrease) in short-term provisions	(27.288)	63.546
<b>Cash generated from operations</b>	<b>1251.951</b>	490.827
Direct taxes paid (including taxes deducted at source), net of refunds	159.827	(218.597)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>1411.778</b>	272.230
<b>B. Cash flow from investing activities</b>		
Purchase of fixed assets and intangibles	(142.054)	(368.794)
Investments:		
- in subsidiaries	(204.258)	(281.659)
- in mutual funds	(2625.599)	(2066.739)
- in debentures & bonds	(100.030)	-
Sale of investments		
- in subsidiary	32.037	-
- in mutual funds	2030.434	2862.349
- in debentures & bonds	68.895	-
Proceeds from sale of fixed assets	198.916	7.882
Interest received on investments	19.938	7.149
Dividend received on investments	58.531	22.306
Investment in fixed deposits	(65.500)	(21.800)
<b>NET CASH FROM/(USED) IN INVESTING ACTIVITIES</b>	<b>(728.690)</b>	160.694

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

	March 2015	March 2014
<b>C. Cash flow from financing activities</b>		
Increase/(Decrease) in Long-term borrowings	<b>0.586</b>	-
Dividend paid including dividend distribution tax	<b>(336.353)</b>	(460.928)
Interest paid	<b>(2.985)</b>	(2.226)
<b>NET CASH FROM/(USED) IN FINANCING ACTIVITIES</b>	<b>(338.752)</b>	(463.154)
<b>Net increase/(decrease) in cash and cash equivalents (A + B + C)</b>	<b>344.336</b>	(30.230)
<b>Cash and cash equivalents at the beginning of the year</b>	<b>250.034</b>	272.152
<b>Add: effect of exchange rate changes on cash and cash equivalents</b>	<b>33.684</b>	8.112
<b>Cash and cash equivalents at the end of the year</b>	<b>628.054</b>	250.034
<b>Notes:</b>		
1. The Cash Flow Statement has been prepared under the "Indirect method" as set out in Accounting Standard 3 on Cash Flow statement issued by the Institute of Chartered Accountants of India.		
2. Cash and cash equivalents include bank balances in relation to unclaimed dividends ₹ 9.026 (31 <sup>st</sup> March, 2014 : ₹ 8.561)		
The accompanying notes are an integral part of the Cash Flow statement		

As per our report of even date.

For **B K Khare & Co.**

Chartered Accountants

Firm Regn No:105102W

**Padmini Khare Kaicker**

Partner

Membership No.: 044784

Place: Pune

Date: 28<sup>th</sup> May, 2015

For and on behalf of the Board of Directors of

**Praj Industries Limited****Pramod Chaudhari**

Executive Chairman

**Dattatraya Nimbolkar**

CFO &amp; Company Secretary

**Gajanan Nabar**

CEO &amp; Managing Director

**Sivaramakrishnan S Iyer**

Director

## Notes to the Financial Statements for the year ended 31st March, 2015

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

### 1 Nature of business

Praj Industries Limited (the Company) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. 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

#### 2.1 Basis of preparation of financial statements

The financial statements are prepared in accordance with the Generally Accepted Accounting Principles ("GAAP") in India under the historical cost convention on an accrual basis, and are in conformity with mandatory accounting standards, as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI).

The Company has ascertained its operating cycle as twelve months for the purpose of current and non-current classification of assets and liabilities.

#### 2.2 Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

#### 2.3 Revenue recognition

##### a) Contract revenue

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

Contract costs include costs that relate directly to the specific contract and costs that are attributable to 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. Provision for expected loss is recognised immediately when it is probable that the total estimated contract costs will exceed total contract revenue.

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

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

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

##### b) Service revenue

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



## Notes to the Financial Statements for the year ended 31st March, 2015

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

### c) Product sales

Revenue from sale of goods is recognised on transfer of significant risks and rewards of ownership when goods are dispatched and the title passes to the customers, net of discounts and rebates granted. Sales are recorded exclusive of sales tax.

### d) Interest and dividend income

Interest on deployment of surplus funds is recognised using the time proportion method based on the underlying interest rates.

Dividend income is recognised when the right to receive payment is established.

### e) Export benefits

Export benefits in the form of duty draw back/ DEPB claims etc. are recognised on receipt basis.

## 2.4 Tangible assets

Tangible assets are stated at historical cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of tangible asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing tangible assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from de-recognition of tangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

## 2.5 Depreciation:

Depreciation on tangible assets is provided on straight-line basis over the useful lives of assets as prescribed in Schedule –II to the Companies Act, 2013, as assessed by the Management based on technical evaluation.

Building and other constructions on leasehold land are depreciated over the lease term or the useful life, whichever is shorter.

## 2.6 Intangible assets and amortisation

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.

Acquired intangible assets consisting of technical know how, brand and software, are recorded at acquisition cost and amortised on straight-line basis based on the following useful lives, which in management's estimate represents the period during which economic benefits will be derived from their use:

Asset	Useful Life
Brand	10 Years
Technical Knowhow	5-10 Years
Software	5 Years

## 2.7 Impairment of assets

The carrying amounts of the Company's assets including intangible assets are reviewed at each Balance sheet date to determine whether there is any indication of impairment. If any such indications exist, the assets recoverable amount is estimated, as the higher of the net selling price and the value in use. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. If at the Balance sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reinstated at the recoverable amount subject to a maximum of depreciable historical cost.

## Notes to the Financial Statements for the year ended 31st March, 2015

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

### 2.8 Investments

Investments, which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

### 2.9 Inventories

Raw materials, components, stores and spares 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 and stores and spares is determined on a weighted average basis.

Work-in-progress and finished goods are valued at lower of cost and net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty and is determined on a weighted average basis.

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

### 2.10 Foreign currency transactions

#### Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

#### Conversion

Foreign currency monetary items are translated using the exchange rate prevailing at the reporting date.

Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.

#### Forward Contracts

The premium or discount arising at the inception of forward exchange contract is amortised and recognised as an expense/income over the life of the contract. Exchange differences on such contracts, except the contracts which are long-term foreign currency monetary items, are recognised in the statement of profit and loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognised as income or as expense for the period.

### 2.11 Leases

Lease payment under an operating lease is recognised as an expense in the Profit and loss account on a straight line basis over the lease term.

### 2.12 Employee benefits

#### a) 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.

#### b) Post employment benefits (defined benefit plans)

The employees' gratuity scheme is a defined benefit plan. The present value of the obligation under such defined benefit plan is determined at each Balance sheet date based on an actuarial valuation using the projected unit credit method. Actuarial gains and losses are recognised immediately in the Profit and loss account.

## Notes to the Financial Statements for the year ended 31st March, 2015

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

### c) Post employment benefits (defined contribution plans)

Contributions to the provident fund and superannuation fund, which are defined contribution schemes, are recognised as an expense in the Profit and loss account in the period in which the contribution is due.

### d) Long-term employee benefits

Long-term employee benefits comprise of compensated absences and other employee incentives. These are measured based on an actuarial valuation carried out by an independent actuary at each Balance sheet date unless they are insignificant. Actuarial gains and losses and past service costs are recognised immediately in the Profit and loss account.

## 2.13 Provisions and Contingencies

Provision is recognised in the Balance sheet when, the Company has a present obligation as a result of a past event; it is probable that an outflow of economic benefits will be required to settle the obligation; and a reliable estimate of the amount of the obligation can be made. A disclosure by way of a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

## 2.14 Income taxes

Tax expense comprises current tax, deferred tax and refund on account of prior period taxes. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit and loss.

Deferred tax liabilities are recognised for all taxable timing differences. Deferred tax assets are recognised for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

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 timing 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 recognised 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 realised. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

At each reporting date, the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax asset 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 realised.

The carrying amount of deferred tax assets are reviewed at each reporting date. The company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

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 tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

## Notes to the Financial Statements for the year ended 31st March, 2015

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

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. In the year in which the Company recognises MAT credit as an asset in accordance with the *Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961*, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." 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.

### 2.15 Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period as reduced by number of shares bought back, if any. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

### 2.16 Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

## Notes to the Financial Statements for the year ended 31st March, 2015

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

	March 2015	March 2014
<b>3 Share capital</b>		
<b>Equity Share Capital</b>		
<b>Authorised shares (No. million)</b>		
450 (31 <sup>st</sup> March, 2014: 450) equity shares of ₹ 2 each	<u>900.000</u>	<u>900.000</u>
<b>Issued, subscribed and fully paid-up shares (No. million)</b>		
177.465 (31 <sup>st</sup> March, 2014: 177.465) equity shares of ₹ 2 each	<u>354.930</u>	<u>354.930</u>
	<u>354.930</u>	<u>354.930</u>
<b>a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period:</b>		
	No. Million      Amount	No. Million      Amount
At the beginning of the period	177.465      354.930	177.465      354.930
Outstanding at the end of the period	177.465      354.930	177.465      354.930
<b>b. Terms/ Rights attached to equity shares:</b>		
The Company has only one class of equity shares having a par value of ₹ 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.		
During the year ended 31 <sup>st</sup> March, 2015, the amount of per share dividend recognised as distributed to equity shareholders was ₹ 1.62 (31 <sup>st</sup> March, 2014 ₹ 2.22) In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company after distributing all preferential amounts.		
<b>c. Shares held by holding/ultimate holding company and/or their subsidiaries/associates:</b>		
The Company does not have any holding or ultimate holding company.		
<b>d. Details of shareholders holding more than 5% shares in the Company:</b>		
Equity shares of ₹ 2 each fully paid	No. Million      % of holding	No. Million      % of holding
Pramod Chaudhari (Promoter)	38.70      21.81%	38.70      21.81%
Parimal Chaudhari (Promoter)	21.60      12.17%	19.80      11.16%
Tata Capital Financial Services Limited	13.42      7.56%	13.42      7.56%
HDFC Trustee Company Limited - HDFC Equity Fund	15.97      9.00%	-      -
Rakesh Jhunjhunwala	-      -	15.00      8.45%
<b>e. Shares reserved for issue under options:</b>		
Shares reserved for issue under the Employee Stock Option Plan (ESOP) please refer Note 35.		
<b>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:</b>		
	No. Million	No. Million
Equity shares allotted as fully paid bonus shares by capitalisation of securities premium	-	-
Equity shares allotted as fully paid-up pursuant to contracts for consideration other than cash	-	-
Equity shares bought back by the Company	7.314	7.314

## Notes to the Financial Statements for the year ended 31st March, 2015

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

	March 2015	March 2014
<b>4 Reserves and Surplus</b>		
<b>Capital Reserve</b>	<b>0.033</b>	0.033
<b>Amalgamation Reserve</b>	<b>3.063</b>	3.063
<b>Capital Redemption Reserve</b>		
Balance as per last financial statements	<b>14.627</b>	14.627
Add: Transferred from securities premium	-	-
Balance at the end of year	<b>14.627</b>	14.627
<b>Securities Premium</b>		
Balance as per last financial statements	<b>570.015</b>	570.015
Add: ESOPs exercised	-	-
Less: utilisation for buy back of equity shares	-	-
Balance at the end of year	<b>570.015</b>	570.015
<b>General Reserve</b>		
Balance as per last financial statements	<b>820.511</b>	758.011
Add: amounts transferred from surplus balance in statement of profit and loss	<b>69.000</b>	62.500
Balance at the end of year	<b>889.511</b>	820.511
<b>Surplus in the Statement of Profit and Loss</b>		
Balance as per last financial statements	<b>4080.382</b>	3979.746
Profit as per statement of profit and loss	<b>685.353</b>	624.064
Less: Appropriations		
Interim equity dividend	-	106.479
Tax on interim equity dividend	-	18.096
Proposed final equity dividend	<b>287.493</b>	287.493
Tax on proposed equity dividend	<b>58.527</b>	48.860
Transfer to general reserve	<b>69.000</b>	62.500
Adjustment for Fixed Assets & Deferred Tax	<b>28.737</b>	-
Net Surplus in Statement of Profit & Loss	<b>4321.978</b>	4080.382
<b>Total Reserves and Surplus</b>	<b>5799.227</b>	5488.631

## Notes to the Financial Statements for the year ended 31st March, 2015

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

	March 2015	March 2014
<b>Non-Current liabilities</b>		
<b>5 Long-Term borrowings</b>		
Loan from others (unsecured)	2.049	1.463
	<b>2.049</b>	<b>1.463</b>
Loan received from Department of Biotechnology (DBT) carrying interest at the rate of 2%. The Company has received disbursement of loan partly and full disbursement is not made. The loan is repayable after completion of the project as approved by 'DBT'.		
<b>6 Deferred Tax Liabilities (Net)</b>		
Deferred tax liability		
Difference between tax depreciation and depreciation/amortisation charged for financial reporting	241.472	288.588
	<b>241.472</b>	<b>288.588</b>
Deferred tax asset		
Provision for Employee Benefits	(55.583)	(46.934)
Provision for doubtful debts and advances	(144.083)	(79.711)
Long-Term Capital losses	(27.440)	(52.384)
Other items	(5.825)	(17.858)
	<b>(232.931)</b>	<b>(196.887)</b>
Deferred tax liability (Net)	<b>8.541</b>	<b>91.701</b>
<b>7 Long-term provisions</b>		
Provision for leave encashment	23.870	19.834
Provision for gratuity (Refer note 34 b)	93.978	76.472
	<b>117.848</b>	<b>96.306</b>
<b>Current Liabilities</b>		
<b>8 Trade Payable and other Current liabilities</b>		
Trade Payables		
-Dues to Micro and Small enterprises under MSMED Act, 2006*	99.386	59.872
-Dues to other parties	1352.425	1544.835
	<b>1451.811</b>	<b>1604.707</b>
* No interest is due/payable to parties under the MSMED Act, 2006		
Other current liabilities		
Advances received from customers	1759.428	1587.382
Dues to customers relating to contracts in progress (Refer Note 27)	243.940	220.390
Other Payables	78.873	69.521
Unclaimed Dividends	8.924	8.432
	<b>2091.165</b>	<b>1885.725</b>
<b>9 Short-term provisions</b>		
Provision for taxation	547.924	1430.329
Proposed final dividend	287.493	287.493
Provision for dividend tax on proposed dividend	58.527	48.860
Performance Incentive	63.877	95.061
Provision for leave encashment	43.679	39.780
Provision for gratuity (Refer Note 34 b)	2.000	2.000
	<b>1003.500</b>	<b>1903.523</b>

## Notes to the Financial Statements for the year ended 31st March, 2015

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

### 10 Fixed Assets

	Intangible Assets				Tangible Assets						Grand Total	Previous period	
	Technical Knowhow	Softwares	Praj Brand	Total	Land (Freehold)	Buildings	Plant and machinery	Computers & Office Equipment	Vehicles	Furniture and fixtures	Total		
Gross Block													
As at 1 <sup>st</sup> April, 2014	91.050	80.033	56.923	228.006	362.483	1257.316	909.049	235.007	34.422	223.200	3021.477	3249.483	2453.021
Additions during the year	-	-	-	-	-	45.661	61.063	11.098	14.447	11.534	143.803	143.803	804.795
Deletions during the year	-	-	-	-	1.914	89.224	-	1.975	6.024	13.265	112.402	112.402	8.333
As at 31 <sup>st</sup> March 2015	91.050	80.033	56.923	228.006	360.569	1213.753	970.112	244.130	42.845	221.469	3052.878	3280.884	3249.483
Accumulated depreciation and amortization													
As at 1 <sup>st</sup> April, 2014	61.865	71.332	56.923	190.120	-	135.293	353.223	91.709	15.987	71.112	667.324	857.444	724.279
Charge for the year	9.748	3.807	-	13.555	-	32.131	138.395	37.448	3.874	35.937	247.785	261.340	139.365
Depreciation in respect of assets whose useful life is over	-	-	-	-	-	-	6.680	35.622	-	1.233	43.535	43.535	-
Depreciation on deletions	-	-	-	-	-	18.626	-	1.047	3.970	8.070	31.713	31.713	6.200
As at 31 <sup>st</sup> March, 2015	71.613	75.139	56.923	203.675	-	148.798	498.298	163.732	15.891	100.212	926.931	1130.606	857.444
Net Carrying Value													
As at 31 <sup>st</sup> March, 2015	19.437	4.894	-	24.331	360.569	1064.955	471.814	80.398	26.954	121.257	2125.947	2150.278	2392.039
As at 31 <sup>st</sup> March, 2014	29.185	8.701	-	37.886	362.483	1122.023	555.826	143.298	18.435	152.088	2354.153	2392.039	



## Notes to the Financial Statements for the year ended 31st March, 2015

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

	March 2015	March 2014
<b>Non-Current Assets</b>		
<b>11 Non-Current Investments</b>		
Trade Investments (valued at cost unless stated otherwise)		
Unquoted equity investments		
Investments in subsidiaries		
Pacecon Engineering Projects Limited	5.359	5.359
308,750 (31 <sup>st</sup> March, 2014 : 308,750) equity shares of ₹ 10 each fully paid		
Praj Far East Co., Limited	2.454	2.454
19,598 (31 <sup>st</sup> March, 2014 : 19,598) equity shares of Thai Baht 100 each fully paid		
BioCnergy Europa B.V.	-	35.262
Nil (31 <sup>st</sup> March, 2014 : 300,000) equity shares of Euro 1 each fully paid		
Praj Americas, Inc.	9.281	9.281
40,000 (31 <sup>st</sup> March, 2014 : 40,000) equity shares of US Dollar 5 each fully paid		
Praj HiPurity Systems Limited (Formerly Neela Systems Limited)	1179.297	975.043
4,000,000 (31 <sup>st</sup> March, 2014 : 3,500,000) equity shares of ₹ 10 each fully paid		
Praj Industries (Africa) (Pty.) Limited	104.558	104.558
125 equity shares at no par value (31 <sup>st</sup> March, 2014 : 125)		
Praj Far East Philippines Ltd Inc.	11.167	11.167
8,313,281 equity shares of 1PHP each (31 <sup>st</sup> March, 2014 : 8,313,281)		
Praj Sur America SRL	0.003	-
Praj Industries (Namibia) Pty. Limited	0.001	-
100 equity shares of 1 Namibian Dollar each (31 <sup>st</sup> March, 2014 : Nil)		
	1312.120	1143.124
Less : Provision for Diminution in value of investment	-	-
	1312.120	1143.124
Other Investments (valued at cost unless stated otherwise)		
Quoted Investments in Non-Convertible Debentures / Bonds:		
Redeemable Non-Convertible Unsecured Zero Coupon Bond Issued by Rural Electrification Corporation Limited- Nil Units, (31 <sup>st</sup> March, 2014 : 3680)	-	49.967
Bonds issued by Power Grid Corporation of India Limited SR-XLVIII Coupon 8.20% - 100 Units , (31 <sup>st</sup> March, 2014 : Nil)	100.030	-
	100.030	49.967
	1412.150	1193.091
Aggregate value of unquoted investments	1312.120	1143.124
Aggregate value of quoted investments	100.030	49.967
Market value of quoted investments	101.068	60.077
<b>12 Long-Term Loans and Advances</b>		
Capital Advances	39.169	39.169
Deposits (net)	77.258	76.135
Others	3.566	8.188
	119.993	123.492
<b>13 Other Non-Current Assets</b>		
Deposits with banks (Refer Note 17)	0.020	100.020
	0.020	100.020

