



Accelerating Transformation





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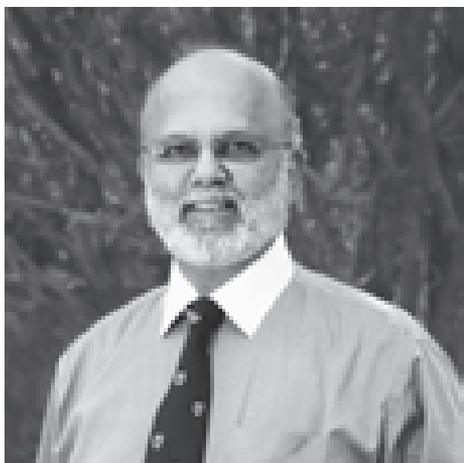
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PRAJ INDUSTRIES LIMITED

Board of Directors	Executive Directors: Pramod Chaudhari, Executive Chairman Gajanan Nabar, CEO & MD Non-Executive Directors: Berjis Desai Kishor Chaukar Parimal Chaudhari Prakash Kulkarni Rajiv Maliwal Sivaramakrishnan S. Iyer Utpal Sheth
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 411057. India
R & D Center	Praj Matrix – The Innovation Center Gat No. 402, 403, 1098, Village Urwade, Tal. Mulshi. Dist. Pune. 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.
Export Facilities	Kandla SEZ Unit I Plot No Plot No 307 to 314, Sector IV, Gandhidham, Kutch, 370230, Gujarat. India Kandla SEZ Unit II, Plot No Plot No 282 to 286 and 294 to 298, Sector IV, Gandhidham, Kutch, 370230, Gujarat. India
Presence in	India, Thailand, The Netherlands, USA, South Africa, Tanzania, Sierra Leone, Philippines, Argentina, Namibia and UAE

Praj at Glance (Standalone)

	UOM	13-14	12-13	11-12	10-11	09-10	08-09	07-08	06-07	05-06
SALES	₹ Min	7826.838	7264.678	8804.441	5529.310	6022.840	7718.813	7016.267	6074.744	2674.985
OTHER INCOME	₹ Min	226.514	291.763	432.295	247.739	424.517	241.797	386.827	89.328	25.326
TOTAL INCOME	₹ Min	8053.352	7556.441	9236.736	5777.049	6447.357	7960.610	7403.094	6164.072	2700.311
TOTAL EXPENDITURE EXCLUDING DEPRECIATION	₹ Min	7129.587	6620.336	7975.777	5066.273	5111.594	6270.875	5603.961	5028.815	2349.938
DEPRECIATION	₹ Min	139.365	128.902	141.730	111.356	105.110	81.713	55.349	31.608	26.502
EBIDTA (EXCLUDING OTHER INCOME)	₹ Min	699.477	647.617	830.112	463.096	914.546	1451.808	1412.599	1048.446	330.356
PBT	₹ Min	784.400	807.203	1119.229	599.420	1230.653	1608.022	1743.784	1103.649	323.871
PAT	₹ Min	624.064	661.815	658.245	534.725	1138.847	1297.479	1535.437	865.293	244.125
NET BLOCK OF FIXED ASSETS + CWIP	₹ Min	2446.848	2219.552	1829.211	1595.950	1441.252	1471.597	1059.683	454.528	279.022
SHARE CAPITAL	₹ Min	354.930	354.930	359.096	369.557	369.477	366.862	366.324	167.800	162.225
RESERVES AND SURPLUS	₹ Min	5488.631	5325.495	5148.677	5219.931	4953.857	4067.745	3142.041	1405.061	387.292
NET WORTH	₹ Min	5843.561	5680.425	5507.773	5589.488	5323.334	4434.607	3508.365	1572.861	549.517
EPS BASIC	₹	3.52	3.73	3.58	2.89	6.18	7.08	8.55	5.19	3.01
RATIOS										
EBIDTA TO SALES	%	9%	9%	9%	8%	15%	19%	20%	17%	12%
PBT TO SALES	%	10%	11%	13%	11%	20%	21%	25%	18%	12%
PAT TO SALES	%	8%	9%	7%	10%	19%	17%	22%	14%	9%
RONW	%	11%	12%	12%	10%	23%	33%	60%	82%	50%
ROCE	%	13%	14%	20%	11%	24%	39%	67%	101%	64%
NO. OF SHARES	Nos.	177,465,079	177,465,079	179,548,092	184,778,723	184,738,492	183,431,082	183,161,810	83,900,066	81,112,520
DIVIDEND	%	111%	81%	81%	63%	72%	90%	99%	135%	63%
BOOK VALUE PER SHARE	₹	32.93	32.01	30.68	30.25	28.82	24.18	19.15	9.43	6.77
CASH EPS	₹	4.30	4.45	4.35	3.50	6.76	7.52	8.86	5.38	3.34