## Notes to the Financial Statements for the year ended 31st March, 2015

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

	March 2015	March 2014
<b>14 Current Investments (valued at lower of cost and fair value unless stated otherwise)</b>		
Quoted Mutual Funds		
BSL TREASURY OPTIMIZER PLAN - QTRLY DIV - REG PLN - 973,483 Units, (31 <sup>st</sup> March, 2014 : Units Nil)	102.960	-
BSL FLOATING RATE FUND - LONG TERM- WKLY DIV-REG PLAN - 528,111 Units, (31 <sup>st</sup> March, 2014 : Units Nil)	52.850	-
DWS ULTRA SHORT TERM FUND-WEEKLY DIV - 4,998,266 Units, (31 <sup>st</sup> March, 2014 : Units Nil)	50.433	-
HDFC HIGH INT FUND - DYNAMIC PLAN - QTRLY DIV - 8,646,983 Units, (31 <sup>st</sup> March, 2014 : Units Nil)	103.892	-
ICICI PRUDENTIAL FMP SR 74 - 369 DAYS - 10,000,000 Units, (31 <sup>st</sup> March, 2014 : Units Nil)	100.000	-
ICICI PRUDENTIAL DYNAMIC BOND FUND-REG P-MD - 4,773,573 Units, (31 <sup>st</sup> March, 2014 : Units Nil)	50.272	-
ICICI PRUDENTIAL SHORT TERM - REG PLAN - FORTNIGHT - 4,211,739 Units, (31 <sup>st</sup> March, 2014 : Units Nil)	50.888	-
JP MORGAN INDIA TREASURY FUND SUPER INST WKLY DIV - 5,275,534 Units, (31 <sup>st</sup> March, 2014 : Units Nil)	53.220	-
L&T ULTRA SHORT TERM FUND - MONTHLY DIVIDEND - 4,029,629 Units, (31 <sup>st</sup> March, 2014 : Units Nil)	50.378	-
IDFC DYNAMIC BOND FUND - ANNUAL DIVIDEND - 4,856,092 Units, (31 <sup>st</sup> March, 2014 : Units Nil)	52.321	-
RELIANCE DYNAMIC BOND FUND - QTRLY DIV - 4,881,832 Units, (31 <sup>st</sup> March, 2014 : Units Nil)	52.880	-
RELIGARE FMP SR 23 PLAN L - REG PLAN GRWTH - 5,000,000 Units, (31 <sup>st</sup> March, 2014 : Units Nil)	50.000	-
RELIGARE INVESCO ANNUAL INTERVAL FUND-PLAN B - 5,000,000 Units, (31 <sup>st</sup> March, 2014 : Units Nil)	50.000	-
TEMPLETON INDIA LOW DURATION FUND - MONTHLY DIV - 10,151,223 Units (31 <sup>st</sup> March, 2014 : Units Nil)	106.059	-
TATA SHORT TERM BOND FUND PLAN A - FORTNIGHT - 3,667,842 Units, (31 <sup>st</sup> March, 2014 : Units Nil)	50.312	-
TAURUS LIQ FUND - EXSISTING PLAN - SUPER INST - WD - 100,717 Units, (31 <sup>st</sup> March, 2014 : Units Nil)	100.990	-
UTI - SHORT TERM INCOME FUND - INSTI OPTION - GW - 6,120,700 Units, (31 <sup>st</sup> March, 2014 : Units Nil)	100.000	-
ICICI PRUDENTIAL FLEXIBLE INCOME - REG PLAN - WKLY DIVI - 525,832 Units, (31 <sup>st</sup> March, 2014 : 493,178 Units)	55.450	52.006
HSBC CASH FUND - DAILY DIVIDEND - 16,418 Units, (31 <sup>st</sup> March, 2014 : Units 55.724)	16.427	0.056
KOTAK FMP SERIES 154 DIRECT - GW - 5,000,000 Units, (31 <sup>st</sup> March, 2014 : 5,000,000 Units)	50.000	50.000
SUNDARAM MONEY BONUS PRINCIPAL UNITS - 8,893,418 Units, (31 <sup>st</sup> March, 2014 : 519,218 Units)	80.000	80.000
TEMPLETON INDIA ULTRA SHORT BOND SUPER INST PLAN WK D - 10,595,863 Units, (31 <sup>st</sup> March, 2014 : 9,899,226 Units)	107.023	100.000
BIRLA SUN LIFE SAV FUND - WKY DIV - REGULAR PLAN - REINV - Nil Units (31 <sup>st</sup> March, 2014 : Units 529,137)	-	53.035
HDFC QIF - PLAN C RETAIL DIVIDEND - Nil Units (31 <sup>st</sup> March, 2014 : Units 4,989,024)	-	50.000

## Notes to the Financial Statements for the year ended 31st March, 2015

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

	March 2015	March 2014
IDFC ULTRA SHORT-TERM FUND - WLY DIV- (REGULAR PLAN) - Nil Units (31 <sup>st</sup> March, 2014 : Units 5,496,004)	-	55.130
IDFC MONEY MANAGER FUND-INVEST PLAN - GR-(REG PLAN) - Nil Units(31 <sup>st</sup> March, 2014 : Units 22,520,581)	-	50.000
SBI SHORT-TERM DEBT FUND - REGULAR PLAN - GR - Nil Units (31 <sup>st</sup> March, 2014 : 3,584,538)	-	50.000
TATA FIXED MATURITY PLAN SERIES 42 SCHEME C - PLAN A - GR - Nil Units (31 <sup>st</sup> March, 2014 : Units 5,000,000)	-	50.000
AXIS BANKING DEBT FUND - GR - Nil Units (31 <sup>st</sup> March, 2014 : Units 42,711)	-	50.000
IDFC DYNAMIC BOND FUND - GROWTH - (REGULAR PLAN) - Nil Units (31 <sup>st</sup> March, 2014 : Units 3,552,196)	-	50.000
J P MORGAN INDIA ACTIVE BOND FUND INST. GR - Nil Units (31 <sup>st</sup> March, 2014 : Units 1,974,489)	-	20.000
SBI DYNAMIC BOND FUND - REGULAR PLAN - GR - Nil Units (31 <sup>st</sup> March, 2014 : Units 6,959,949)	-	100.000
RELIGARE INVESCO FMP - SERIES XVIII - PLAN B (386 DAYS) - GR - Units Nil (31 <sup>st</sup> March, 2014 : Units 5,000,000)	-	50.000
	<b>1486.355</b>	<b>860.227</b>
Less: Diminution in value of investments	<b>7.079</b>	-
Total	<b>1479.276</b>	<b>860.227</b>
Aggregate amount of quoted investments	<b>1486.355</b>	860.227
Market value of quoted investments	<b>1515.771</b>	886.775
<b>Current Assets</b>		
<b>15 Inventories (valued at lower of cost and net realisable value)</b>		
Raw Materials	<b>616.783</b>	794.821
Work-in-Progress	<b>45.079</b>	52.622
Finished goods	<b>41.197</b>	64.217
	<b>703.059</b>	<b>911.660</b>
<b>16 Trade Receivables</b>		
Over six months		
- Considered good	<b>183.019</b>	454.570
- Considered doubtful	<b>414.763</b>	226.769
Others, considered good	<b>1847.285</b>	2050.767
	<b>2445.067</b>	2732.106
Less: Provision for doubtful debts	<b>414.763</b>	226.769
	<b>2030.304</b>	<b>2505.337</b>

## Notes to the Financial Statements for the year ended 31st March, 2015

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

	March 2015	March 2014
<b>17 Cash and bank balances</b>		
Balances with banks		
On current accounts	337.367	53.517
Deposits with original maturity of less than 3 months	279.710	186.500
On unclaimed dividend account	9.026	8.561
Cash on hand	1.951	1.456
	<b>628.054</b>	<b>250.034</b>
<b>Other bank balances</b>		
Deposits with maturity for more than 12 months	0.020	100.020
Deposits with maturity for more than 3 months but less than 12 months	100.500	35.000
	<b>100.520</b>	<b>135.020</b>
Less: amounts disclosed under other non-current assets (Refer Note 13)	(0.020)	(100.020)
	<b>100.500</b>	<b>35.000</b>
	<b>728.554</b>	<b>285.034</b>
<b>18 Short-Term Loans and advances (Unsecured, considered good)</b>		
Advances to subsidiaries	0.880	33.590
Advances to suppliers	163.699	163.654
Other Receivable (net)	160.472	146.947
Advance income tax [including tax deducted at source ₹ 33.863 (31 <sup>st</sup> March, 2014 ₹ 84.525)]	515.347	1625.742
Balances with Central Excise, Customs and VAT authorities	84.412	165.787
	<b>924.810</b>	<b>2135.720</b>
<b>19 Revenue from operations</b>		
<b>Sale of Products and Projects</b>	<b>7599.574</b>	<b>7229.926</b>
Add: Closing Contracts in progress	1022.796	684.336
Less: Opening Contracts in progress	684.336	131.597
Less: Excise duty	286.873	246.224
	<b>(a) 7651.161</b>	<b>7536.441</b>
Sale of services	<b>(b) 263.257</b>	<b>218.491</b>
Other Operating Revenue (Scrap Sales)	108.641	81.546
Less: Excise duty	11.778	9.640
	<b>(c) 96.863</b>	<b>71.906</b>
<b>Total Revenue from operation (Net)</b>	<b>8011.281</b>	<b>7826.838</b>
<b>20 Other income</b>		
Dividend from mutual fund investments	58.531	22.306
Gain on redemption of mutual fund investments (net)	30.963	76.321
Interest		
- on fixed deposits (tax deducted at source ₹ 1.741; 31 <sup>st</sup> March, 2014 : ₹ 1.536)	17.407	15.409
- others (tax deducted at source ₹ Nil; 31 <sup>st</sup> March, 2014 ₹ Nil)	56.391	0.618
Profit on sale of fixed assets (net)	118.225	5.748
Excess provision/creditors written back (including advances)	17.074	98.987
Other non-operating income	24.422	1.692
	<b>323.013</b>	<b>221.081</b>
<b>21 Cost of materials consumed</b>		
Raw material consumed	4184.504	4000.920
	<b>4184.504</b>	<b>4000.920</b>
<b>Details of materials consumed:</b>		
Stainless Steel material-plates, coils, tubes etc.	627.258	816.132
Other Raw materials, intermediaries, components, bought outs & other items	3557.246	3184.788
	<b>4184.504</b>	<b>4000.920</b>

## Notes to the Financial Statements for the year ended 31st March, 2015

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

	March 2015	March 2014
<b>22 (Increase)/Decrease in inventories of Finished Goods, Work in Progress Inventories at the end of the year</b>		
Work-in-Progress	45.079	52.622
Finished goods	41.197	64.217
	<b>86.276</b>	116.839
Inventories at the beginning of the year		
Work-in-Progress	52.622	149.095
Finished goods	64.217	68.056
	<b>116.839</b>	217.151
(Increase)/Decrease in inventories	<b>30.563</b>	100.312
<b>23 Employee Benefit Expenses</b>		
Salaries, wages and bonus	992.158	942.661
Contributions to provident and other funds (Refer Note 34 a)	37.134	36.061
Gratuity Expense (Refer Note 34 b)	25.222	19.982
Staff welfare	48.388	50.642
	<b>1102.902</b>	1049.346
<b>24 Finance costs</b>		
Interest Expense	2.985	2.226
	<b>2.985</b>	2.226
<b>25 Other Expenses</b>		
Consumption of Stores & spares	102.798	119.773
Site expenses and labour charges	356.381	316.885
Freight and transport	305.569	208.673
Bad debts written off/Provision for doubtful debts and advances	190.637	124.880
Sales commission	195.521	282.087
Travel and conveyance	199.121	160.952
Professional consultancy charges	246.816	160.120
Insurance	27.834	27.465
Rent (Refer Note 30)	43.870	43.515
Power and fuel	67.274	70.103
Advertising and exhibition expenses	32.372	61.872
Communication expenses	18.190	17.127
Testing charges	41.247	49.370
Repairs and maintenance:		
Building	5.065	1.298
Plant and Machinery	16.872	17.511
Others	27.419	36.934
Auditors' remuneration		
for audit services	3.129	3.218
for taxation services	0.600	0.600
for other services	0.100	0.100
out of pocket expenses	0.067	0.052
Rates and taxes	1.910	2.158
Provision for diminution in value of investment/Loss on sale of shares	10.304	-
Foreign exchange fluctuation loss/(gain) (net)	(91.645)	78.597
Miscellaneous expenses	268.957	188.060
	<b>2070.408</b>	1971.350

## Notes to the Financial Statements for the year ended 31st March, 2015

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

### 26 Capital commitments, contingent liabilities and secured loans

	March 2015	March 2014
<b>Capital commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	<b>42.109</b>	72.390
<b>Contingent liabilities</b>		
Claims against Company not acknowledged as debts (primarily relating to performance related claims filed by customers)	<b>35.679</b>	64.329
Disputed demands in appeal towards income tax, Service tax & sales tax	<b>32.463</b>	2.203
Guarantee issued in respect of obligations of a subsidiary	<b>186.100</b>	291.565
Unfulfilled Export Obligations under EPCG scheme to be fulfilled over 8 years	<b>46.402</b>	48.910
<b>Secured Loans</b>		
Working Capital borrowings from consortium of bankers are secured by a first charge by way of hypothecation of company's inventories and book debts both present and future. It is further secured by way of first charge of hypothecation of movable fixed assets. Additionally there is collateral security by way of mortgage on company's property situated at Pune.		

### 27 Disclosures pursuant to Accounting Standard 7 (Revised) – Construction Contracts

	March 2015	March 2014
Contract revenue recognized during the year	<b>7665.263</b>	7453.162
Aggregate amount of contract costs incurred and recognized profits (less recognized losses)	<b>7665.263</b>	7453.162
Customer advances outstanding for contracts in progress	<b>1586.052</b>	1334.742
Retention money due from customers for contracts in progress	<b>596.157</b>	424.848
Gross amount due from customers for contract work (presented as Contracts in progress)	<b>1266.736</b>	904.726
Gross amount due to customers for contract work (presented as Dues to customers relating to contracts in progress)	<b>(243.940)</b>	(220.390)

### 28 Segment reporting

The Company's activities involve predominantly one business segment i.e. Process and Project Engineering, which are considered to be within a single business segment since these are subject to similar risks and returns. Accordingly, Process and Project Engineering comprise the primary basis of segmental information as set out in these financial statements, which therefore reflect the information required by AS 17 - Segment Reporting, with respect to primary segments.

The Company has identified India and Rest of the World as geographical segments for secondary segmental reporting. Geographical sales are segregated based on the location of the customer who is invoiced or in relation to which the sale is otherwise recognized. Assets other than receivables used in the Company's business or liabilities contracted have not been identified to any of the reportable segments, as these are used interchangeably between segments. All assets other than receivables are located in India. Similarly, capital expenditure is incurred towards fixed assets located in India.

#### Secondary segmental information

Particulars	India		Rest of the world		Total	
	March 2015	March 2014	March 2015	March 2014	March 2015	March 2014
Segment sales	<b>4266.897</b>	3423.397	<b>3744.384</b>	4403.441	<b>8011.281</b>	7826.838
Segment assets	<b>1242.516</b>	1466.303	<b>787.788</b>	1039.034	<b>2030.304</b>	2505.337

## Notes to the Financial Statements for the year ended 31st March, 2015

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

### 29 Related party transactions

#### a) Parties where control exists

##### Subsidiaries

Pacecon Engineering Projects Limited

Praj Far East Co. Limited

Praj Americas, Inc.

Praj Industries (Africa) (Pty.) Limited

Praj HiPurity Systems Limited

Praj Industries (Namibia) Pty. Limited

Praj Sur America, SRL

Praj Far East Philippines Ltd. Inc.

##### Fellow Subsidiaries

Praj Industries (Tanzania) Limited

Praj Industries (Sierra Leone) Limited

##### Others

Praj Foundation

#### b) Key management personnel and their relatives

Executive Chairman	Mr. Pramod Chaudhari
CEO & Managing Director	Mr. Gajanan Nabar
Relative of key management personnel	Ms. Parimal Chaudhari (Director)
	Mr. Parth Chaudhari

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

Particulars	March 2015	March 2014
<b>Pacecon Engineering Projects Limited</b>		
Expenses incurred and reimbursed by us	0.949	0.581
Expenses incurred and reimbursed by Subsidiary	22.832	18.683
Rent Received	0.038	-
Guarantees issued on behalf of Subsidiary	-	2.910
Receivable	9.242	0.131
<b>Praj Far East Co. Limited</b>		
Sales commission	21.417	210.271
Expenses incurred and reimbursed by us	1.028	1.848
Expenses incurred and reimbursed by Subsidiary	1.487	-
Payable	2.800	4.217
<b>Praj Americas, Inc.</b>		
Sales Commission	27.395	21.797
Expenses incurred and reimbursed by us	0.108	-
Payable	5.964	5.163
<b>Praj Industries (Africa) (Pty.) Limited</b>		
Issue of Equity Shares	-	66.237

## Notes to the Financial Statements for the year ended 31st March, 2015

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

Particulars	March 2015	March 2014
<b>Praj HiPurity Systems Limited</b>		
Issue of Equity Shares	204.000	204.255
Sale of Goods and Services	-	12.103
Purchase of Goods and Services	97.414	11.025
Expenses incurred and reimbursed by us	2.794	1.740
Expenses incurred and reimbursed by Subsidiary	13.779	9.756
Payable	1.884	13.497
Receivable	2.336	4.050
Advances receivable	-	11.139
<b>Praj Industries (Tanzania) Limited</b>		
Sales Commission	1.591	32.578
Purchase of Goods & Services	75.016	-
Expenses incurred and reimbursed by Subsidiary	-	2.188
Payable	1.622	6.120
<b>Praj Industries (Sierra Leone) Limited</b>		
Expenses incurred and reimbursed by Subsidiary	-	30.443
Receivable	-	31.943
<b>Praj Industries (Namibia) Pty. Limited</b>		
Capital Contribution	0.001	-
Sale of Goods and Services	24.453	15.730
Expenses incurred and reimbursed by Subsidiary	17.591	1.647
Receivable	23.436	1.647
Advance received	-	1.541
<b>Praj Far East Philippines Ltd. Inc.</b>		
Issue of Equity Shares	-	11.167
Sale of Services	19.418	-
<b>Praj Sur America SRL</b>		
Capital Contribution	0.003	-
Expenses incurred and reimbursed by us	1.265	-
Receivable	0.341	-
<b>Praj Foundation</b>		
Donation paid	13.500	0.500
<b>Pramod Chaudhari</b>		
Remuneration including commission on profit	50.132	62.855
Dividend	62.694	85.914
Payable	24.228	9.540
<b>Gajanan Nabar</b>		
Remuneration including commission on profit	26.091	28.471
Payable	4.950	8.055
<b>Parimal Chaudhari</b>		
Commission on profit	1.080	1.170
Dividend	23.328	31.968
Payable	1.080	1.170
<b>Parth Chaudhari</b>		
Remuneration	2.700	0.594



## Notes to the Financial Statements for the year ended 31st March, 2015

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

### 30 Leases

The Company has entered into operating lease arrangements for office space, equipments 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 profit and loss account and the future minimum lease payments in respect of non-cancellable operating leases are summarized below:

	March 2015	March 2014
<b>Future minimum lease payments in respect of non-cancellable leases</b>		
- amount due within one year from the Balance sheet date	35.115	33.542
- amount due in the period between one year and five years	147.654	129.075
- amount due after five years	203.534	181.545
<b>Lease payments debited to the Profit and loss account</b>		
- cancellable leases	9.182	10.083
- non-cancellable leases	34.688	33.432

### 31 Earnings per share

	March 2015	March 2014
<b>Reconciliation of basic and diluted shares used in computing earnings per share</b>		
Number of shares considered as basic weighted average shares outstanding for computing basic earnings per share	177,465,079	177,465,079
Add: effect of dilutive issue of shares/options	478,560	-
Number of shares considered as weighted average shares and potential shares outstanding for computing diluted earnings per share	177,943,639	177,465,079
<b>Computation of basic and diluted earnings per share</b>		
Net profit after tax attributable to equity shareholders	685.353	624.064
Basic earnings per equity share of ₹ 2 each	3.86	3.52
Diluted earnings per equity share of ₹ 2 each	3.85	3.52

### 32 Cash and cash equivalents

	March 2015	March 2014
<b>At the beginning of the year</b>		
Cash & Cheques in hand	1.456	2.526
Balances with banks*	62.078	147.626
Deposits with banks	186.500	122.000
	250.034	272.152
<b>At the end of the year</b>		
Cash & cheques in hand	1.951	1.456
Balances with banks*	346.393	62.078
Deposits with banks	279.710	186.500
	628.054	250.034

Notes:

- Deposits with banks having maturity of more than three months aggregating to ₹ 100.520 (31<sup>st</sup> March, 2014: ₹ 135.020) are not readily liquid and have been excluded from cash and cash equivalents.
- \* Balance with bank include bank balances in relation to unclaimed dividends ₹ 9.026 (31<sup>st</sup> March, 2014: ₹ 8.561).