Accelerating Transformation

In my previous communication, I had expressed a need for transformation. During the fiscal 2014 we have already accelerated the pace of transformation. Starting with the change in identity to represent our presence in newer businesses, addressing new client profile in new geographies; physically shifting our corporate office to new premises and launching a "value maximization initiative" with the help of a renowned multinational consulting firm were just some of the actions we have undertaken. Effective and speedy implementation is critical to success. Having stepped on the accelerator, we are confident that results will follow through.

We have already put the wheels of transformation into motion by realigning businesses to launch the Company onto the growth path. The strategy involves external and internal levers. Externally, Praj will re-align business model, business mix and geographical diversity. Praj will optimize project and services mix in its revenues at the same time it will scale up revenues from emerging businesses. It will enhance exports through greater geographical penetration, including that of emerging businesses.

Praj is also giving a greater push to R&D with the intention of creating a healthy pipeline of bioproducts and processes. It is also exploring other avenues of monetizing the strength of R&D facility. Biobased economy is the next frontier and Praj will be ready to reap the benefits.

Going forth, Praj will be recognized as a bioengineering specialist engaged in environment, energy and agri-processing led solutions, creating a niche for itself.

As we complete 3 decades of operation, we are also completing 2 decades as a publicly listed Company during which we have been committed to enhancing shareholder value while maintaining a high degree of transparency. Your participation in the Company's journey is truly appreciated.

As your Company moves deeper into the transformation process and as the global economy opens up, coupled with the rebooting of the Indian economy of which there are early signs, it will emerge stronger and more sustainable. I thank you for your continued support.

Pramod Chaudhari
Executive Chairman

Pune, May 2014



Institutionalizing Transformation

As your Company completes 30 years, it is ready to accept the winds of transformation, making change an integral part of its DNA. Over the years sustainability, Innovation and Excellence have become part of us.

I have said before that finding sustainable solutions for customers in innovative ways and delivering them with excellence has become our mission at Praj. These values, coupled with the core competencies of biotech, engineering, manufacturing, process know-how and projects integration has led your Company into the NEXT orbit. The new and emerging businesses give us great balance and open up innumerable opportunities in myriad verticles viz. Pharma, Bio-tech, Oil & Gas, Chemicals and Textile. These businesses have already begun contributing meaningfully to your Company's revenues. Emerging businesses now contribute about one third to your Company's revenues. Going forth, we should see 50% of revenues from these businesses, while simultaneously growing our core businesses (viz. Ethanol & Beer plants).

I am happy to share that your Company continues to maintain its global leadership in the flagship ethanol plants business. Going forward, our efforts will be to repeat this success story in other businesses too. In the Brewery business we have already received international orders from two of the top five global brewers. The projects are moving well. The integration of Praj Hipurity (erstwhile Neela Systems Limited) is almost complete and this business is showing robust growth trends.

During the coming period our focus will be on driving cost & value leadership through operational excellence while observing greater fiscal discipline. We will internalize and institutionalize Innovation and Excellence with a renewed commitment and look at sustainability in every sphere of our corporate and personal lives as Prajites.

At thirty, your Company has come a long way. As a new world order emerges, throwing up greater opportunities, your Company is ready to address these new avenues of growth with greater vigor.