## Notes to the Financial Statements for the year ended 31st March, 2015

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

### 33 Quantitative information of foreign exchange instruments outstanding as at the Balance Sheet date

The foreign currency forward contracts outstanding as at the Balance sheet date aggregate USD 26.850 million (31<sup>st</sup> March, 2014: 10.550 million), Euro 1.000 million (31<sup>st</sup> March, 2014: Nil) & GBP Nil (31<sup>st</sup> March, 2014: Nil).

The following foreign currency receivables/ advances/payables balances are outstanding at the Balance sheet date, which are not hedged by foreign exchange instruments:

Nature of exposure	March 2015	March 2014
Balances in bank accounts	151.419	38.248
Advances paid	58.013	33.655
Payables representing creditors and other payables	155.998	150.385
Advances received	656.507	582.233
Receivables	28.329	368.683

### 34 Employee benefits

#### a) Defined contribution plans

The Company has recognized ₹ 37.134 (31<sup>st</sup> March, 2014 ₹ 36.061) towards post-employment defined contribution plans comprising of provident and superannuation fund in the Profit and loss account.

#### 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:

#### Reconciliation of opening and closing balance of obligation

Particulars	March 2015	March 2014
Liability at the beginning of the year	134.877	116.911
Current service cost	14.670	12.923
Interest cost	11.193	9.196
Benefits paid	(6.399)	(6.758)
Actuarial (gain)/loss on obligations	4.255	2.605
<b>Liability at the end of the year</b>	<b>158.596</b>	<b>134.877</b>

#### Reconciliation of opening and closing balance of fair value of plan assets

Particulars	March 2015	March 2014
Fair value of plan assets at the beginning of the year	56.405	50.313
Expected return on plan assets	5.050	4.716
Contributions by the employer	1.318	1.351
Benefits paid	-	-
Actuarial gain/(loss) on plan assets	(0.155)	0.025
<b>Fair value of plan assets at the end of the year</b>	<b>62.618</b>	<b>56.405</b>

#### Expense recognized in Profit and loss account

Particulars	March 2015	March 2014
Current service cost	14.670	12.923
Interest cost	11.193	9.196
Expected return on plan assets	(5.050)	(4.716)
Total actuarial (gain)/loss	4.410	2.580
<b>Total expenses included in Note 23</b>	<b>25.222</b>	<b>19.982</b>

## Notes to the Financial Statements for the year ended 31st March, 2015

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

### Amount recognized in the Balance sheet

Particulars	March 2015	March 2014
Defined benefit obligation as at end of the year	<b>158.596</b>	134.877
Fair value of plan assets at the end of the year	<b>(62.618)</b>	(56.405)
<b>Net liability</b>	<b>95.978</b>	78.472

### Actual return on plan assets

Particulars	March 2015	March 2014
Expected return on plan assets	<b>5.050</b>	4.716
Actuarial gain/(loss) on plan assets	<b>(0.155)</b>	0.025
<b>Actual return on plan assets</b>	<b>4.895</b>	4.741

### Principal actuarial assumptions

Particulars	March 2015	March 2014
Discount rate	<b>7.80%</b>	8.50%
Expected rate of return on plan assets	<b>8.85%</b>	9.25%
Salary increment rate	<b>8.00%</b>	8.00%

### Composition of plan assets

Particulars	March 2015	March 2014
Funds Managed by Insurer	<b>100.00%</b>	100.00%

### Experience History:

Particulars	March 2011	March 2012	March 2013	March 2014	March 2015
Present Value of Obligation	71.893	88.091	116.911	134.877	<b>158.596</b>
Plan Assets	35.116	44.637	50.313	56.405	<b>62.618</b>
Surplus (Deficit)	(36.777)	(43.454)	(66.598)	(78.472)	<b>(95.978)</b>
Experience adjustment on plan liabilities (loss)/gain	(1.160)	(3.669)	(8.957)	(3.973)	<b>0.835</b>
Experience adjustment on plan assets (loss)/gain	(0.390)	0.263	0.078	0.025	<b>0.074</b>

### Notes:

- Expected rate of return on plan assets is based on actuarial expectation of the average long-term rate of return expected on investments of the fund during the estimated term of the obligations.
- The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors on long-term basis.

## 35 Employee stock options

The Compensation Committee of the Company established the Employee Stock Option Plan on 23<sup>rd</sup> July, 2005. Employees covered by the Plan are granted an option to purchase shares of the Company subject to the requirements of vesting.

In the Annual General Meeting of the Company held on 23<sup>rd</sup> July 2005, total of 8,100,265 (including impact of bonus) stock options were approved, of which the employees have been granted 2,759,139 stock options on 12<sup>th</sup> October, 2005 ('Grant I'), 2,311,500 stock options on 28<sup>th</sup> December, 2006 ('Grant II') and 3,029,626 stock options on 9<sup>th</sup> July, 2009 ('Grant III') with a vesting period of 3 years. Stock options under Grant II lapsed on 28<sup>th</sup> December, 2010. In the Meeting of the Compensation and Share Allotment Committee held on 16<sup>th</sup> November, 2010 it was decided to utilise the surrendered and lapsed options out of Grant II to grant them to new CEO & MD in terms of his appointment letter and also to senior executives of the Company at the relevant market price as Grant IV. The total options granted under Grant IV are 1,950,000 options out of which 1,250,000 options (Plan A) were granted to CEO & MD with vesting period of 5 years and 700,000 options (Plan B) were granted to Senior Executives of the Company with vesting period of 2 years. Stock options under Grant IV – Plan B lapsed on 31<sup>st</sup> July, 2014.

## Notes to the Financial Statements for the year ended 31st March, 2015

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

In the Annual General Meeting of the Company held on 22<sup>nd</sup> 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<sup>th</sup> 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.

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.

### Grant III

Particulars	March 2015	March 2014
Options outstanding at the beginning of the year	-	1,967,000
Granted during the year	-	-
Additional options on account of allotment of bonus shares	-	-
Less: exercised	-	-
Less: cancelled	-	1,967,000
Options outstanding at the end of the year	-	-
Options exercisable at the end of the year	-	-

### Grant IV (\*)

Particulars	March 2015	March 2014
Options outstanding at the beginning of the year	1,879,000	1,912,000
Granted during the year	-	-
Less: exercised	-	-
Less: cancelled	629,000	33,000
Options outstanding at the end of the year	1,250,000	1,879,000
Options exercisable at the end of the year	750,000	1,076,000

(\*) Grant IV consists of Plan A- 1,250,000 options and Plan B- 700,000 options.

### ESOP 2011 - Grant I (\*)

Particulars	March 2015	March 2014
Options outstanding at the beginning of the year	-	-
Granted during the year	3,750,000	-
Less: exercised	-	-
Less: cancelled	-	-
Options outstanding at the end of the year	3,750,000	-
Options exercisable at the end of the year	-	-

(\*) ESOP 2011 - Grant I consists of Plan A- 250,000 options and Plan B- 3,500,000 options.

## 36 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 fixed assets and depreciated on the same basis as other fixed assets.

Particulars	March 2015	March 2014
Capital expenditure (excluding advances)	14.881	9.342
Revenue expenditure	187.787	181.537

## Notes to the Financial Statements for the year ended 31st March, 2015

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

### 37 Dividends remitted in foreign currency:

Particulars	March 2015	March 2014
<b>a. Final Dividend:</b>		
Number of shareholders	2	2
Number of shares held	4,488,219	4,488,219
Year to which dividend relates	2013-14	2012-13
Amount Remitted	7.271	7.271
<b>b. Interim Dividend:</b>		
Number of shareholders	-	2
Number of shares held	-	4,488,219
Year to which dividend relates	-	2013-14
Amount remitted	-	2.693

### 38 Imported and indigenous raw materials, intermediates components and spares consumed during the year:

	March 2015		March 2014	
	₹	%	₹	%
Raw materials, spares and consumables				
Indigenous	3793.066	88	3792.642	90
Imported	524.799	12	428.363	10
	4317.865	100	4221.005	100

### 39 Value of imports on CIF basis:

	March 2015	March 2014
Raw materials	114.582	165.857
Capital goods	4.204	2.044
Components and spare parts	417.925	268.980

### 40 Earnings in foreign currency:

	March 2015	March 2014
FOB value of exports	3363.844	3635.350
Design and engineering services, software and consultancy	-	9.413

### 41 Expenditure in foreign currency:

	March 2015	March 2014
Sales commission	166.882	175.076
Professional consultancy	12.871	20.479
Travelling	46.690	28.411
Others	62.954	85.917

### 42 Taxes

The Company has not recognised MAT credit entitlement to the extent of ₹ 334.847 till 31<sup>st</sup> March, 2015 in respect of Income Tax paid in view of uncertainty of its utilisation for payment of tax in foreseeable future.

## Notes to the Financial Statements for the year ended 31st March, 2015

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

### 43 CSR Expenditure

The Company was required to spend ₹ 18.574 as expenditure on CSR as per requirements of the Companies Act, 2013. During the year, the Company has incurred CSR expenses of ₹ 18.620 as follows:

Amount spent on	Amounts paid	Yet to be paid	Total
Construction/acquisition of asset	Nil	Nil	Nil
On other purposes covered under Schedule VII to Companies Act, 2013	18.620*	Nil	18.620

\*Includes ₹ 13.500 given to Praj Foundation which is a related party.

The above expenditure includes contribution/donation of ₹ 18.500 to trusts/institute which are engaged in activities eligible under section 135 of Companies Act, 2013 read with Schedule VII thereto and other expenses of ₹ 0.120 directly incurred by the Company.

### 44 Prior year comparatives

Previous year's figures have been regrouped/reclassified to conform to the current year's presentation.

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

**Pramod Chaudhari**  
Executive Chairman

**Gajanan Nabar**  
CEO & Managing Director

Place: Pune  
Date: 28<sup>th</sup> May, 2015

**Dattatraya Nimbolkar**  
CFO & Company Secretary

**Sivaramakrishnan S Iyer**  
Director

## Independent Auditors' Report

To the Members of Praj Industries Limited

### Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of Praj Industries Limited ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries are hereinafter referred to as "the Group"), comprising the Consolidated Balance Sheet as at March 31, 2015, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information. (hereinafter referred to as "the consolidated financial statements").

### Management's Responsibility for the Consolidated Financial Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial 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 financial statements by the Directors of the Holding Company, as aforesaid.

### Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
4. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation and presentation of the consolidated financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the consolidated financial statements.
7. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

## Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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 Group as at March 31, 2015, and their consolidated profit and their consolidated cash flows for the year ended on that date.

## Other Matter

9. We did not audit the financial statements of:
- Four subsidiaries whose financial statements reflect total assets of Rs. 272.17 Million as at March 31, 2015, total revenues of Rs. 331.55 Million and net cash outflows amounting to Rs. 49.79 Million for the year then ended. These financial statements referred have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion insofar as it relates to these financial statements, is based solely on the reports of the other auditors.
  - One subsidiary, Praj Industries Namibia Pty. Limited whose financial statements reflect total assets (net) of Rs. 48.99 million as at March 31, 2015, total revenues of Rs. 104.29 million and net cash outflows amounting to Rs 22.69 million, respectively, for the year then ended, as considered in the consolidated financial statements. These financial statements are included in the consolidated financial statements based on the unaudited financial statements certified by the respective management, and our opinion insofar as it relates to these financial statements, is based solely on the unaudited financial statements certified by management.

Our opinion on the consolidated 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.

## Report on Other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
11. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
- 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 financial statements.
  - In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended).
  - On the basis of the written representations received from the directors of the Holding Company as on March 31, 2015 taken on record by the Board of Directors of the Holding Company and respective subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
  - With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:



- i. The consolidated financial statements disclose the impact of pending litigations on Group's financial position in Group's financial statements under contingent liabilities – Refer Note 28 to the financial statements
- ii. The Group did not have any long-term contracts including derivate contracts for which there were any material foreseeable losses.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the subsidiary companies incorporated in India.

For **B. K. Khare & Co.**  
Chartered Accountants  
Firm Registration Number 105102W

**Padmini Khare-Kaicker**  
Partner  
Membership Number 44784

Pune, 28 May 2015

## Annexure to Auditors' Report

Annexure to the Auditor's Report referred to in Paragraph 10 under heading Report on Other Legal and Regulatory Requirements in our report of even date:

- i. (a) The Holding Company and subsidiary companies incorporated in India (Group Companies in India), have maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
- (b) The fixed assets of the Holding Company were physically verified by the management in the previous year in accordance with a planned programme of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. The fixed assets of the subsidiary companies incorporated in India have been physically verified by the Management during the year.  
The discrepancies noticed, if any on such verification were not material and have been properly dealt with in the books of account
- ii. (a) Inventory has been physically verified by the managements of the Group companies in India during the year. In our opinion, the frequency of verification is reasonable;
- (b) The procedure of physical verification of inventory followed by the managements of the Group Companies in India is reasonable and adequate in relation to the size of the Group and the nature of its business.
- (c) In our opinion, the Group Companies in India are maintaining proper records of inventory. Having regard to the size of the operations of the respective company and the nature of stocks held, the discrepancies noticed on verification between physical stocks and book records were not material and have been properly dealt with in the books of account.
- iii. The Group Companies in India have not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Act. Accordingly, provisions of the clause 3 (iii) (a), (b) of the Companies (Auditor's Report) Order, 2015 are not applicable and hence not commented upon.
- iv. In our opinion and according to the information and explanations given to us, we report that, the Group Companies in India are having an adequate internal control system commensurate with the size of the respective company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. On the basis of our examination of the books and records of the Group companies in India and according to the information and explanations given to us, we have neither come across, nor have we been informed of, any continuing failure to correct any major weaknesses in the aforesaid internal control system.
- v. The Group Companies in India have not accepted any deposits within the meaning of sections 73 to 76 and any other relevant provisions of the Companies Act, 2013 and rules framed thereunder to the extent notified.
- vi. We have broadly reviewed the books of account maintained by the Group Companies in India pursuant to the rules made by the Central Government for the maintenance of cost records under sub section (1) of section 148 of the Companies Act, 2013, and 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 determining whether they are accurate or complete.
- vii. (a) According to the records of the Group Companies in India and information and explanations given to us, the Group Companies in India are generally regular in depositing undisputed statutory dues including Provident fund, Employees' state insurance, Income tax, Sales tax, Wealth tax, Service tax, duty of customs, duty of excise, Value added tax, cess and any other applicable statutory dues with the appropriate authorities and according to the information and explanations given to us, there are no arrears of outstanding statutory dues as at the last day of financial year concerned for a period of more than six months from the date they become payable.
- (b) There are no dues of income tax, sales tax, wealth tax, service-tax, duty of excise, duty of customs, value added tax, and cess which have not been deposited on account of any dispute except for the following:

Name of the statute	Nature of dues	Rupees in Million	Period to which the amount relates	Forum where dispute is pending
Central Sales Tax Act, 1956	Demand as per Sales Tax Assessment and Show Cause Notice	30.26	F.Y. 2010-2011	Deputy Commissioner (Appeals)
The Finance Act, 1994	Demand on account of non-submission of statutory returns in stipulated time	2.20	F.Y. 2012-2013	CESTAT Mumbai (Appeals)
Maharashtra Value Added Tax Act 2002	Sales tax	1.74	F.Y. 2008-09	Deputy Commissioner Of Sales Tax, Bhayander
Central Sales Tax Act 1956	Sales tax	78.11	F.Y. 2008-09	Deputy Commissioner Of Sales Tax, Bhayander
Maharashtra Value Added Tax Act 2002	Sales tax	0.32	F.Y. 2010-11	Commissioner Of Sales Tax (Appeal) Vi, Mumbai -51

- (c) The amount required to be transferred to Investor Education and Protection Fund by the Holding Company have been transferred within the stipulated time in accordance with the provisions of the Companies Act, 2013 and the rules made thereunder. There are no amounts required to be transferred by the subsidiary companies incorporated in India to the Investor Education and Protection Fund in accordance with the provisions of the Act and the rules made there under.

- viii. The Group does not have accumulated losses as at the end of the financial year. The Group has not incurred any cash losses in the current and the immediately preceding financial year.
- ix. Based on the records examined by us and according to the information and explanations given to us, the Group Companies in India have not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the Balance Sheet date.
- x. According to the information and explanations given to us, the Holding Company has given Corporate Guarantees and Letters of Comforts on behalf of its Indian and Overseas Group Companies, as follows:

Sr. No.	Nature of Guarantee	Beneficiary Subsidiary	Issued In Favour Of	To the extent of Amount of Guarantee
1	Corporate Guarantee	Praj Far East Philippines Ltd. Inc.	HSBC Philippines	USD 1.5 Million
2	Corporate Guarantee	Praj Far East Co. Limited	Royal Bank of Scotland (Thailand)	USD 0.5 Million
3	Corporate Guarantee	Praj HiPurity Systems Limited	ICICI Bank (India) Ltd	INR 50 Million
4	Corporate Guarantee	Praj HiPurity Systems Limited	ICICI Bank (India) Ltd	INR 10 Million

In our opinion, terms and conditions of such Corporate Guarantees are not prejudicial to the interests of Holding Company or to the interests of the Group as such. None of the subsidiary companies incorporated in India have given any guarantee for loans taken by others from banks or financial institutions.