Gajanan Nabar
CEO & Managing Director

Pune, May 2014

To The Members of Praj Industries Limited,

Your Directors are pleased to present the 28th Annual Report and the Audited Statements of Account for the year ended 31st March, 2014.

Financial Results

In the year under review, your Company has recorded total income of ₹8053 Mn (previous year ₹ 7556 Mn). While the total income increased by 7%, Profit before Tax decreased by 3% to ₹ 784 Mn (previous year ₹ 807 Mn). Considering very turbulent economic environment, your Company's performance has been stable. The performance summary is presented herewith:

	(₹ Mn)	
	2013-14	2012-13
Turnover	7827	7264
Other Income	226	292
Total Income	8053	7556
Total Expenses	7269	6749
PBT	784	807
PAT	624	662
(+) Balance in Profit & Loss account	3980	3720
Profit Available for Appropriations	4604	4382
Appropriations		
Dividend:		
- Interim	106	-
- Final (Proposed)	287	287
- Dividend Tax (interim Dividend)	18	-
- Dividend Tax (final Dividend)	49	49
- Transfer to General Reserve	63	66
Balance in Statement of Profit & Loss	4081	3980

Praj and Local Execution Companies:

The execution related responsibility is borne by the execution arm of your Company also known as Local Execution Companies (LECs). Each LEC is a subsidiary/step down subsidiary of your Company. These comprise of Praj Industries (Sierra Leone) Limited, Praj Industries (Tanzania) Limited, Pacecon Engineering Projects Limited, Praj Far East Philippines Limited Inc., Praj Far East Co. Limited and Praj Industries (Namibia) Ltd. Considering the combined results of Praj and LECs, the total income for FY 2013-14 increased by 4% while profit before tax has reduced by 17%, as summarized below:

	(₹ Mn)	
	2013-14	2012-13
Operating income	8689	8282
Other income	163	267
Total income	8852	8549
Total expenses	8124	7714
PBT	728	835
PAT	565	678

New Identity and New Corporate and Registered Office roll out transformation process:-

On 16th of January 2014, your Company changed its identity and adopted a new symbol and logo to represent the expanded business portfolio and diversity of client profile as well as business models and many other changes. Also, on 4th April, 2014 your Company shifted its Registered Office to "Praj Tower", S. No. 274 & 275/2, Bhumkar Chowk-Hinjewadi Road, Hinjewadi, Pune – 411 057. The new office represents many sustainable practices which would qualify it as a green building.

Dividend

The Board of Directors declared an Interim Dividend of ₹ 0.60 (30%) per equity share of Face Value of ₹ 2/- during the financial year 2013 – 2014. The dividend pay-out was ₹ 124 Mn including dividend distribution tax. Also, 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 st March, 2014. The dividend is payable subject to shareholders' approval at the ensuing AGM. The final dividend pay-out will be ₹ 336 Mn including dividend distribution tax. If approved by the shareholders, the total dividend for the financial year 2013- 2014 will be ₹2.22 (111%) per equity share .

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 formed;

- a. a wholly owned subsidiary Praj Sur America S.R.L., in Argentina on 24th September, 2013.
- b. a wholly owned subsidiary Praj Industries (Namibia) Pty. Ltd. in Namibia on 16th October, 2013.

Apart from the above, Paceaon Engineering Projects Ltd., India, Praj HiPurity Systems Ltd. (formerly Neela Systems Ltd.) India, BioCnergy Europa B. V., The Netherlands, Praj Americas Inc., U.S.A., Praj Far East Co. Ltd., Thailand, Praj Industries (Africa) Pty. Ltd, South Africa and Praj Far East Philippines Ltd. Inc., Philippines 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.

Corporate Governance

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, Management Discussion and Analysis Report (Annexure 1), Sustainability Report (Annexure 2) and Report on Corporate Governance and Compliance Certificate on Corporate Governance (Annexure 3) are annexed to this report.

Directors

Ms. Parimal Chaudhari, Director (DIN: 00724911) retires by rotation from the Board and being eligible, offers herself for re-appointment at the ensuing Annual General Meeting.