- xi. According to the information and explanations given to us, during the year, the term loans have been applied for the purposes for which they were obtained.
- xii. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the consolidated financial statements, we report that no fraud on or by the Group Companies in India has been noticed or reported during the course of our audit, nor have we been informed of such case by the management.

For **B. K. Khare & Co.**  
Chartered Accountants  
Firm's Registration Number 105102W

**Padmini Khare-Kaicker**  
Partner  
Membership Number 44784

Pune, 28 May 2015

**Consolidated Balance Sheet** as at 31st March, 2015

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

	Notes	March 2015	March 2014
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	354.930	354.930
Reserves and Surplus	4	5866.654	5470.277
<b>Non-current Liabilities</b>			
Long-term borrowings	5	2.049	1.463
Deferred tax liability (net)	6A	8.541	94.095
Long-term provisions	7	120.548	98.727
<b>Current liabilities</b>			
Short-term borrowings	8	170.663	211.830
Trade payables	9	1772.442	1998.202
Other current liabilities	10	2507.285	2288.801
Short-term provisions	11	1204.577	2025.383
<b>Minority Interest</b>		148.416	214.025
<b>TOTAL</b>		<b>12156.105</b>	<b>12757.733</b>
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Fixed Assets			
- Tangible Assets	12	2368.286	2626.911
- Intangible Assets	12	24.493	38.405
- Goodwill	12	626.150	560.153
Capital Work-in-Progress		13.891	15.640
Non-current Investments	13	100.148	50.082
Deferred Tax Assets	6B	20.892	17.376
Long-term Loans and Advances	14	143.614	124.652
Other Non-current Assets	15	0.020	100.020
<b>Current Assets</b>			
Current Investments	16	1479.276	860.227
Inventories	17	976.117	1222.052
Contracts-in-progress	29	1295.368	998.456
Trade Receivables	18	2804.840	3202.725
Cash and Bank balances	19	999.510	572.370
Short-term Loans and Advances	20	1303.500	2368.664
<b>TOTAL</b>		<b>12156.105</b>	<b>12757.733</b>
Summary of Significant accounting policies	2		
The accompanying notes are an integral part of the consolidated financial statements.			

As per our report of even date.

For **B K Khare & Co.**

Chartered Accountants

Firm Regn No: 105102W

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

Partner

Membership No.: 044784

**Pramod Chaudhari**

Executive Chairman

**Gajanan Nabar**

CEO &amp; Managing Director

Place: Pune

Date: 28<sup>th</sup> May, 2015**Dattatraya Nimbolkar**

CFO &amp; Company Secretary

**Sivaramakrishnan S. Iyer**

Director

## Consolidated Statement of Profit and Loss for the year ended 31st March, 2015

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

	Notes	March 2015	March 2014
<b>Income:</b>			
Revenue from operations (Gross)	21	10476.660	10151.583
Less: Excise Duty		358.203	293.212
Revenue from operations (Net)		10118.457	9858.371
Other income	22	340.163	230.092
<b>Total Revenue</b>		<b>10458.620</b>	<b>10088.463</b>
<b>Expenses:</b>			
Cost of materials consumed	23	4844.086	4801.734
(Increase)/Decrease in inventories of Finished Goods and Work-in-Progress	24	215.450	(23.368)
Employee benefit expenses	25	1331.155	1239.596
Finance costs	26	24.672	14.395
Depreciation and amortisation	12	378.260	237.631
Other expenses	27	2801.178	3048.358
<b>Total expenses</b>		<b>9594.801</b>	<b>9318.346</b>
<b>Profit before tax &amp; prior period items</b>		<b>863.819</b>	<b>770.117</b>
Less: Prior period items (net)		–	0.669
<b>Profit before tax</b>		<b>863.819</b>	<b>769.448</b>
<b>Tax Expense</b>			
- Current tax		261.178	231.185
- Prior year taxes		(105.377)	–
- MAT credit entitlement		–	(3.473)
- Deferred tax charge/(credit)		(74.271)	(23.290)
<b>Profit after tax before Minority interest</b>		<b>782.289</b>	<b>565.026</b>
<b>Minority interest</b>		<b>19.627</b>	<b>18.769</b>
<b>Profit/(Loss) after Minority interest</b>		<b>762.662</b>	<b>546.257</b>
<b>Earning per share</b>			
1. Basic [nominal value of ₹ 2 each (31 <sup>st</sup> March, 2014 ₹ 2)]	33	4.30	3.08
2. Diluted [nominal value of ₹ 2 each (31 <sup>st</sup> March, 2014 ₹ 2)]	33	4.29	3.08
Summary of Significant accounting policies	2		
The accompanying notes are an integral part of the consolidated financial statements.			

As per our report of even date.

For **B K Khare & Co.**

Chartered Accountants

Firm Regn No: 105102W

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

Partner

Membership No.: 044784

**Pramod Chaudhari**

Executive Chairman

**Gajanan Nabar**

CEO &amp; Managing Director

Place: Pune

Date: 28<sup>th</sup> May, 2015**Dattatraya Nimbolkar**

CFO &amp; Company Secretary

**Sivaramakrishnan S. Iyer**

Director

## Consolidated Cash Flow Statement for the year ended 31st March, 2015

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

	March 2015	March 2014
<b>A. Cash flow from operating activities</b>		
Net profit before tax	863.819	769.448
Adjustments for:		
Loss/Gain on sale of fixed assets	(118.168)	(5.006)
Gain on redemption of mutual fund investments	(30.963)	(76.321)
Gain on redemption of bonds	(18.928)	–
Bad Debts/Provision for doubtful debts and advances	216.762	142.904
Excess provision/creditors written back (including advances)	(17.163)	(99.566)
Unrealised foreign exchange (gain)/loss (net)	(75.492)	9.674
Depreciation and amortisation	378.260	237.631
Interest earned	(31.161)	(23.003)
Dividend from mutual fund investments	(58.543)	(22.318)
Interest charged	24.672	14.395
<b>Operating profit before working capital changes</b>	<b>1133.095</b>	<b>947.838</b>
Changes in working capital		
(Increase)/decrease in trade receivables	192.872	(199.364)
(Increase)/decrease in inventories (including contracts in progress)	(50.977)	(788.082)
(Increase)/decrease in long-term loans and advances	(18.962)	1.214
(Increase)/decrease in short-term loans and advances	50.139	197.684
(Increase)/decrease in other non-current assets	100.000	–
Increase/(decrease) in trade payables	(209.701)	(284.239)
Increase/(decrease) in other current liabilities	211.052	291.839
Increase/(decrease) in long-term provisions	21.821	6.509
Increase/(decrease) in short-term provisions	(25.943)	73.418
Cash generated from operations	1403.396	246.817
Direct taxes paid (including taxes deducted at source), net of refunds	93.143	(281.444)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>1496.539</b>	<b>(34.627)</b>
<b>B. Cash flow from investing activities</b>		
Purchase of fixed assets and intangibles	(155.802)	(388.671)
Investments:		
- in subsidiaries	(207.480)	(204.255)
- in mutual funds	(2625.599)	(2066.739)
- in debentures & bonds	(100.030)	–
Sale of investments		
- in mutual funds	2030.435	2862.349
- in debentures & bonds	68.895	–
Proceeds from sale of fixed assets	198.916	7.882
Interest received on investments	30.645	13.879
Dividend received on investments	58.543	22.318
Investment in fixed deposits	(99.065)	(63.235)
<b>NET CASH FROM/(USED) IN INVESTING ACTIVITIES</b>	<b>(800.542)</b>	<b>183.528</b>

## Consolidated Cash Flow Statement for the year ended 31st March, 2015

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

	March 2015	March 2014
<b>C. Cash flow from financing activities</b>		
Increase in long-term borrowings	<b>0.586</b>	–
Increase/(decrease) in short-term borrowings from bank	<b>(41.167)</b>	74.445
Dividend paid including dividend distribution tax	<b>(336.353)</b>	(460.928)
Interest paid	<b>(24.672)</b>	(14.395)
<b>NET CASH FROM/(USED) IN FINANCING ACTIVITIES</b>	<b>(401.606)</b>	(400.878)
<b>Net increase/(decrease) in cash and cash equivalents (A + B + C)</b>	<b>294.391</b>	(251.977)
<b>Cash and cash equivalents at the beginning of the year</b>	<b>435.935</b>	679.800
<b>Add: effect of exchange rate changes on cash and cash equivalents</b>	<b>33.684</b>	8.112
<b>Cash and cash equivalents at the end of the year</b>	<b>764.010</b>	435.935

**Notes:**

- The Cash Flow Statement has been prepared under the "Indirect method" as set out in Accounting Standard 3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India.
- Cash and cash equivalents include bank balances in relation to unclaimed dividends ₹ 9.026 (31<sup>st</sup> March, 2014 : ₹ 8.561)

The accompanying notes are an integral part of the Consolidated Cash Flow statement

As per our report of even date.

For **B K Khare & Co.**

Chartered Accountants

Firm Regn No:105102W

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

**Padmini Khare Kaicker**

Partner

Membership No.: 044784

**Pramod Chaudhari**

Executive Chairman

**Gajanan Nabar**

CEO & Managing Director

Place: Pune

Date: 28<sup>th</sup> May, 2015

**Dattatraya Nimbolkar**

CFO & Company Secretary

**Sivaramakrishnan S. Iyer**

Director

## Notes to the Consolidated Financial Statements for the year ended 31st March, 2015

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

### 1 Nature of business

Praj Industries Limited (the Parent Company) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. 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:

#### 2.1 Basis of preparation of financial statements

The Consolidated financial statements of Praj Industries Limited (the 'Parent Company') and its subsidiaries (collectively referred to as 'the Group'), are prepared in accordance with the Generally Accepted Accounting Principles ("GAAP") in India under the historical cost convention on an accrual basis, and are in conformity with mandatory accounting standards, as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI).

The Company has ascertained its operating cycle as twelve months for the purpose of current and non-current classification of assets and liabilities.

#### 2.2 Use of estimates

The preparation of Consolidated financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements. Actual results may differ from those estimates. Any revisions to accounting estimates are recognised prospectively in current and future periods.

#### 2.3 Basis of consolidation

These Consolidated financial statements include the financial statements of Praj Industries Limited and its subsidiaries. The subsidiaries considered in the consolidated financial statements are summarized below:

% of shareholding in equity shares

Name of the subsidiary	Country of incorporation	March 2015	March 2014
Pacecon Engineering Projects Ltd.	India	99.65%	99.65%
Praj Far East Co. Ltd.	Thailand	100.00%	100.00%
Praj Americas, Inc.	United States of America	100.00%	100.00%
BioEnergy Europa B.V.	Netherlands	-	60.00%
Praj Industries (Namibia) Pty. Ltd.	Namibia	100.00%	-
Praj HiPurity Systems Limited (Formerly known as Neela Systems Limited)	India	80.00%	70.00%
Praj Industries (Africa) (Pty.) Ltd.	South Africa	100.00%	100.00%
Praj Far East Philippines Ltd. Inc.	Philippines	100.00%	100.00%
Praj Sur America SRL	Argentina	100.00%	-

These Consolidated financial statements are prepared in accordance with the principles and procedures prescribed by Accounting Standard 21 - "Consolidated Financial Statements" ('AS-21'). The financial statements of the Parent Company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances/ transactions and resulting unrealised profits in full.

The Consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Parent Company's separate financial statements.

The difference between the cost of investment in the subsidiary Company over the net assets as on the date of acquisition is recognised in the financial statements as Goodwill or Capital Reserve as the case may be.

The difference between the proceeds from disposal of investment in a subsidiary and the carrying amount of its assets less liabilities as of the date of disposal is recognised in the Consolidated Profit and Loss account as the profit or loss on disposal of investment in subsidiary.

Minority Interest's share of net profit in consolidated subsidiaries for the year is identified and adjusted against the income of the Group in order to arrive at the net income attributable to shareholders of the Parent Company.



## Notes to the Consolidated Financial Statements for the year ended 31st March, 2015

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

Minority Interest's share of net assets of consolidated subsidiaries is identified and presented in the Consolidated Balance sheet separate from liabilities and the equity of the Parent Company's shareholders.

### 2.4 Goodwill arising on consolidation

The goodwill recorded in these consolidated financial statements has been amortised over the period of 10 Years. The Group evaluates the carrying amount of its goodwill whenever events or changes in circumstances indicate that its carrying amount may be impaired, for diminution other than temporary.

### 2.5 Revenue recognition

#### a) Contract revenue

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

Contract costs include costs that relate directly to the specific contract and costs that are attributable to 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. 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.

#### b) Service revenue

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

#### c) Product sales

Revenue from sale of goods is recognised on transfer of significant risks and rewards of ownership when goods are dispatched and the title passes to the customers, net of discounts and rebates granted. Sales are recorded exclusive of sales tax.

#### d) Interest and dividend income

Interest on deployment of surplus funds is recognised using the time proportion method based on the underlying interest rates.

Dividend income is recognised when the right to receive payment is established.

#### e) Export benefits

Export benefits in the form of duty draw back/DEPB claims etc. are recognised on receipt basis.

### 2.6 Tangible assets.

Fixed assets are stated at historical cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on

## Notes to the Consolidated Financial Statements for the year ended 31st March, 2015

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

existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are changed to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from de-recognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

### 2.7 Depreciation

Depreciation on tangible assets of group is provided using the straight-line basis over the useful lives of assets as prescribed in Schedule II to the Companies Act, 2013, as assessed by the Management based on technical evaluation, except written down value method is followed by Praj HiPurity Systems Limited (Indian subsidiary) on all fixed assets at the rates specified in Schedule II of the Companies Act, 2013.

Building and other constructions on leasehold land are depreciated over the lease term or the useful life, whichever is shorter.

### 2.8 Intangible assets and amortisation

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.

Acquired intangible assets consisting of technical know how, brand and software, are recorded at acquisition cost and amortised on straight-line basis on the useful lives, which in management's estimate represents the period during which economic benefits will be derived from their use.

### 2.9 Impairment of assets

The carrying amounts of assets including intangible assets are reviewed at each Balance sheet date to determine whether there is any indication of impairment. If any such indications exist, the assets recoverable amount is estimated, as the higher of the net selling price and the value in use. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. If at the Balance sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reinstated at the recoverable amount subject to a maximum of depreciable historical cost.

### 2.10 Investments

Investments, which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

### 2.11 Inventories

Raw materials, components, stores and spares are valued at lower of cost and net realizable 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 and stores and spares is determined on a weighted average basis.

Work-in-progress and finished goods are valued at lower of cost and net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty and is determined on a weighted average basis.

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

## Notes to the Consolidated Financial Statements for the year ended 31st March, 2015

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

### 2.12 Foreign currency transactions

#### *Initial recognition*

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

#### *Conversion*

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date.

Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.

#### *Forward Contracts*

The premium or discount arising at the inception of forward exchange contract is amortised and recognised as an expense/income over the life of the contract. Exchange differences on such contracts, except the contracts which are long-term foreign currency monetary items, are recognised in the statement of profit and loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognised as income or as expense for the period.

### 2.13 Foreign currency translation

The Consolidated financial statements are reported in Indian rupees. Pursuant to paragraph 24 of AS-11 (revised 2003), the financial statements of the foreign subsidiaries, being non-integral operations, are translated into Indian rupees as follows:

Income and expense items are translated by using a monthly simple average exchange rate for the period.

Assets and liabilities, both monetary and non-monetary are translated at the closing rate.

All resulting exchange differences are accumulated in a foreign currency translation reserve which is reflected under Reserves and surplus.

### 2.14 Leases

Lease payment under an operating lease is recognised as an expense in the Profit and loss account on a straight line basis over the lease term.

### 2.15 Employee benefits

#### a) **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.

#### b) **Post employment benefits (defined benefit plans)**

The employees' gratuity scheme is a defined benefit plan. The present value of the obligation under such defined benefit plan is determined at each Balance sheet date based on an actuarial valuation using the projected unit credit method. Actuarial gains and losses are recognised immediately in the Profit and loss account.

#### c) **Post employment benefits (defined contribution plans)**

Contributions to the provident fund and superannuation fund, which are defined contribution schemes, are recognised as an expense in the Profit and loss account in the period in which the contribution is due.

#### d) **Long-term employee benefits**

Long-term employee benefits comprise of compensated absences and other employee incentives. These are measured based on an actuarial valuation carried out by an independent actuary at each Balance sheet date unless they are insignificant. Actuarial gains and losses and past service costs are recognised immediately in the Profit and loss account.

### 2.16 Provisions and contingencies

Provision is recognised in the Balance sheet when, the Group has a present obligation as a result of a past event; it is probable that an outflow of economic benefits will be required to settle the obligation; and a reliable estimate of the amount of the obligation can be made. A disclosure by way of a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

## Notes to the Consolidated Financial Statements for the year ended 31st March, 2015

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

### 2.17 Income taxes

Tax expense comprises current tax, deferred tax and refund on account of prior period taxes. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit and loss.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Group has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

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 recognized in respect of timing 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 recognised 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 timing differences which originate first are considered to reverse first.

At each reporting date, the Group re-assesses unrecognised deferred tax assets. It recognizes unrecognised deferred tax asset 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 realised.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Group writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

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 tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

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. In the year in which the Group recognises MAT credit as an asset in accordance with the *Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961*, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." 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.

### 2.18 Earnings per share

Basic earnings per share of Group calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period as reduced by number of shares bought back, if any. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

### 2.19 Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

## Notes to the Consolidated Financial Statements for the year ended 31st March, 2015

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

	March 2015		March 2014	
<b>3 Share capital</b>				
<b>Equity Share capital</b>				
Authorised shares (No. million)	<b>900.000</b>		900.000	
450 (31 <sup>st</sup> March, 2014: 450) equity shares of ₹ 2 each				
<b>Issued, subscribed and fully paid-up shares (No. million)</b>				
177.465 (31 <sup>st</sup> March, 2014: 177.465) equity shares of ₹ 2 each	<b>354.930</b>		354.930	
	<b>354.930</b>		354.930	
<b>a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period:</b>				
	<b>No. million</b>	<b>Amount</b>	<b>No. million</b>	<b>Amount</b>
At the beginning of the period	177.465	354.930	177.465	354.930
Outstanding at the end of the period	177.465	354.930	177.465	354.930
<b>b. Terms/Rights attached to equity shares:</b>				
The Company has only one class of equity shares having a par value of ₹ 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.				
During the year ended 31st March, 2015, the amount of per share dividend recognised as distributed to equity shareholders was ₹ 1.62 (31 <sup>st</sup> March, 2014 ₹ 2.22) In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company after distributing all preferential amounts.				
<b>c. Shares held by holding/ultimate holding company and/or their subsidiaries/associates:</b>				
The company does not have any holding or ultimate holding company.				
<b>d. Details of shareholders holding more than 5% shares in the Company:</b>				
	<b>No. million</b>	<b>% of holding</b>	<b>No. million</b>	<b>% of holding</b>
Pramod Chaudhari (Promoter)	38.70	21.81%	38.70	21.81%
Parimal Chaudhari (Promoter)	21.60	12.17%	19.80	11.16%
Tata Capital Financial Services Limited	13.42	7.56%	13.42	7.56%
HDFC Trustee Company Limited - HDFC Equity Fund	15.97	9.00%	—	—
Rakesh Jhunjunwala	—	—	15.00	8.45%
<b>e. Shares reserved for issue under options:</b>				
Shares reserved for issue under the Employee Stock Option Plan (ESOP) Refer Note 37.				
<b>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:</b>				
	<b>No. million</b>		<b>No. million</b>	
Equity shares allotted as fully paid bonus shares by capitalisation of securities premium	—		—	
Equity shares allotted as fully paid-up pursuant to contracts for consideration other than cash	—		—	
Equity shares bought back by the Company	7.314		7.314	

**Notes to the Consolidated Financial Statements** for the year ended 31st March, 2015

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

	March 2015	March 2014
<b>4 Reserves and surplus</b>		
<b>Capital reserve</b>	<b>0.033</b>	0.033
<b>Amalgamation reserve</b>	<b>3.063</b>	3.063
<b>Capital redemption reserve</b>		
Balance as per last financial statements	14.627	14.627
Add: Transferred from securities premium	—	—
Balance at the end of year	14.627	14.627
<b>Securities premium account</b>		
Balance as per last financial statements	570.015	570.015
Add: ESOPs exercised	—	—
Less: utilisation for buy back of equity shares	—	—
Balance at the end of the year	570.015	570.015
<b>General reserve</b>		
Balance as per last financial statements	822.500	760.000
Add: transferred from Profit and loss account	69.000	62.500
Balance at the end of the year	891.500	822.500
<b>Foreign currency translation reserve</b>		
Balance at the beginning of the year	20.122	8.583
Less: Adjustment related to erstwhile subsidiary	(10.107)	—
Add: Due to transactions during the year	7.076	11.539
Balance at the end of the year	17.091	20.122
<b>Surplus in the Statement of Profit and Loss</b>		
Balance as per last financial statement	4039.917	3993.974
Add: Adjustment related to erstwhile subsidiary	12.914	—
Less/Add: Adjustment related additional stake purchased (In subsidiary Praj HiPurity Systems Ltd., 10% on 17.09.13 & 9.80% on 14.09.12)	—	23.114
Profit as per statement of profit and loss	762.662	546.257
Less: Appropriations		
Interim equity dividend	—	106.479
Tax on interim equity dividend	—	18.096
Proposed final equity dividend	287.493	287.493
Tax on proposed equity dividend	58.527	48.860
Transfer to general reserve	69.000	62.500
WDV of Fixed Assets (Completed Life)	30.148	—
Net Surplus in Statement of Profit & Loss	4370.325	4039.917
<b>Total Reserves and Surplus</b>	<b>5866.654</b>	<b>5470.277</b>
<b>Non-current liabilities</b>		
<b>5 Long-term Borrowings</b>		
Other (Refer Note 40)	2.049	1.463
	<b>2.049</b>	<b>1.463</b>

**Notes to the Consolidated Financial Statements** for the year ended 31st March, 2015

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

	March 2015	March 2014
<b>6A Deferred tax liability (net)</b>		
Deferred tax liability		
Difference between tax depreciation and depreciation/amortisation charged for financial reporting	<b>241.472</b>	293.458
Deferred tax asset		
- employee benefits	<b>55.614</b>	(368.410)
- provision for doubtful debts and advances	<b>144.083</b>	144.083
- Long term capital loss	<b>27.440</b>	27.440
- Other items	<b>5.794</b>	(2.476)
	<b>232.931</b>	(199.363)
<b>Deferred tax liability (net)</b>	<b>8.541</b>	94.095
<b>6B Deferred tax asset</b>		
Deferred tax liability		
- Difference between tax depreciation and depreciation/amortisation charged for financial reporting	<b>1.180</b>	–
Deferred tax asset		
- provision for doubtful debts and advances	<b>20.779</b>	10.439
- Other items	<b>1.293</b>	6.937
	<b>20.892</b>	17.376
<b>7 Long-term provisions</b>		
Provision for leave encashment	<b>26.392</b>	22.168
Provision for gratuity	<b>94.156</b>	76.559
	<b>120.548</b>	98.727
<b>Current liabilities</b>		
<b>8 Short-term Borrowings</b>		
(Refer Note 39)		
Cash Credit Loan	<b>44.286</b>	192.152
PCFC Loan	<b>101.266</b>	19.678
Buyers Credit Loan	<b>25.111</b>	–
	<b>170.663</b>	211.830
<b>9 Trade Payables</b>		
- Dues to Micro and Small enterprises under MSMED Act, 2006 *	<b>105.518</b>	59.872
- Dues to other parties	<b>1666.924</b>	1938.330
	<b>1772.442</b>	1998.202
* No interest is due/payable to parties under the MSMED Act, 2006		
<b>10 Other current liabilities</b>		
Advances received from customers	<b>1973.566</b>	1912.815
Dues to customers relating to contracts in progress (Refer Note 29)	<b>384.399</b>	260.408
Other Payables	<b>140.396</b>	107.146
Unclaimed dividend	<b>8.924</b>	8.432
	<b>2507.285</b>	2288.801
<b>11 Short-term provisions</b>		
Provision for taxation	<b>745.806</b>	1,550.336
Proposed final dividend	<b>287.493</b>	287.493
Provision for dividend tax on proposed dividend	<b>58.527</b>	48.860
Performance Incentive	<b>63.877</b>	95.061
Provision for leave encashment	<b>43.951</b>	40.111
Provision for gratuity	<b>4.923</b>	3.522
	<b>1204.577</b>	2025.383



## Notes to the Consolidated Financial Statements for the year ended 31st March, 2015

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

**12 Fixed Assets**

	Intangible assets				Total	Tangible Assets						Grand Total	Previous year	
	Goodwill	Technical Knowhow	Softwares	Praj Brand		Land (Freehold)	Buildings	Plant and machinery	Computers & Office Equipment	Vehicles	Furniture and fixtures			
Gross Block														
As at 1 <sup>st</sup> April, 2014	681.718	91.050	83.330	56.923	913.021	369.151	1484.927	1060.752	252.089	37.057	240.503	3444.479	4357.500	3370.683
Additions/adjustments (**)	140.994	-	0.147	-	141.141	-	45.661	69.424	11.963	16.457	13.900	157.405	298.546	996.393
Deletions	-	-	-	-	-	1.914	89.225	0.855	2.130	6.024	13.369	113.517	113.517	9.573
As at 31 <sup>st</sup> March, 2015	822.712	91.050	83.477	56.923	1054.162	367.237	1441.363	1129.321	261.922	47.490	241.034	3488.367	4542.529	4357.503
Accumulated depreciation and amortisation														
As at 1 <sup>st</sup> April, 2014	121.567	61.866	74.110	56.923	314.466	-	209.835	408.591	101.803	17.636	79.704	817.569	1132.035	901.707
Charge for the year	74.995	9.748	4.162	-	88.905	-	46.749	157.734	41.257	4.658	38.957	289.355	378.260	237.631
Depreciation in respect of assets whose useful life is over	-	-	0.148	-	0.148	-	-	6.762	37.139	0.002	1.248	45.151	45.299	-
Deletions/Adjustments (**)	-	-	-	-	-	-	18.626	0.123	1.107	3.970	8.168	31.994	31.994	7.304
As at 31 <sup>st</sup> March, 2015	196.562	71.614	78.420	56.923	403.519	-	237.958	572.964	179.092	18.326	111.741	1120.081	1523.600	1132.034
Net Carrying value														
As at 31 <sup>st</sup> March, 2015	626.150	19.436	5.057	-	650.643	367.237	1203.405	556.357	82.830	29.164	129.293	2368.286	3018.929	3225.469
As at 31 <sup>st</sup> March, 2014	560.151	29.184	9.221	-	598.556	369.151	1275.093	652.161	150.287	19.421	160.800	2626.913	3225.469	-

(\*\*) Includes the effect of translation of assets held by foreign subsidiaries which are considered as non-integral in terms of AS 11 (revised 2003)



**Notes to the Consolidated Financial Statements** for the year ended 31st March, 2015

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

	March 2015	March 2014
<b>Non-Current Assets</b>		
<b>13 Non Current Investments:</b>		
Quoted Investments (valued at cost unless stated otherwise)		
Investments in Debentures and bonds:		
Bonds issued by Power Grid Corporation of India Limited SR-XLVIII Coupon 8.20% - 100 Units, (31 <sup>st</sup> March, 2014 : Nil)	<b>100.030</b>	–
Redeemable Non-Convertible Unsecured Zero Coupon Bond Issued by Rural Electrification Corp Ltd. - Nil Units, (31 <sup>st</sup> March, 2014 : 3680)	–	49.967
	<b>100.030</b>	49.967
Unquoted Investments:		
Investment in Shares	<b>0.105</b>	0.102
5,100 (31 <sup>st</sup> March, 2014 : 5100) shares of ₹ 20 each fully paid of The Cosmos Co-operative Bank Limited.		
Investment in National saving certificate	<b>0.013</b>	0.013
	<b>0.118</b>	0.115
	<b>100.148</b>	50.082
Aggregate value of unquoted investments	<b>0.118</b>	0.115
Aggregate value of quoted investments	<b>100.030</b>	49.967
Market value of quoted investments	<b>101.068</b>	60.077
<b>14 Long-term Loans and Advances</b>		
Capital Advances	<b>39.169</b>	39.169
Deposits	<b>100.879</b>	77.395
Other Advances	<b>3.566</b>	8.088
	<b>143.614</b>	124.652
<b>15 Other Non-current Assets</b>		
Non current bank balances (Refer Note 19)	<b>0.020</b>	100.020
	<b>0.020</b>	100.020

## Notes to the Consolidated Financial Statements for the year ended 31st March, 2015

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

	March 2015	March 2014
<b>16 Current Investments</b> <b>(valued at lower of cost and fair value unless stated otherwise)</b>		
Quoted Mutual Funds		
BSL TREASURY OPTIMIZER PLAN - QTRLY DIV - REG PLN - 973,483 Units, (31 <sup>st</sup> March, 2014 : Units Nil)	<b>102.960</b>	—
BSL FLOATING RATE FUND - LONG-TERM- WKLY DIV-REG PLAN - 528,111 Units, (31 <sup>st</sup> March, 2014 : Units Nil)	<b>52.850</b>	—
DWS ULTRA SHORT-TERM FUND-WEEKLY DIV - 4,998,266 Units, (31 <sup>st</sup> March, 2014 : Units Nil)	<b>50.433</b>	—
HDFC HIGH INT FUND - DYNAMIC PLAN - QTRLY DIV - 8,646,983 Units, (31 <sup>st</sup> March, 2014 : Units Nil)	<b>103.892</b>	—
ICICI PRUDENTIAL FMP SR 74 - 369 DAYS - 10,000,000 Units, (31 <sup>st</sup> March, 2014 : Units Nil)	<b>100.000</b>	—
ICICI PRUDENTIAL DYNAMIC BOND FUND - REG P-MD - 4,773,573 Units, (31 <sup>st</sup> March, 2014 : Units Nil)	<b>50.272</b>	—
ICICI PRUDENTIAL SHORT-TERM - REG PLAN - FORTNIGHT - 4,211,739 Units, (31 <sup>st</sup> March, 2014 : Units Nil)	<b>50.888</b>	—
JP MORGAN INDIA TREASURY FUND SUPER INST WKLY DIV - 5,275,534 Units, (31 <sup>st</sup> March, 2014 : Units Nil)	<b>53.220</b>	—
L&T ULTRA SHORT-TERM FUND - MONTHLY DIVIDEND - 4,029,629 Units, (31 <sup>st</sup> March, 2014 : Units Nil)	<b>50.378</b>	—
IDFC DYNAMIC BOND FUND - ANNUAL DIVIDEND - 4,856,092 Units, (31 <sup>st</sup> March, 2014 : Units Nil)	<b>52.321</b>	—
RELIANCE DYNAMIC BOND FUND - QTRLY DIV - 4,881,832 Units, (31 <sup>st</sup> March, 2014 : Units Nil)	<b>52.880</b>	—
RELIGARE FMP SR 23 PLAN L - REG PLAN GRWTH - 5,000,000 Units, (31 <sup>st</sup> March, 2014 : Units Nil)	<b>50.000</b>	—
RELIGARE INVESCO ANNUAL INTERVAL FUND-PLAN B - 5,000,000 Units, (31 <sup>st</sup> March, 2014 : Units Nil)	<b>50.000</b>	—
TEMPLETON INDIA LOW DURATION FUND - MONTHLY DIV - 10,151,223 Units (31 <sup>st</sup> March, 2014 : Units Nil)	<b>106.059</b>	—
TATA SHORT-TERM BOND FUND PLAN A - FORTNIGHT - 3,667,842 Units, (31 <sup>st</sup> March, 2014 : Units Nil)	<b>50.312</b>	—
TAURUS LIQ FUND - EXSISTING PLAN - SUPER INST - WD - 100,717 Units, (31 <sup>st</sup> March, 2014 : Units Nil)	<b>100.990</b>	—
UTI - SHORT-TERM INCOME FUND - INSTI OPTION - GW - 6,120,700 Units, (31 <sup>st</sup> March, 2014 : Units Nil)	<b>100.000</b>	—
ICICI PRUDENTIAL FLEXIBLE INCOME - REG PLAN - WKLY DIVI - 525,832 Units, (31 <sup>st</sup> March, 2014 : 493,178 Units)	<b>55.450</b>	52.006
HSBC CASH FUND - DAILY DIVIDEND - 16,418 Units, (31 <sup>st</sup> March, 2014 : Units 55.724)	<b>16.427</b>	0.056
KOTAK FMP SERIES 154 DIRECT - GW - 5,000,000 Units, (31 <sup>st</sup> March, 2014 : 5,000,000 Units)	<b>50.000</b>	50.000
SUNDARAM MONEY BONUS PRINCIPAL UNITS - 8,893,418 Units, (31 <sup>st</sup> March, 2014 : 519,218 Units)	<b>80.000</b>	80.000
TEMPLETON INDIA ULTRA SHORT BOND SUPER INST PLAN WK D - 10,595,863 Units, (31 <sup>st</sup> March, 2014 : 9,899,226 Units)	<b>107.023</b>	100.000
BIRLA SUN LIFE SAV FUND - WKY DIV - REGULAR PLAN - REINV - Nil Units (31 <sup>st</sup> March, 2014 : Units 529,137)	—	53.035
HDFC QIF - PLAN C RETAIL DIVIDEND - Nil Units (31 <sup>st</sup> March, 2014 : Units 4,989,024)	—	50.000
IDFC ULTRA SHORT-TERM FUND - WLY DIV- (REGULAR PLAN) - Nil Units (31 <sup>st</sup> March, 2014 : Units 5,496,004)	—	55.130
IDFC MONEY MANAGER FUND-INVEST PLAN - GR-(REG PLAN) - Nil Units (31 <sup>st</sup> March, 2014 : Units 22,520,581)	—	50.000

## Notes to the Consolidated Financial Statements for the year ended 31st March, 2015

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

	March 2015	March 2014
<b>16 Current Investments</b> (valued at lower of cost and fair value unless stated otherwise)(Contd.)		
SBI SHORT-TERM DEBT FUND - REGULAR PLAN - GR - Nil Units (31 <sup>st</sup> March, 2014 : 3,584,538)	—	50.000
TATA FIXED MATURITY PLAN SERIES 42 SCHEME C - PLAN A - GR - Nil Units (31 <sup>st</sup> March, 2014 : Units 5,000,000)	—	50.000
AXIS BANKING DEBT FUND - GR - Nil Units (31 <sup>st</sup> March, 2014 : Units 42,711)	—	50.000
IDFC DYNAMIC BOND FUND - GROWTH - (REGULAR PLAN) - Nil Units (31 <sup>st</sup> March, 2014 : Units 3,552,196)	—	50.000
J P MORGAN INDIA ACTIVE BOND FUND INST. GR - Nil Units (31 <sup>st</sup> March, 2014: Units 1,974,489)	—	20.000
SBI DYNAMIC BOND FUND - REGULAR PLAN - GR - Nil Units (31 <sup>st</sup> March, 2014: Units 6,959,949)	—	100.000
RELIGARE INVESCO FMP - SERIES XVIII - PLAN B (386 DAYS) - GR - Units Nil (31 <sup>st</sup> March, 2014: Units 5,000,000)	—	50.000
	<b>1486.355</b>	<b>860.227</b>
Less: Deminution in Value of Investments	<b>7.079</b>	—
<b>Total</b>	<b>1479.276</b>	<b>860.227</b>
Aggregate amount of quoted investments	<b>1486.355</b>	<b>860.227</b>
Market value of quoted investments	<b>1515.771</b>	<b>886.775</b>
<b>Current Assets</b>		
<b>17 Inventories (valued at lower of cost and net realisable value)</b>		
Raw materials and stores	<b>792.376</b>	821.554
Work-in-progress	<b>136.306</b>	336.281
Finished goods	<b>47.435</b>	64.217
	<b>976.117</b>	<b>1222.052</b>
<b>18 Trade Receivables</b>		
Unsecured		
Over six months		
- Considered good	<b>239.028</b>	491.793
- Considered doubtful	<b>469.966</b>	258.794
Others, considered good	<b>2565.812</b>	2710.932
	<b>3274.806</b>	3461.519
<b>Less: Provision for doubtful debts</b>	<b>469.966</b>	258.794
	<b>2804.840</b>	<b>3202.725</b>
<b>19 Cash and bank balances</b>		
Balances with banks		
in current accounts	<b>448.269</b>	226.137
Deposits with original maturity of less than 3 months	<b>300.076</b>	186.500
On unclaimed dividend account	<b>9.026</b>	8.561
Cheques, drafts on hand	<b>3.448</b>	12.353
Cash on hand	<b>3.191</b>	2.384
<b>Sub-total</b>	<b>764.010</b>	<b>435.935</b>
Other bank balances		
Deposits with original maturity for more than 12 months	<b>0.020</b>	100.020
Deposits with original maturity for more than 3 months but less than 12 months	<b>235.500</b>	136.435
Less: amounts disclosed under other non-current assets (Refer Note 15)	<b>(0.020)</b>	(100.020)
	<b>999.510</b>	<b>572.370</b>