Mr. Utpal Sheth, Director (DIN: 00081012) retires by rotation from the Board and has expressed his unwillingness to be reappointed as Director at the ensuing Annual General Meeting.

The Company had, pursuant to the provisions of clause 49 of the Listing Agreements entered into with Stock Exchanges, appointed Mr. Berjis Desai (DIN : 00153675), Mr. Kishor Chaukar (DIN : 00033830), Mr. Prakash Kulkarni (DIN: 00019652), Mr. Rajiv Maliwal (DIN : 00869035), Mr. Sivaramakrishnan S. Iyer,(DIN : 00503487) as Independent Directors of the Company.

As per section 149(4) of the Companies Act, 2013 (Act), which came into effect from April 1, 2014, every listed public Company is required to have at least one-third of the total number of directors as Independent Directors.

In accordance with the provisions of section 149 of the Act, these Directors are being appointed as Independent Directors to hold office as per their respective term of appointment mentioned in the Notice of the forthcoming Annual General Meeting (AGM) of the Company.

Auditors

a) Internal Auditors

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

b) Statutory Auditors

The Statutory Auditors, B. K. Khare & Co., Chartered Accountants, Mumbai, (Registration Number 105102W) hold office until the conclusion of the ensuing Annual General Meeting. The Company has received a letter from them to the effect that their reappointment, if made, would be within the prescribed limits under Section 139 of The Companies Act 2013.

c) Cost Auditors

The Cost Audit Report under The Companies (Cost Audit Report) Rules, 2011 for the year 2012-13 was duly filed with the Ministry of Corporate Affairs on 18th September, 2013.

The Central Government had approved appointment of Dhananjay V. Joshi & Associates, Cost Accountants as Cost Auditors of the Company under Section 233B of the Companies Act, 1956 for the year 2013-14. Your Company has reappointed them as Cost Auditors of the Company for the year 2014-15 at the remuneration as set out in item No 13 of the explanatory statement which is subject to the approval of members in the ensuing Annual General Meeting

Directors' Responsibility Statement

In accordance with the requirements of Section 217(2AA) of the Companies Act, 1956, the Board of Directors states that:

- In the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures from the same;
- The accounting policies selected have been applied consistently and judgements and estimates made 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 2013-14 and of the profit of the Company for that period;
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The annual accounts have been prepared on a going concern basis.

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).

Additional Statutory Information

Particulars of Employees:

The statement of particulars required pursuant to section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Amendment Rules, 2011, forms a part of this Report. However, as permitted by the Companies Act, 1956, the Report and Accounts are being sent to Members and other entitled persons excluding the above statement. Those interested in obtaining a copy of the said statement may write to the Company Secretary at the Registered Office. The statement is also available for inspection at the Registered Office, during working hours upto the date of the Annual General meeting.

“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, P-CUBE Trusteeship Services Private Limited, Plutus Properties LLP and Parimal and Pramod Chaudhari Family Discretionary Trust.

Energy Conservation, Technology Absorption, Adaptation, Innovation:

Your Company is driving sustainability in all its activities right from its businesses to its solutions. A separate sustainability report will cover the efforts towards energy conservation, technology development and innovation in detail.

Your Company has launched a formal innovation program which aims to create a pipeline of technologies that can be deployed commercially. During the year, the Company has applied for 6 patents.

Your Company has;

- Acquired the rights to a unique technology for wastewater treatment and recycle that is now being adopted for many new applications.
- Developed a high yielding sugar and starch fermentation process which will also ensure 35-40% reduction in effluent volume.
- Deployed many energy efficient technologies that ensure energy reduction by as much as 60%. These include evaporative distillation and MVR technology for ethanol production.

Your Company is also working in the area of industrial biotech products wherein it has launched livestock health & nutrition products in the market. As a first step, the product is undergoing trial by clients to demonstrate results in the dairy segment. Given the focus on enhancing productivity of dairy industry, these products are most suitable as they enhance the milk yield by 18-20% while keeping the animal healthy.

An innovative aspect has been added onto your Company’s 2G cellulosic ethanol technology development efforts with the introduction of a ‘bolt-on’ model to the demo plant which will be integrated with an existing facility resulting in significantly lower capex. Your Company is awaiting necessary environmental permissions before proceeding.