**Notes to the Consolidated Financial Statements** for the year ended 31st March, 2015

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

	March 2015	March 2014
<b>20 Short-term Loans and advances</b>		
Advances to suppliers	187.402	179.240
Other Receivable	174.980	164.536
Advance income tax	710.624	1757.326
[including tax deducted at source ₹ 72.489 (31 <sup>st</sup> March, 2014 ₹ 117.148)]		
Balances with Central Excise, Customs and VAT authorities	230.494	267.562
	<b>1303.500</b>	<b>2368.664</b>
<b>21 Revenue from operations</b>		
Sale of Products and Projects	8878.171	8233.211
Add: Closing Contracts-in-progress	1022.796	684.336
Less: Opening Contracts-in-progress	684.336	131.597
Less: Excise duty	346.425	283.572
(a)	<b>8870.206</b>	<b>8502.378</b>
<b>Sale of Services</b>	<b>1307.400</b>	<b>1303.173</b>
Add: Closing Contracts-in-progress	(111.827)	55.641
Less: Opening Contracts-in-progress	55.641	74.727
(b)	<b>1139.932</b>	<b>1284.087</b>
<b>Other Operating Revenue (Scrap Sales)</b>	<b>120.097</b>	<b>81.546</b>
Less: Excise duty	11.778	9.640
(c)	<b>108.319</b>	<b>71.906</b>
<b>Total Revenue from operations (Net)</b>	<b>10118.457</b>	<b>9858.371</b>
<b>22 Other income</b>		
Dividend from mutual fund investments	58.543	22.318
Gain on redemption of mutual fund investments (net)	30.963	76.321
Interest		
- on fixed deposits	28.218	22.382
- other	57.690	0.621
Profit on sale of fixed assets (net)	118.168	5.006
Excess provision/creditors written back (including advances)	17.163	99.566
Other non-operating income	29.418	3.878
	<b>340.163</b>	<b>230.092</b>
<b>23 Cost of materials consumed</b>		
Raw material consumed	4844.086	4801.734
	<b>4844.086</b>	<b>4801.734</b>
<b>24 (Increase)/Decrease in inventories of Finished Goods and Work-in-Progress</b>		
Inventories at the end of the year		
Work-in-Progress	136.365	336.281
Finished goods	48.683	64.217
	<b>185.048</b>	<b>400.498</b>
Inventories at the beginning of the year		
Work-in-Progress	336.281	309.074
Finished goods	64.217	68.056
	<b>400.498</b>	<b>377.130</b>
(Increase)/Decrease in inventories	<b>215.450</b>	<b>(23.368)</b>

**Notes to the Consolidated Financial Statements** for the year ended 31st March, 2015

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

	March 2015	March 2014
<b>25 Employee Benefit Expenses</b>		
Salaries, wages and bonus	<b>1208.675</b>	1121.457
Contributions to provident and other funds (Refer note 36 a)	<b>40.731</b>	39.303
Gratuity Expense	<b>27.984</b>	20.615
Staff welfare	<b>53.765</b>	58.221
	<b>1331.155</b>	1239.596
<b>26 Finance costs</b>		
Interest Expense	<b>24.672</b>	14.395
	<b>24.672</b>	14.395
<b>27 Other Expenses</b>		
Consumption of Stores & spares	<b>128.666</b>	170.394
Site expenses and labour charges	<b>815.303</b>	1026.886
Freight and transport	<b>322.180</b>	221.010
Bad debts written off/Provision for doubtful debts and advances	<b>216.762</b>	142.904
Sales commission	<b>155.455</b>	207.441
Travel and conveyance	<b>258.945</b>	304.678
Professional consultancy charges	<b>331.024</b>	265.540
Insurance	<b>32.603</b>	37.333
Rent (Refer Note 32)	<b>62.890</b>	49.871
Power and fuel	<b>74.499</b>	92.931
Advertising and exhibition expenses	<b>39.078</b>	68.623
Communication expenses	<b>25.368</b>	23.332
Testing charges	<b>41.590</b>	50.165
Repairs and maintenance:		
- Building	<b>5.703</b>	1.462
- Plant and Machinery	<b>17.986</b>	17.786
- Others	<b>31.388</b>	40.506
Auditors' remuneration		
- for audit services	<b>6.276</b>	6.031
- for taxation services	<b>0.600</b>	0.600
- for other services	<b>0.100</b>	0.100
- out of pocket expenses	<b>0.079</b>	0.052
Rates and taxes	<b>3.978</b>	15.619
Provision for diminution in value of investment	<b>10.304</b>	-
Foreign exchange fluctuation loss/(gain) (net)	<b>(82.502)</b>	81.991
Miscellaneous expenses	<b>302.903</b>	223.103
	<b>2801.178</b>	3048.358

## Notes to the Consolidated Financial Statements for the year ended 31st March, 2015

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

### 28 Capital commitments, contingent liabilities and secured loans

	March 2015	March 2014
<b>Capital commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	<b>42.109</b>	72.390
<b>Contingent liabilities</b>		
Claims against Company not acknowledged as debts (primarily relating to performance related claims filed by customers/other.)	<b>35.679</b>	265.109
Disputed demands in appeal towards income tax, Service tax & sales tax	<b>112.638</b>	2.203
Guarantee issued in respect of obligations of a subsidiary	<b>186.100</b>	291.565
Unfulfilled Export Obligations under EPCG scheme to be fulfilled over 8 years	<b>46.402</b>	48.910
<b>Secured Loans</b>		
Working Capital borrowings from consortium of bankers are secured by a first charge by way of hypothecation of company's inventories and book debts both present and future. It is further secured by way of first charge of hypothecation of movable fixed assets. Additionally there is collateral security by way of mortgage on company's property situated at Pune.		

### 29 Disclosures pursuant to Accounting Standard 7 (Revised) – Construction Contracts

	March 2015	March 2014
Contract revenue recognised during the year	<b>8355.749</b>	8351.164
Aggregate amount of contract costs incurred and recognised profits (less recognised losses)	<b>8355.749</b>	8351.164
Customer advances outstanding for contracts-in-progress	<b>1704.426</b>	1539.435
Retention money due from customers for contracts-in-progress	<b>702.886</b>	430.381
Gross amount due from customers for contract work (presented as Contracts-in-progress)	<b>1295.368</b>	998.456
Gross amount due to customers for contract work (presented as Dues to customers relating to contracts-in-progress)	<b>(384.399)</b>	(260.408)

### 30 Segment reporting

The Group's activities involve predominantly one business segment i.e. Process and Project Engineering, which are considered to be within a single business segment since these are subject to similar risks and returns. Accordingly, Process and Project Engineering comprise the primary basis of segmental information as set out in these financial statements, which therefore reflect the information required by AS 17 - Segment Reporting, with respect to primary segments.

The Group has identified India and Rest of the World as geographical segments for secondary segmental reporting. Geographical sales are segregated based on the location of the customer who is invoiced or in relation to which the sale is otherwise recognised. Assets other than receivables used in the Group's business or liabilities contracted have not been identified to any of the reportable segments, as these are used interchangeably between segments.

#### Secondary segmental information

Particulars	India		Rest of the world		Total	
	March 2015	March 2014	March 2015	March 2014	March 2015	March 2014
Segment sales	<b>5882.732</b>	4685.633	<b>4237.716</b>	5172.739	<b>10120.449</b>	9858.372
Segment assets	<b>1782.030</b>	1966.787	<b>1049.155</b>	1202.449	<b>2831.186</b>	3169.236
Segment Liabilities	—	—	—	15.929	—	—

## Notes to the Consolidated Financial Statements for the year ended 31st March, 2015

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

### 31 Related party transactions

#### a) Parties where control exists

Praj Foundation

#### b) Key management personnel and their relatives

Executive Chairman	Mr. Pramod Chaudhari
CEO & Managing Director	Mr Gajanan Nabar
Relative of key management personnel	Ms. Parimal Chaudhari (Director) Mr. Parth Chaudhari

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

Particulars	March 2015	March 2014
<b>Pramod Chaudhari</b>		
Remuneration including commission on profit	50.132	62.855
Dividend	62.694	85.914
Payable	24.228	9.540
<b>Gajanan Nabar</b>		
Remuneration including commission on profit	26.091	28.471
Payable	4.950	8.055
<b>Parimal Chaudhari</b>		
Commission on profit and sitting fees	1.080	1.170
Dividend	23.328	31.968
Payable	1.080	1.170
<b>Parth Chaudhari</b>		
Remuneration	2.700	0.594
<b>Praj Foundation</b>		
Donation paid	16.970	0.500

### 32 Leases

The Group has entered into operating lease arrangements for office space, equipments 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 profit and loss account and the future minimum lease payments in respect of non-cancellable operating leases are summarised below:

	March 2015	March 2014
<b>Future minimum lease payments in respect of non cancellable leases</b>		
- amount due within one year from the Balance sheet date	35.115	33.542
- amount due in the period between one year and five years	147.654	129.075
- amount due after five years	203.534	181.545
<b>Lease payments debited to the Profit and loss account</b>		
- cancellable leases	28.203	16.439
- non-cancellable leases	34.687	33.432

## Notes to the Consolidated Financial Statements for the year ended 31st March, 2015

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

### 33 Earnings per share

	March 2015	March 2014
<b>Reconciliation of basic and diluted shares used in computing earnings per share</b>		
Number of shares considered as basic weighted average shares outstanding for computing basic earnings per share	177,465,079	177,465,079
Add: effect of dilutive issue of shares/options	478,560	–
Number of shares considered as weighted average shares and potential shares outstanding for computing diluted earnings per share	177,943,639	177,465,079
<b>Computation of basic and diluted earnings per share</b>		
Net profit after tax and minority interest attributable to equity shareholders	762.662	546.257
Basic earnings per equity share of ₹ 2 each	4.30	3.08
Diluted earnings per equity share of ₹ 2 each	4.29	3.08

### 34 Cash and cash equivalents

	March 2015	March 2014
<b>At the beginning of the year</b>		
Cash & Cheques in hand	14.737	3.674
Balances with banks*	234.698	554.126
Deposits with banks	186.500	122.000
	<b>435.935</b>	<b>679.800</b>
<b>At the end of the year</b>		
Cash & cheques in hand	6.639	14.737
Balances with banks*	457.295	234.698
Deposits with banks	300.076	186.500
	<b>764.010</b>	<b>435.935</b>

Notes:

- Deposits with banks having maturity of more than three months aggregating to ₹ 235.520 (31<sup>st</sup> March, 2014 : ₹ 236.455) are not readily liquid and have been excluded from cash and cash equivalents.
- \*Balance with bank include bank balances in relation to unclaimed dividends ₹9.026 (31<sup>st</sup> March, 2014 : ₹ 8.561 )

### 35 Quantitative information of foreign exchange instruments outstanding as at the Balance Sheet date

The foreign currency forward contracts outstanding as at the Balance sheet date aggregate USD 26.870 millions, Euro 1.200 million & GBP Nil million (31st March, 2014: USD 10.550 million, Euro Nil million & GBP Nil million)

The following foreign currency receivables/ advances/ payables balances are outstanding at the Balance sheet date, which are not hedged by foreign exchange instruments:

	March 2015	March 2014
<b>Nature of exposure</b>		
Balances in bank accounts	153.118	38.692
Advances paid	60.902	47.083
Payables representing creditors and other payables	156.205	169.785
Advances received	693.530	590.631
Receivables	47.776	337.797
PCFC / Buyer Credit Loan	126.377	15.929



## Notes to the Consolidated Financial Statements for the year ended 31st March, 2015

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

### 36 Employee benefits

#### a) Defined contribution plans

The Group has recognised ₹40.731 (31<sup>st</sup> March, 2014 ₹ 39.303) towards post employment defined contribution plans comprising of provident and superannuation fund in the Profit and loss account.

#### b) Defined benefit plan

In accordance with the Payment of Gratuity Act, 1972, the Group is required to provide post employment benefit to its employees in the form of gratuity. The Group 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 Group's gratuity plan are provided below:

#### Reconciliation of opening and closing balance of obligation

Particulars	March 2015	March 2014
Liability at the beginning of the year	139.702	121.713
Current service cost	15.985	13.708
Interest cost	11.637	9.580
Benefits paid	(6.496)	(7.546)
Actuarial (gain)/loss on obligations	4.408	2.246
<b>Liability at the end of the year</b>	<b>165.236</b>	<b>139.701</b>

#### Reconciliation of opening and closing balance of fair value of plan assets

Particulars	March 2015	March 2014
Fair value of plan assets at the beginning of the year	59.622	53.260
Expected return on plan assets	5.381	4.972
Contributions by the employer	2.588	2.152
Benefits paid	(0.097)	(0.788)
Actuarial gain/(loss) on plan assets	(1.335)	0.025
<b>Fair value of plan assets at the end of the year</b>	<b>66.157</b>	<b>59.621</b>

#### Expense recognised in Profit and loss account

Particulars	March 2015	March 2014
Current service cost	15.985	13.708
Interest cost	11.637	9.580
Expected return on plan assets	(5.381)	(4.972)
Expenses related to Gratuity contribution	0.000	0.080
Total actuarial (gain)/loss	5.743	2.221
<b>Total expenses</b>	<b>27.984</b>	<b>20.617</b>

#### Amount recognised in the Balance sheet

Particulars	March 2015	March 2014
Defined benefit obligation as at end of the year	165.234	130.226
Fair value of plan assets at the end of the year	(59.079)	(53.189)
<b>Net liability</b>	<b>106.155</b>	<b>77.037</b>

#### Actual return on plan assets

Particulars	March 2015	March 2014
Expected return on plan assets	5.381	4.972
Actuarial gain/(loss) on plan assets	(1.335)	0.025
<b>Actual return on plan assets</b>	<b>4.046</b>	<b>4.997</b>

## Notes to the Consolidated Financial Statements for the year ended 31st March, 2015

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

### Principal actuarial assumptions

Particulars	March 2015	March 2014
Discount rate	7.80%	8.00-8.50%
Expected rate of return on plan assets	8.70-9.25%	8.70-9.25%
Salary increment rate	5.00-8.00%	5.00-8.00%

### Composition of plan assets

Particulars	March 2015	March 2014
Funds Managed by Insurer	100.00%	100.00%

Notes:

- Expected rate of return on plan assets is based on actuarial expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.
- The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors on long term basis.

## 37 Employee stock options

The Compensation Committee of the Company established the Employee Stock Option Plan on 23<sup>rd</sup> July, 2005. Employees covered by the Plan are granted an option to purchase shares of the Company subject to the requirements of vesting.

In the Annual General Meeting of the Company held on 23<sup>rd</sup> July, 2005, total of 8,100,265 (including impact of bonus) stock options were approved, of which the employees have been granted 2,759,139 stock options on 12<sup>th</sup> October, 2005 ('Grant I'), 2,311,500 stock options on 28<sup>th</sup> December, 2006 ('Grant II') and 3,029,626 stock options on 9<sup>th</sup> July, 2009 ('Grant III') with a vesting period of 3 years. Stock options under Grant II lapsed on 28<sup>th</sup> December, 2010. In the Meeting of the Compensation and Share Allotment Committee held on 16<sup>th</sup> November, 2010 it was decided to utilise the surrendered and lapsed options out of Grant II to grant them to new CEO & MD in terms of his appointment letter and also to senior executives of the Company at the relevant market price as Grant IV. The total options granted under Grant IV are 1,950,000 options out of which 1,250,000 options (Plan A) were granted to CEO & MD with vesting period of 5 years and 700,000 options (Plan B) were granted to Senior Executives of the Company with vesting period of 2 years. Stock options under Grant IV – Plan B lapsed on 31st July, 2014.

In the Annual General Meeting of the Company held on 22<sup>nd</sup> 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<sup>th</sup> 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.

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.

### Grant III

Particulars	March 2015	March 2014
Options outstanding at the beginning of the year	—	1,967,000
Granted during the year	—	—
Additional options on account of allotment of bonus shares	—	—
Less: exercised	—	—
Less: cancelled	—	1,967,000
Options outstanding at the end of the year	—	—
Options exercisable at the end of the year	—	—

## Notes to the Consolidated Financial Statements for the year ended 31st March, 2015

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

### Grant IV (\*)

Particulars	March 2015	March 2014
Options outstanding at the beginning of the year	1,879,000	1,912,000
Granted during the year	—	—
Less: exercised	—	—
Less: cancelled	629,000	33,000
Options outstanding at the end of the year	1,250,000	1,879,000
Options exercisable at the end of the year	750,000	1,076,000

(\*) Grant IV consists of Plan A - 1,250,000 options and Plan B - 700,000 options.

### ESOP 2011 - Grant I (\*)

Particulars	March 2015	March 2014
Options outstanding at the beginning of the year	—	—
Granted during the year	3,750,000	—
Less: exercised	—	—
Less: cancelled	—	—
Options outstanding at the end of the year	3,750,000	—
Options exercisable at the end of the year	—	—

(\*) ESOP 2011 - Grant I consists of Plan A - 250,000 options and Plan B - 3,500,000 options.

## 38 Taxes

The group has not recognised MAT credit entitlement to the extent of ₹ 334.847 till 31<sup>st</sup> March, 2015 in respect of Income Tax paid in view of uncertainty of its utilisation for payment of tax in foreseeable future.

- 39** The Cash Credit and PCFC Loan Balance with ICICI Bank (CC rate @Base rate + 200 BPS)/RBS (CC/OD rate of interest @Base Rate + 100 BPS) is secured by first charge by way of hypothecation of the company's entire stock of raw-materials, semi-finished goods and finished good, consumable stores and spares and such other movables including book-debts, bills whether documentary or clean, outstanding monies, receivables, both present and future, in a form and manner satisfactory to the Bank.

The Cash Credit and PCFC Loan Balance with ICICI Bank is further secured by corporate guarantee of holding company PRAJ Industries Ltd.

- 40** The Holding company have received Loan from Department of Biotechnology (DBT) carrying interest at the rate of 2%.The Company has received disbursement of loan partly and full disbursement is not made. The loan is repayable after completion of the project as approved by 'DBT' and Completion date of project cannot be determined at present.

## 41 CSR Expenditure

The Company was required to spend ₹ 22.044 million as expenditure on CSR as per requirements of the Companies Act, 2013. During the year, the Company has incurred CSR expenses of ₹ 22.090 million as follows:

Amount spent on	Amounts paid	Yet to be paid	Total
Construction/acquisition of asset	Nil	Nil	Nil
On other purpose	22.090*	Nil	22.090

\*Includes ₹ 16.970 given to Praj Foundation which is a related party.

The above expenditure includes contribution/donation of ₹ 21.970 to trusts/institute which are engaged in activities eligible under section 135 of Companies Act, 2013 read with Schedule VII thereto and other expenses of ₹ 0.120 million directly incurred by the Company.

## Notes to the Consolidated Financial Statements for the year ended 31st March, 2015

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

- 42** Additional information, as required under schedule III to the companies Act, 2013, of enterprises consolidated as subsidiary/ Associates/ Joint Ventures.