Foreign Exchange Earnings & Outgo

	(₹ in Mn)	
	31/3/2014	31/3/2013
Earnings	3644	3393
Outgo	747	724
Net Foreign Exchange Earnings	2897	2669

Your Company has retained its status as a net forex earner consecutively for past 17 years.

Acknowledgements

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

For and on behalf of the Board of Directors

Place: Pune
Date: 26th May, 2014

Pramod Chaudhari
Executive Chairman

Management Discussion & Analysis

Overview

Transformation is a process and not an event. What is important is to recognize the change and putting the wheels of transformation in motion. The global economies too have been in a mode of transformation since 2008. It is an exciting time for us as India goes through a big determinant in its phase of transformation with the conclusion of the General Election 2014.

The developed economies are seeing some signs of recovery. We have observed growth centers like BRICS, MINT and CIVETS in the past. As the pace of recovery increases, we may see new centers of economic growth. Growth will continue to trace countries with robust political, social and economic policies as well as consumption appetite. We have seen this in the past and will continue to track countries of interest. In fact, one of the core transformations that Praj has undergone has been in terms of the customer and geographical diversity.

While ethanol technology puts us on the map of five continents, we are engaging with customers in select geographies for emerging businesses to build a robust international market. We are doing the same with Brewery Plants which forms part of the core business.

Time and again, your Company has proven that technology can be successfully put to use for sustainable solutions, whether in core business comprising ethanol and brewery plants or emerging business comprising water & waste water treatment, critical process equipment & systems and high purity systems. What resides at the core are Praj's competencies in technology, engineering and integration nurtured over the years on clearly defined vectors – energy, environment and agri-processing

You are aware that the emerging businesses have already started showing results and contribute 28% to your Company's revenues.

Industry Overview

Alcohol/Ethanol Plants Business

Over 600 references in more than 60 countries across 5 continents give your Company a tremendous advantage. Your Company is always improvising and innovating on its solutions. Clients benefit from these innovations by ways of savings in energy, water and resources as well as enhanced revenues through higher production. These benefits provide opportunity for modernization and expansion of existing assets. The goal is to drive 15-20% of the future revenues from leveraging such opportunities.

On the 2nd generation ethanol technology front, your Company has introduced an innovative concept of "bolt-on" model which will significantly reduce capex for the demo plant, to be installed in India

Brewery Business

Last year was a very exciting year for brewery business. With two international orders received from the top global brewers, your Company is now emerging as an international brewery supplier. With more than 100 references in brewery plants and systems and the experience of working with top brewers globally, your Company is in a good stead to achieve the same reputation as for the ethanol plants business.

Water & Wastewater Systems

Your Company offers the entire range of technologies for industrial waste water treatment. Very few companies have this capability. With environmental norms becoming more stringent and increasing water stress, more and more Companies are becoming conscious of the need to reduce, recycle and reuse water. With resurgence in industrial activity, the potential for wastewater treatment projects

will increase. During the fiscal, your Company has added a breakthrough technology to its portfolio. This enables solutions that can treat wastewater and recycle odorless, colorless and pathogen free water for alternate use. This technology can be deployed in industrial, housing and hotel complexes as well as in hospitals.

Together with high purity water application, your Company is a sizable player in the industrial water segment.

Praj HiPurity Systems Limited

Praj HiPurity Systems (PHS), erstwhile Neela Systems, which operates in the Pharma, Biotech, Cosmetics, F & B Segment has started gaining large ticket orders, including from MNCs. The Company has started offering integrated, end-to-end solutions which will help increase wallet size. It is expected that the pharma companies will throw greater opportunities with the recent tightening of the FDA norms and with many entering biosimilars market. With its innate understanding of the validation process and US FDA norms, PHS is uniquely positioned to serve clients in India and overseas.

Critical Process Equipment & Systems (CPES)

With many EPC players and MNCs looking at India as a procurement hub, India has a huge opportunity to carve a niche in this space. Praj CPES business has an impressive client profile from oil and gas industry, global EPC companies, pharmaceutical manufacturers etc.