Name of the Enterprise	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount
1	2	3	4	5
Parent				
Praj Industries Limited	98.92%	6,154.156	89.86%	685.351
Subsidiaries				
Indian				
1 Praj HiPurity Systems Limited, India.	11.71%	728.480	10.24%	78.093
2 Pacecon Engineering Projects Limited, India	0.77%	47.880	3.86%	29.445
Foreign				
1 Praj Far East Philippines Ltd. Inc., The Philippines	0.54%	33.418	2.73%	20.825
2 Praj Industries (Africa) (Pty.) Limited, South Africa	1.17%	72.978	3.54%	26.984
3 Praj Americas, Inc., USA	0.12%	7.520	(0.25%)	(1.933)
4 Praj Far East Co. Ltd., Thailand	0.13%	7.831	(0.19%)	(1.423)
5 Praj Sur America SRL, Argentina	—	—	—	—
6 Praj Industries (Namibia) Pty. Limited, Namibia	0.06%	3.701	0.04%	0.314
Minority Interests in all subsidiaries	(2.39%)	(148.416)	—	—
Inter Company Eliminations/Goodwill Amortisation	(11.03%)	(685.964)	(9.83%)	(74.994)
Total	100.00%	6221.584	100.00%	762.662

### 43 Prior year comparatives

Previous year's figures have been regrouped/reclassified to conform to the current year's presentation.

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

**Pramod Chaudhari**  
Executive Chairman

**Gajanan Nabar**  
CEO & Managing Director

Place: Pune  
Date: 28<sup>th</sup> May, 2015

**Dattatraya Nimbolkar**  
CFO & Company Secretary

**Sivaramakrishnan S. Iyer**  
Director

## Notice

Notice is hereby given that the Twenty-Ninth Annual General Meeting of **PRAJ INDUSTRIES LIMITED** will be held on Thursday, the 6th August, 2015 at 10.00 AM at the Registered Office of the Company at "Praj Tower", S. No. 274 & 275/2, Bhumkar Chowk-Hinjewadi Road, Hinjewadi, Pune 411 057 to transact the following business:-

### ORDINARY BUSINESS

1. To receive, consider and adopt ;
  - a. the audited Financial Statements of the Company for the financial year ended 31<sup>st</sup> March, 2015 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 31<sup>st</sup> March, 2015 together with the report of the Auditors thereon.

2. To declare Dividend on Equity Shares.

3. To appoint a Director in place of Mr. Gajanan Nabar (DIN: 00714569) who retires by rotation and being eligible, offers himself for re-appointment.

In this matter, to consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution;

"RESOLVED THAT Mr. Gajanan Nabar (DIN: 00714569), who is liable to retire by rotation pursuant to Section 152 of the Companies Act, 2013 and other applicable provisions if any, and who has offered himself for re-appointment be and is hereby re-appointed as a Director of the Company."

4. To consider and if thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 139(8) of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), appointment of M/s. P. G. Bhagwat, Chartered Accountants, Pune (Firm Registration No. 101118W), who were appointed by the Board of Directors as the Statutory Auditors of the Company w.e.f. 13<sup>th</sup> June, 2015 till the conclusion of this Annual General Meeting of the Company, to fill the casual vacancy caused by the resignation of B. K. Khare & Co, Chartered Accountants, the then Statutory Auditors of the Company be and is hereby approved at a remuneration and reimbursement of out-of-pocket expenses, if any, as may be mutually agreed to, between the Board of Directors and M/s. P. G. Bhagwat, Chartered Accountants, Pune.

RESOLVED FURTHER THAT pursuant to the provisions of Section 139-142 of the Companies Act, 2013 and other applicable provisions, if any, read with the Companies (Audit and Auditors) Rules 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), M/s P. G. Bhagwat, Chartered Accountants, Pune (Firm Registration No. 101118W) be and are here by appointed as the Statutory Auditors of the Company to hold office for a term of five years from the financial year 2015-16 i.e. from the conclusion of this Annual General Meeting till the conclusion of the Thirty-Fourth Annual General Meeting, subject to ratification at every Annual General Meeting, at an annual remuneration and reimbursement of out-of-pocket expenses, if any, as may be mutually agreed to, between the Board of Directors and M/s P. G. Bhagwat, Chartered Accountants, Pune."

### SPECIAL BUSINESS

5. Appointment of Mr. Daljit Mirchandani (DIN: 00022951) as Director.

In this matter, to consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:-

"RESOLVED that Mr. Daljit Mirchandani (DIN: 00022951), who was appointed as an Additional Director of the Company with effect from 28<sup>th</sup> May, 2015 by the Board of Directors and who holds office upto the date of this Annual General Meeting of the Company under Section 161(1) of the Companies Act, 2013 (the Act) but who is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160(1) of the Act from a Member proposing his candidature for the office of Director, be and is hereby appointed as non-executive non-independent Director of the Company liable to retire by rotation."

6. Extension of an appointment of Mr. Pramod Chaudhari as Executive Chairman of the Company and fixing of remuneration.

In this matter, to consider and if thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution:

"RESOLVED THAT in accordance with the provisions of Sections 196, 197 and 203, read with rules framed thereunder and Schedule V and other applicable provisions (including any Statutory modifications or re-enactments thereof for the time being in force), if any, of the Companies Act, 2013, (hereinafter referred to as 'The Act'), the consent of the Company be and is hereby accorded to the extension of appointment of Mr. Pramod Chaudhari as Executive Chairman of the Company for a period of two years with effect from 1<sup>st</sup> August, 2015 on the same terms and conditions, including remuneration, as set out in the explanatory statement annexed to this notice.

RESOLVED FURTHER THAT in the event of any enhancement of the limits specified in Schedule V to the Act, the Board of Directors be and is hereby authorised to vary and/or upwardly revise the remuneration within such enhanced limits.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take all such steps as may be necessary, to give effect to the Resolution."

7. Re-appointment of Mr. Gajanan Nabar as CEO & MD of the Company and fixing of remuneration.

In this connection, to consider and if thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution:

"RESOLVED THAT in accordance with the provisions of Sections 196, 197, and 203, read with rules framed thereunder and Schedule V and other applicable provisions (including any Statutory modifications or re-enactments thereof for the time being in force), if any, of the Companies Act, 2013 (hereinafter referred to as 'The Act'), the consent of the Company be and is hereby accorded to the re-appointment of Mr. Gajanan Nabar as CEO & MD of the Company for a period of three years with effect from 1<sup>st</sup> August, 2014 on such terms and conditions, including remuneration as set out in the explanatory statement attached to this notice.

RESOLVED FURTHER THAT in the event of any enhancement of the limits specified in Schedule V to the Act, the Board of Directors be and is hereby authorised to vary and/or upwardly revise the remuneration within such enhanced limits.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take all such steps as may be necessary, to give effect to the Resolution."

8. To approve the remuneration of Dhananjay V. Joshi & Associates, Cost Accountants, Pune as Cost Auditors for the financial year ending 31<sup>st</sup> March, 2016 and in this regard;

To consider and if thought fit, to pass, with or without modification(s), 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), Dhananjay V. Joshi & Associates, Cost Accountants, Pune 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 31<sup>st</sup> March, 2016, be paid the remuneration as set out in the Statement annexed to the Notice convening this Meeting.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

By Order of the Board of Directors

Place: Pune

Date: 13<sup>th</sup> June, 2015

**Dattatraya Nimbolkar**

CFO & 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 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. The Proxy-holder shall prove his identity at the time of attending the Meeting by producing a photo identity card such as PAN Card, Adhar Card, Passport or any other photo identity card issued by Government agency/office.
- 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.
- 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 including those 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 Clause 49 of the Listing Agreement with the Stock Exchanges, are provided in the Corporate Governance Report forming part of the Annual Report.
- 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 are requested to bring their attendance slip along with their copy of Annual Report to 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, except Saturdays, during business hours up to the date of the Meeting.
- i) (i) The Company has notified closure of Register of Members and Share Transfer Books from Friday, the 31<sup>st</sup> July, 2015 to Thursday, the, 6<sup>th</sup> August, 2015 (both days inclusive) for determining the names of members eligible for dividend on Equity Shares, if declared at the Meeting.
- (ii) The dividend on Equity Shares, if declared at the Meeting, will be credited/dispatched on or after 20<sup>th</sup> August, 2015 to those members whose names appear on the Company's Register of Members on 30<sup>th</sup> July, 2015; in respect of the shares held in dematerialised form, the dividend will be paid to members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners as on that date.
- j) Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrar and Transfer Agents, Link Intime India Private Limited ("Link") cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant by the members.
- k) Members holding shares in electronic form are requested to intimate immediately 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 immediately to the Company/Link.
- l) Pursuant to the provisions of Section 124(5) of the Companies Act, 2013, the Company has transferred the unpaid or unclaimed dividends (including interim dividends) as and when declared upto the financial year 2007-08 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 28<sup>th</sup> July, 2014 (date of last Annual General Meeting) on the website of the Company ([www.praj.net](http://www.praj.net)), as also on the website of the Ministry of Corporate Affairs.

- m) 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.
- n) 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.
- o) Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company.
- p) 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.
- q) 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](mailto:investorsfeedback@praj.net) for updation.
- r) The notice of 29<sup>th</sup> Annual General Meeting and instructions for remote e-voting, alongwith the attendance slip and Proxy Form, is being sent by electronic mode to all members whose email addresses are registered with the Company/Depository participant(s) unless a member has requested for a hard copy of the same. For members who have not registered their e-mail addresses, physical copies of the aforesaid documents are being sent by the permitted mode.
- s) Members are requested to notify their queries, if any, on financial statements, etc. at least 48 hours before the time appointed for the meeting to facilitate the answering thereto.

By Order of the Board of Directors

Place: Pune  
Date: 13<sup>th</sup> June, 2015

**Dattatraya Nimbolkar**  
CFO & Company Secretary



## Instructions and other information relating to e-voting are as under :

- i. Pursuant to provisions of section 108 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 29<sup>th</sup> Annual General Meeting to be held on Thursday, the 6<sup>th</sup> August, 2015, at 10.00 a.m. The Company has engaged the services of Central Depository Services Limited (CDSL) to provide the e-voting facility.
- ii. These details and instructions form an integral part of the Notice for the Annual General Meeting to be held on Thursday, the 6<sup>th</sup> August, 2015.
- iii. The remote e-voting facility will be available during the following voting period:

Commencement of remote e-voting	End of remote e-voting
<b>3<sup>rd</sup> August, 2015 , 9.00 A.M. IST</b>	<b>5<sup>th</sup> August, 2015, 5.00 P.M. IST</b>

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. 30<sup>th</sup> July, 2015, may cast their vote electronically. The remote e-voting module shall be disabled by CDSL after voting period ends.

- iv. The e-voting facility can be availed by typing the link [www.evotingindia.com](http://www.evotingindia.com) in the internet browser.
- v. Click on the "shareholders" tab.
- vi. 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.
- vii. Next enter the Image Verification as displayed and Click on Login.
- viii. If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- ix. If you are a first time user follow the steps given below:

	<b>For Members holding shares in Demat Form and Physical Form</b>
PAN*	<ul style="list-style-type: none"> <li>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</li> <li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the sequence Number in the "PAN" field.</li> <li>In case the sequence No. 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.</li> </ul>
DOB	Enter the Date of Birth as recorded in your demat account or in the Company records for the said demat account or folio respectively in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the Company records for the said demat account or folio respectively.  Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member ID/folio number in the Dividend Bank details field.

- x. After entering these details appropriately, click on "SUBMIT" tab.
- xi. Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for remote e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- xii. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- xiii. Click on the EVSN for the relevant <Company Name > on which you chose to vote.
- xiv. 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.
- xv. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- xvi. 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.
- xvii. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xviii. You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- xix. If Demat account holder has forgotten the changed password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xx. Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
  - They should e-mail a scanned copy of the Registration Form bearing the stamp and sign of the entity to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details they have to create a Compliance user who would be able to link the account(s) which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, 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.co.in](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto: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 30<sup>th</sup> July, 2015 and not casting their vote electronically, may only cast their vote at the Annual General Meeting.

Mr. Sunil Nanal, Partner KANJ & ASSOCIATES, Practicing Company Secretaries (Membership No. FCS 5977), has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

The Scrutinizer shall, after the conclusion of voting at the AGM, first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman of the Company, 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 equity capital of the Company as on 30<sup>th</sup> July, 2015.

The results shall be declared on or after the AGM of the Company. The results declared alongwith the Scrutinizers' Report shall be placed on the Company's website [www.praj.net](http://www.praj.net) and on the website of CDSL within two days of the passing of the resolutions at the 29<sup>th</sup> Annual General Meeting of the Company on 6<sup>th</sup> August, 2015, 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 dispatch of the Notice of the Meeting and holding shares as on the cut-off date i.e. June 30, 2015, may obtain the User ID and password from the R & T Agents of the Company i.e. Link Intime India Private Limited. "Link" Members may call Link on 020-26160084 or may send email at [bhagavant.sawant@linkintime.co.in](mailto:bhagavant.sawant@linkintime.co.in).

By Order of the Board of Directors

Place: Pune  
Date: 13<sup>th</sup> June, 2015

**Dattatraya Nimbolkar**  
CFO & Company Secretary

## STATEMENT PURSUANT TO SECTION 102 (1) OF THE COMPANIES ACT, 2013:-

The following Statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice:

### Item No. 5:

Mr. Daljit Mirchandani (DIN: 00022951) was appointed by the Board at its meeting held on 28.05.2015 as an additional director. The Board of Directors has received a notice from the shareholder proposing the candidature of Mr. Daljit Mirchandani as Non-Executive, Non-Independent Director to be appointed under the provisions of Section 149 and 152 of the Companies Act, 2013

He has graduated in Electrical Engineering in 1970 from the Birla Institute of Technology and has more than 45 years of experience in Engineering, Strategy management & other related fields.

During his professional career, he was associated with many renowned corporates like Kirloskar Group of Companies, Ingersoll-Rand (India) Ltd. He was also associated with Confederation of Indian Industries (CII).

At present he is on the Statutory and Advisory Boards of various Indian and Multinational Companies in the field of bio fuels, water treatment, infrastructure development, infrastructure finance, auto components and energy management.

The Company has received from Mr. Daljit Mirchandani;

- (i) Consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014
- (ii) Intimation in Form DIR- 8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014 to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013 and

The Resolution seeks the approval of members for the appointment of Mr. Daljit Mirchandani as Non-Executive, Non-Independent Director liable to retire by rotation.

No Director or Key Managerial Personnel of the Company and/or their relatives, except Mr. Daljit Mirchandani in his personal capacity for whom the Resolution relates, is interested or concerned in the Resolution.

The Board commends the Ordinary Resolution set out at Item No. 5 of the Notice for approval by the shareholders.

### Item No. 6:

The Company had entered into an agreement dated 20th July, 2012 with Mr. Pramod Chaudhari re-appointing him as Executive Chairman of the Company for a term of three years w.e.f. from 1<sup>st</sup> August, 2012.

On recommendation of Nomination & Remuneration Committee, the Board of Directors, in its meeting held on 28<sup>th</sup> May, 2015, subject to the approval of the members in the ensuing Annual General Meeting, has extended the term of the agreement without any change in other terms and conditions including remuneration w.e.f. 1<sup>st</sup> August, 2015 for a further period of two years.

The information relevant for considering the resolution is as under:

Praj Industries is an integrated process engineering and solutions provider for biofuels, brewery, water & wastewater and process equipment globally for the last thirty years. The Company's financial and export performance has been furnished in the enclosed audited accounts for the year ended on 31<sup>st</sup> March, 2015.

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 44 years experience in the industry, as a professional and an entrepreneur.

Broad terms of his appointment and remuneration are as follows –

The remuneration payable to Mr. Pramod Chaudhari, Executive Chairman shall be as under:-

#### I. Salary :

Basic Salary not exceeding ₹ 1,800,000/- per month.

#### II. Performance Bonus/Variable Pay :

In addition to salary and perquisites, Performance Bonus/Variable Pay as recommended by the Nomination & Remuneration Committee and as approved by the Board shall be paid to Mr. Pramod Chaudhari after considering the performance of the Company & Praj Group Companies and his individual performance.

**III. Commission :**

In addition to salary, perquisites and Performance Bonus/Variable Pay, Commission on profits shall be paid to Mr. Pramod Chaudhari depending upon the profitability of the Company and Praj Group Companies. The commission will be recommended by the Nomination & Remuneration Committee and will be approved by the Board after considering the performance of Company and Praj Group Companies within the overall limits approved by the members.

The total payments under the head Performance Bonus and Commission taken together shall not exceed 3% of consolidated profit before tax (subject to the overall limits prescribed under Section 197 (1) of the Companies Act, 2013) read with rules framed there under.

**IV. Allowances/Perquisites :**

In addition to the above, Mr. Pramod Chaudhari shall be entitled to the following allowances / perquisites which shall not exceed 125% of his basic salary:

- a) Fully furnished residential accommodation. Where no accommodation is provided by the Company, House Rent Allowance 50% of basic salary in lieu thereof shall be paid.
- b) Medical Allowance not exceeding 15% of basic salary per month.
- c) Leave Travel Assistance for self and family not exceeding 15% of basic salary per month.
- d) Other allowance not exceeding 45% of basic salary per month.
- e) Fees of clubs in India which will include admission and life membership fees.
- f) Personal accident insurance, premium whereof does not exceed ₹ 25,000/- per annum.
- g) The Company shall contribute ₹ 1,00,000 per annum to a recognized or statutory Superannuation Fund or Annuity Fund on behalf of Mr. Pramod Chaudhari.
- h) Annual Ex-gratia representing an amount of excess of 15% of Mr. Pramod Chaudhari's basic salary over ₹ 1,00,000/- as per (g) above
- i) A car with driver.
- j) Telephone, Computer, Fax and such other facilities at residence and also at a other office of Mr. Pramod Chaudhari.
- k) 30 days Leave for each year of service. The Leave can be accumulated as per Company Policy.
- l) Subject to any statutory ceiling/s, Mr. Pramod Chaudhari shall be entitled to such other allowances, perquisites, benefits and facilities as Nomination & Remuneration Committee from time to time may recommend and the Board of Directors approve.

"Family" for the above purpose means the spouse and dependent child of Mr. Pramod Chaudhari.

**V. Computation of Ceiling :**

The following shall not be included in the computation of perquisites for the purposes of the ceiling:

- i) Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax, 1961.
- ii) Gratuity at the rate not exceeding half a month's salary for each completed year of service, and
- iii) Encashment of leave at the end of the Term.
- iv) Items from (e), (f), (g), (i), (j), (k) and (l) of Allowances/Perquisites as mentioned in IV above.

However, the overall remuneration payable to Mr. Pramod Chaudhari shall be within the ceiling of Section 197(1) of the Companies Act, 2013 read with rules framed thereunder.

**VI. Minimum Remuneration :**

In the event of loss or inadequacy of profits in any financial year during the Term the payment of Salary, perquisites and other allowances shall stand reduced to the limit prescribed by Schedule V to the Companies Act, 2013, as amended from time to time, as minimum remuneration.

For the purpose of computation of minimum remuneration, the following shall not be included:

- i. Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- ii. Gratuity at the rate of half month's salary for each completed year of service, and
- iii. Encashment of leave at the end of Term.