Biotech Products

Biotech products involve application of modern biotechnology for the industrial production of chemical substances and bio-energy, using inherently clean processes, with less waste generation and reduced energy consumption. They help reduce GHG emission and at times replace fossil based products.

Praj launched its second biotech product for Livestock Health & Nutrition. The focus is on dairy initially. These products will help in the 2nd white revolution by way of increasing milk productivity. We are already seeing good acceptance levels by dairies.

These products also find application in the poultry and aqua segment. Praj Matrix – the R&D center, besides supporting the existing businesses and development of second generation ethanol technology, is also involved in development of bioproducts. This will also help your Company monetize the investments in the R&D Center.

Human Resources

The transformation process is expected to throw up many new skills and talent acquisition imperatives. Your Company is drawing up a plan to build a robust human resources and development plan which will complement the transformation process as well as the strategy designed by the renowned consultancy.

Your Company is also lining up new leadership pipeline to take the Company into the next orbit of growth. Of the 975 employees on your Company's roll, more than 90% are engineers and technologists. The Company employs professionals from various faculty who are further trained in various topics to add value to the business of the Company.

Organizational Initiatives

Your Company has undertaken an exercise with the help of a renowned multinational consulting firm, to redefine its strategy for value maximization. The Company aims to aggressively get back onto the growth path with revenue growth through re-aligned business model, business mix, geographical diversity as well as organizational, operational and financial efficiency to enhance shareholder value.

Awards, Certifications and Recognition

- Your Company received the AD 2000 Merkblatter HPO & DIN EN ISO 3834-3 (EN 729-3) certification for supply of pressure equipment & piping. These certifications are essential requirement for many German buyers and also well accepted in other countries.
- Sanaswadi manufacturing facility was recertified OHSAS 18001 & ISO 14001 management system by TUV.
- The Kandla SEZ manufacturing facility bagged the 'Highest Export Award' for the fifth consecutive year.
- Your Company received the ABLE (Association of Biotechnology Led Enterprises) 'Tenth Anniversary Award' under the 'BioIndustrial' category for its efforts and contribution towards Industrial Biotechnology.
- Mr. Pramod Chaudhari received Maxell Lifetime Achievement Award for his momentous career as First Gen Entrepreneur.
- Mr. Pramod Chaudhari was conferred the prestigious BioSpectrum Leadership Award for his contribution to the biofuels industry through technological innovation.

Future Outlook

We will look at external opportunities and internal efficiencies to grow both, topline and profitability. For ethanol, it will be newer geographies which have announced mandates recently; we will look at existing base to throw up opportunities for modernization and upgradation of plants; we will look at innovation to drive more business our way.

We see greater industrial activity after a gap of almost 6 years, globally. This augurs well for emerging businesses. The shale gas find in USA is already driving investments in downstream activities. Petrochemicals and Chemicals too are seeing increased project announcements. Pharmaceuticals will also trace growth in population and healthcare benefits. We are already seeing growth in biosimilars in India as well as growth of pharma business in Asia and LatAm. Stringent FDA norms will demand higher level of technology and systems. In India also, with the stable government at the center, industrial activity is bound to pick up pace.

Your Company will ensure that it continually works on internal processes and systems and skills to deliver to higher demand.

Risks and concerns

Your Company has a 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 30-50% 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 effectiveness of risk management, 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.

Sustainability Report

The Company's vision is driven by Sustainability. It is integrated with the business, its solutions, internal processes and its employees.

Sustainability supports performance, people, environment and community. Your Company employs innovation, education and entrepreneurship amongst other tools, to deliver sustainability.

The consolidated performance of the Company crossed the high mark of ₹ 1000 crores in the fiscal 2013-14 despite challenging economic climate. This shows the resilience of the Company. In the same year, the emerging businesses scaled up its operating revenues. The Company engaged multiple skills and employed many change management techniques to ensure greater value for stakeholders.

During the year, the corporate office of the Company was shifted to a new facility for which it has applied for Green Building Status. Many environmentally correct technologies are also on the launch pad.