His remuneration is in compliance with the requirements under Schedule V of the Companies Act, 2013.

Other Terms :

1. Mr. Pramod Chaudhari shall be entitled to reimbursement of Entertainment expenses and other expenses actually incurred in connection with the Company's business.
2. Mr. Pramod Chaudhari shall not, during the continuance of his employment or at any time thereafter divulge or disclose to any person whosoever or make any use for whatever purpose, of any confidential information or knowledge obtained by him during his employment as to the business or to the affairs of the Company or as to any trade secrets, processes of the Company and Mr. Pramod Chaudhari shall during the continuance of his employment hereunder also use his best endeavors to prevent any other person from doing so.
3. If before the expiration of this Agreement, the Term of office of Mr. Pramod Chaudhari is determined by any reason whatsoever, Mr. Pramod Chaudhari shall, subject to the provisions of Section 202 of the Companies Act, 2013 be entitled to by way of compensation for the loss of office an amount equivalent to the remuneration which he would have earned if he had been in office for the remainder of his term or 3 years whichever is shorter.
4. In case Mr. Pramod Chaudhari dies during the course of his employment, the Company shall pay to his spouse or next of kin such amount which shall be equivalent to the remuneration which he would have earned if he had been in office for 36 months after the date of his death and shall be calculated on the basis of the salary drawn by him at the time of his death.
5. Subject to the provisions of the Act, Mr. Pramod Chaudhari shall not, while he continues to hold office of the Executive Chairman, be subject to retirement by rotation of Directors and he shall not be reckoned as a Director for the purpose of determining the rotation for retirement of Directors or in fixing the number of Directors to retire, but he shall 'ipso facto' and immediately cease to be the Executive Chairman if he ceases to hold office of Director for any reason.

Brief resume of Mr. Pramod Chaudhari, nature of his expertise in specific functional areas, names of companies in which he holds directorships and memberships/chairmanships of Board Committees, shareholding and relationship between directors inter-seas stipulated under Clause 49 of Listing Agreement with the Stock Exchanges, are provided in the Corporate Governance Report forming part of the Annual Report.

Mr. Pramod Chaudhari is interested in the resolution set out at Item No. 6 of the Notice. The relatives of Mr. Pramod Chaudhari may be deemed to be interested in the resolution set out at Item No. 6 of the Notice, to the extent of their shareholding interest, if any, in the Company.

None of the Directors, other than Mr. Pramod Chaudhari and Ms. Parimal Chaudhari being spouse of Mr. Pramod Chaudhari, is in any way concerned or interested in the said resolution.

The Board commends the Resolution set out at Item No. 6 of the Notice for approval by the members.

#### **Item No. 7:**

The Company had entered into an agreement dated 15<sup>th</sup> November, 2010 with Mr. Gajanan Nabar appointing him as CEO & MD of the Company for a term of 44.5 months w.e.f. from 15<sup>th</sup> November, 2010.

Mr. Gajanan Nabar, was re-appointed, subject to the approval of the members in general meeting, as CEO & MD of the Company, for a period of 3 years with effect from 1<sup>st</sup> August, 2014 till 31<sup>st</sup> July, 2017. The approval of members is sought for the appointment of Mr. Nabar as the CEO & MD of the Company.

The information relevant for considering the resolution is as under:

Praj Industries is an integrated process engineering and solutions provider for biofuels, brewery, water & wastewater and process equipment globally for the last thirty years. The Company's financial and export performance has been given in the enclosed audited accounts for the year ended on 31<sup>st</sup> March, 2015.

Gajanan Nabar has over 24 years of multi functional management experience. He holds Masters Degree in Organic Chemistry and Master in Management from Bombay University. He was conferred a diploma by Plastic and Rubber Institute, London and has successfully completed the Executive Development Program of Wharton Management School in the year 2000.

Broad terms of his appointment and remuneration are as follows –

While approving the remuneration, the Company has complied with the requirements under Schedule V of the Companies Act, 2013.

The remuneration payable to Mr. Gajanan Nabar, CEO & MD shall be as under:-

#### 1. Annual Remuneration

##### (a) Salary :

Mr. Gajanan Nabar will be placed in the salary grade of ₹ 7.50 Lacs to ₹ 9.00 Lacs per month with a starting salary of ₹ 7.50 Lacs (Rupees Seven Lacs Fifty Thousand only) per month. The salary will be revised subject to his annual performance.

##### (b) Performance/Variable Pay :

Mr. Gajanan Nabar shall be entitled to Performance/variable pay up to 40% of CTC [basic salary + 150% of the basic salary towards cost of perquisites as defined in (d) below] per year. Modalities for Performance/Variable pay and computation thereof shall be recommended by the Chairman to the Committee and the Board.

##### (c) Commission :

In addition to salary, performance/variable pay, Commission up to 0.35% of Profit After Tax (PAT) as per Audited Consolidated Accounts of the Company shall be paid to Mr. Gajanan Nabar.

The quantum of commission will be recommended by the Nomination and Remuneration Committee in consultation with the Chairman and approved by the Board within the overall limits approved by the shareholders.

##### (d) Perquisites :

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

##### (i) House Rent Allowance/Rent Free Accommodation

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

##### (ii) Medical Reimbursement

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

##### (iii) Leave Travel Concession

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

##### (iv) Leave and Leave Encashment

Mr. Gajanan Nabar shall be entitled to 30 days leave for each year of service. The leave can be accumulated upto 90 days and can be encashed beyond accumulation over 90 days.

##### (v) Housing Expenses

Mr. Gajanan Nabar shall be reimbursed for all expenses incurred on watchman's salary, gardener's salary and other domestic assistance at his residence subject to a ceiling of 40% of basic salary given in para (a) above.

##### (vi) Provident Fund

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

## (vii) Superannuation

The Company shall contribute ₹ 1, 00,000 (Rupees One Lac only) per annum to a recognized or statutory superannuation fund or annuity fund on behalf of Mr. Gajanan Nabar.

An amount representing excess of 15% of Mr. Gajanan Nabar's basic salary over ₹ 1,00,000/- should be paid to him as an ex-gratia on an annual basis.

## (viii) Gratuity

Gratuity shall be payable to Mr. Gajanan Nabar on the termination of this Agreement in the event of his resignation or his death @ half month's basic salary for each completed year of service and as per prevailing rules.

For the purposes of the perquisites mentioned at Clause (i) to (viii) above the term "family" means spouse, dependent children and dependent parents of Mr. Gajanan Nabar.

## (e) Other Benefits :

## (i) Club Fees

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

## (ii) Personal Accident Insurance

Insurance premium not exceeding ₹ 25,000/- per annum for insuring accidental risks of Mr. Gajanan Nabar shall be reimbursed to him.

## (iii) Car, Driver and Telephone

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

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

## (iv) Miscellaneous Household Reimbursement:

Mr. Gajanan Nabar shall be reimbursed electricity, water and municipal taxes on actual basis.

## (v) Reimbursement of expenses and credit cards

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

Mr. Gajanan Nabar's international travel shall be by Business Class and domestic travel by Economy Class.

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

## (vi) Mr. Gajanan Nabar shall not be entitled for any other incentives which may be granted to other employees of the Company from time to time.

## (vii) Advance Salary

The Company shall allow Mr. Gajanan Nabar to draw salary as given in para (a) above in advance for a maximum 3 months at a time and for a longer period if authorised by a specific resolution of the Board.

It is clarified that Mr. Gajanan Nabar's total remuneration during the term of this agreement shall be subject to the overall ceilings prescribed under Section 197 of the Companies Act, 2013 read with rules made thereunder and schedule V to the Companies Act, 2013 as stands amended from time to time:



## 2. Inadequacy of Absence of Profits

If the Company has no profits or its profits are inadequate, the Company may pay Mr. Gajanan Nabar by way of salary, perquisites and other allowances, not exceeding the amount based on the effective capital of the Company, subject to the overall ceiling limit prescribed under Part II of Schedule V to the Companies Act, 2013.

## 3. Sitting Fees

Mr. Gajanan Nabar shall not be paid any remuneration for attending any of the meetings of the Board of the Company.

## 4. Sweat Equity

The existing grants of Mr. Gajanan Nabar as were agreed upon Mr. Gajanan Nabar and Praj Industries Ltd. vide agreement dated 15th November, 2010 shall remain in force and shall continue as per the terms of clause No.11 of the said agreement, which, for the sake of clarity is reproduced below;

"At the commencement of the Term, Nabar shall be granted by way of sweat equity a grant of 1,250,000 (One Million Two Hundred Fifty Thousand) equity shares of the Company of the face value of ₹ 2/- each ('Shares'). The Options shall vest in Mr. Gajanan Nabar in five equal annual installments commencing 1<sup>st</sup> August, 2012. The grant shall be at the listed price of the Shares on the National Stock Exchange on the date of Mr. Gajanan Nabar joining the services of the Company ('Price'). Upon the date of which vesting Mr. Gajanan Nabar shall be entitled to be allotted the Shares in the manner above and upon Mr. Gajanan Nabar tendering the Price to the Company. It is clarified that Mr. Gajanan Nabar shall alone bear income-tax, if any, on the date of exercise of the Options and Mr. Gajanan Nabar shall obtain independent tax advice, if he so desires. This grant shall be subject to the usual terms and conditions under any Employees Stock Option Plan or Scheme of the Company."

Accordingly Mr. Gajanan Nabar is granted Sweat Equity option at ₹ 72.50 per Equity Share which was the price prevailing on 15<sup>th</sup> November 2010, the date of Mr. Gajanan Nabar joining the services of the Company.

Details of Supplementary agreement 4<sup>th</sup> February, 2015 for grant of 250,000 ESOPS under Praj ESOP, 2011:

Grant of options under Praj ESOP 2011 shall be as under:

- a) Mr. Gajanan Nabar shall be granted 2,50,000 (Two Hundred and Fifty Thousand) options under Praj ESOP 2011
- b) The Options shall vest in him in two equal annual installments viz. on 1<sup>st</sup> July, 2016 and on 1<sup>st</sup> July, 2017.  
 In case the original agreement gets extended, beyond 31<sup>st</sup> July, 2017, the vested options can be exercised within a period of one year from the date of vesting.  
 In case the original agreement is terminated, the vested options will have to be exercised within a period of 60 days from the date of termination of the agreement. In case the options are not exercised within the said period, they shall lapse immediately on the expiry of aforesaid period without any obligation, whatsoever on the Company.
- c) The grant shall be at the exercise price of ₹ 55.75 per option. Upon the date of which vesting, Mr. Gajanan Nabar shall be entitled to be allotted the Shares in the manner above and upon Mr. Gajanan Nabar tendering the Price to the Company.
- d) It is clarified that Mr. Gajanan Nabar shall alone bear income-tax, if any, on the date of exercise of the Options and Mr. Gajanan Nabar shall obtain independent tax advice, if he so desires.
- e) This grant shall be subject to the terms and conditions of Employee Stock Option Plan 2011 of the Company.

Brief resume of Mr. Gajanan Nabar, 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 Clause 49 of Listing Agreement with the Stock Exchanges, are provided in the Corporate Governance Report forming part of the Annual Report.

Mr. Gajanan Nabar is interested in the resolution set out at Item No. 7 of the Notice. The relatives of Mr. Gajanan Nabar may be deemed to be interested in the resolution set out at Item No. 7 of the Notice, to the extent of their shareholding interest, if any, in the Company.

No Director or Key Managerial Personnel of the Company and/or their relatives, except Mr. Gajanan Nabar in his personal capacity for whom the Resolution relates, is interested or concerned in the Resolution.

The Board commends the Resolution set out at Item No. 7 of the Notice for approval by the members.



**Item No. 8:**

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration 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 31<sup>st</sup> March, 2016 for a total remuneration of ₹ 2,75,000/- as Audit fees plus out of pocket expenses at actual on submission of supporting bills.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be approved by the shareholders of the Company.

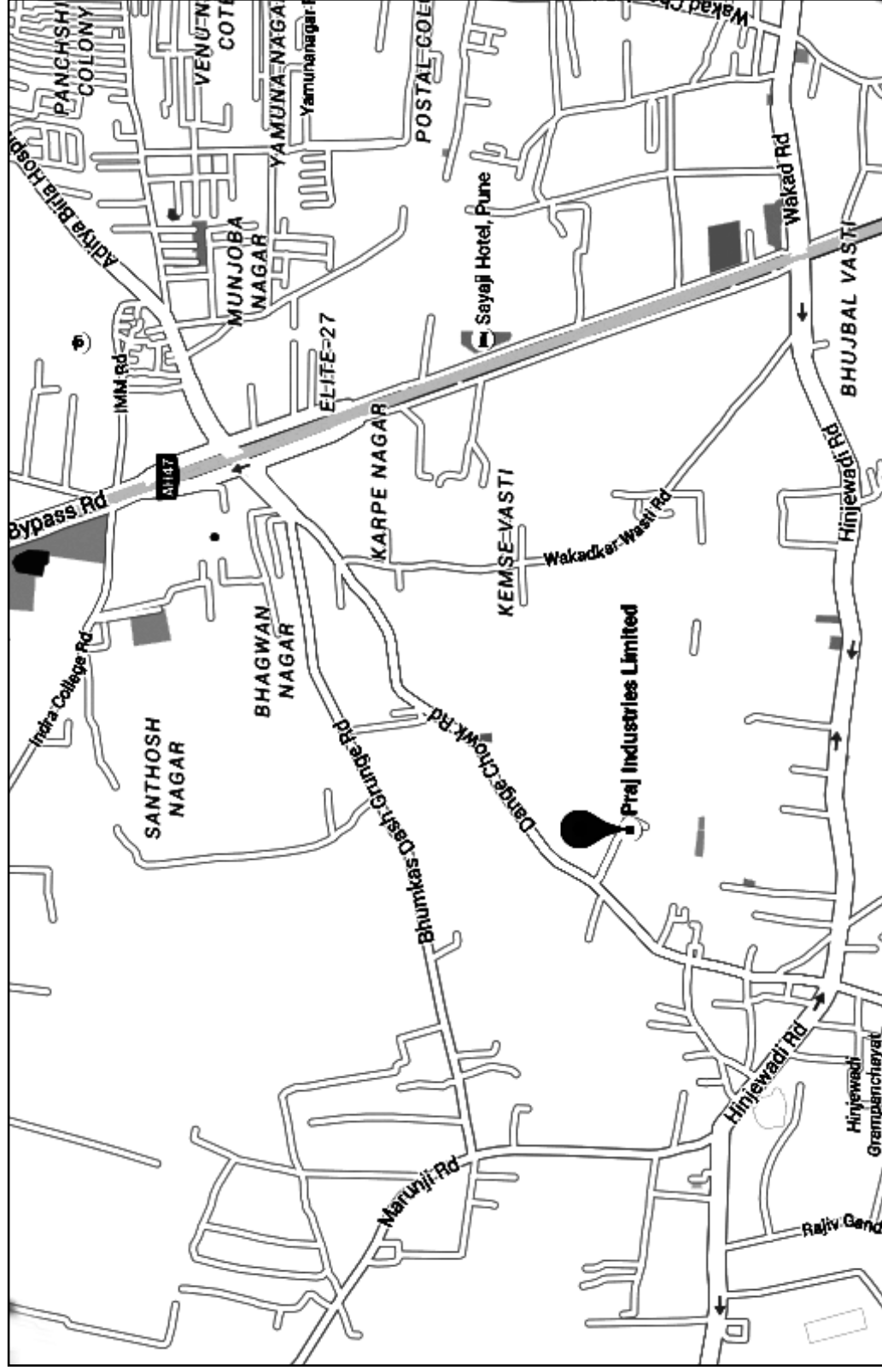
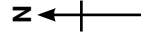
None of the Directors/Key Managerial Personnel of the Company/their relatives is, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 8 of the Notice.

The Board commends the Ordinary Resolution set out at Item No. 8 of the Notice for approval by the shareholders.

By Order of the Board of Directors

Place: Pune  
Date: 13<sup>th</sup> June, 2015

**Dattatraya Nimbolkar**  
CFO & Company Secretary



Address - Praj Industries Limited, 'Praj Tower', 274 & 275, Bhumkar Chowk-Hinjewadi Road, Hinjewadi, Pune 411 057, Tel:+91 -20-22941000/71802000

## NOTES

[illegible]

## NOTES

[illegible]

## 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 ..... shares of the above named company, 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 Twenty Ninth Annual General Meeting of the Company, to be held on Thursday, the 6th August, 2015, 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 together with the reports of Board of Directors and the Auditors thereon. b. the audited Consolidated Financial Statements of the Company together with the report of the Auditors thereon.		
2. Declaration of dividend.		
3. Re-appointment of Mr. Gajanan Nabar as Director.		
4. Appointment of Statutory Auditors.		
5. Appointment of Mr. Daljit Mirchandani as Director.		
6. Extension of term of appointment of Mr. Pramod Chaudhari as Executive Chairman on same terms & conditions including remuneration.		
7. Re-appointment of Mr. Gajanan Nabar as CEO & MD.		
8. Approval of remuneration of Cost Auditors.		

Affix  
Revenue  
Stamp  
15 paise

\_\_\_\_\_  
Signature of shareholder

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2015.

\_\_\_\_\_  
Signature of first Proxy holder

\_\_\_\_\_  
Signature of second Proxy holder

\_\_\_\_\_  
Signature of third Proxy holder

**Notes:**

1. Please put 'x' 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.



## Working in a Green Building is rewarding; Receiving recognition for it is an honor.

Praj Tower, the Corporate and Registered office of Praj Industries at Hinjewadi (Pune), has received the prestigious Platinum Certification from The Indian Green Building Council (IGBC).

Praj has always adopted best practices for sustainable development and we are proud to be recognized for our efforts towards energy efficiency. The IGBC 'Platinum' certification will strengthen our commitment and help set benchmarks in our endeavors. We look forward to paving the way by establishing ourselves as a global standard for companies going Green.

### The Green Factor :

- 100% rainwater harvesting.
- Recycle and reuse of treated sewage.
- Use of environment friendly refrigerant.
- Use of Low VOC paints.
- FSC Certified Wood.
- 30 KW power through Solar Panels.
- Sensors to control CO<sub>2</sub> levels in the premises.
- 25% energy efficient building as compared to other similar buildings.



# We believe, Nothing is Waste



## Biomass to Ethanol Technology

This belief led Praj to develop its '**biomass to ethanol technology**' that aimed to bring more sustainable biofuels and renewable chemicals to the market.

This also led us to invest significant resources into Matrix-R&D Center. We have spent just under a million man-hours into developing the advanced biofuels and chemicals technology. Rigorous trials were undertaken on a wide variety of biomass under different operating

conditions so as to develop a robust technology. Along with the production of biofuels and renewable chemicals, it optimizes water and energy use to lower the carbon footprints, significantly.

This technology brings **infinite possibilities** to the environment and energy challenges confronting mankind, apart from making use of nature's **endless** resources. That's why we proudly call it...**enfinity**.



Innovate • Integrate • Deliver

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