In order to foster sensitivity towards social responsibility, the Company has announced a contribution of minimum 10000 manhours for community service by Praj Group employees.

Praj CSR together with Praj Foundation undertook many socially relevant community projects that focused on environment, education, health and services to the underprivileged. Some projects have been scaled up in response to the needs of the community.

Environment

DECENTRALISED SOLID WASTE MANAGEMENT PROJECT

During the year, Praj Foundation and INORA initiated solid waste management projects in 11 schools in Pune. The projects were installed in these schools with active participation from students, parents and school management.

One of the schools, supported by INORA and Praj Foundation was given an award of best 'sustainable environmental practices' by The Social Forestry Department.

The "Garden from Compost" Competition was held for the 5th consecutive year. Individuals, Schools & institutions participated in this competition.

Five trained 'Social entrepreneurs' are providing services of establishing & maintaining composting projects at housing societies located in 3 wards of Pune city. During the fiscal, they have installed 39 common composting projects in various housing societies covering 2300 families. Through these projects, 2.4 ton per day of biodegradable waste is converted into compost.

ORGANIC FARMING

Organic Paddy cultivation under the INORA- Praj initiative received very encouraging response and results during fiscal. Use of vermicompost and green manuring crops and bio pest control measures were adopted. Azolla, a floating water fern with blue green algae, which helps in fixing atmospheric nitrogen, was extensively used in paddy crop.

85 farmers from Kalbhorwadi, Botarwadi & Marnewadi villages in vicinity of our R&D Centre adopted organic methods for cultivating paddy on 50 acres of area against 20 acres during previous fiscal.

Adoption of various organic farming practices helped reduce the cost of cultivation while increasing the average yield of Paddy by 10-12%.

Health

SAFE SANITATION

Praj Foundation has been working in village of Mandede since last 3 years. Based on the need assessment, it helped develop drinking water resources by deepening existing wells. To further augment drinking water supply, especially during summer, a new well was excavated. Panchayat Samiti also contributed funds for the excavation of the well. Drainage lines were laid in Veerwadi,

Duttawadi & Dhupalwadi. Entire waste water is now diverted through these lines into soak pits thereby improving the sanitation of these Wadis.

To further improve the living condition of the villagers, construction of the toilets was undertaken by the villagers under the guidance & partial financial support from Praj Foundation. During the current year, 20 toilets in addition to the 102 nos. previously constructed one have taken the total to 122 nos. These initiatives have strengthened the chances of Mandede in qualifying for Nirmal Gram (clean village program) status promoted by Ministry of Water Resources and Sanitation. The Central Government Committee for Nirmal Gram did the final evaluation of Mandede village in March 2014. Evaluation report is awaited from the Committee.

PREVENTIVE HEALTH AWARENESS AMONG WOMEN

In partnership with the District Health Officer (DHO) of Pune and Taluka Health Officer (THO) of Mulshi, Praj Foundation undertook training of ASHA (Accredited Social Health Activists) Workers to take on the program components developed by Praj Foundation & Rachana. Out of 130 ASHA workers, over 100 ASHAs attended interactive training sessions organized for this purpose.

The preventive healthcare program for women is continued for the 5th year with encouraging results.

Education

VOCATIONAL TRAINING

Animal husbandry training facility at Vigyan Ashram was upgraded to provide on- job training to the students from villages, in semi commercial environment.

The poultry rearing unit was constructed and equipped as per the poultry industry norms. This helped impart advance poultry rearing training to 30 students and 10 farmers in the last 6 months.

Goat rearing unit was upgraded. Unit was stocked with new breeds. Students got hands on training about goat breeding.

Food processing and testing facility also developed many innovative food products.

Vigyan Ashram Product 'Spirulina Fortified Groundnut Chikki' received 2nd Runner up Prize at Pune Municipal Corporation Vegetable & Food processing Exhibition.

STRENGTHENING THE FOUNDATION OF LEARNING

Praj Foundation, in association with Quality Education Support Trust (QUEST), is reaching out to the most underprivileged population to develop interest in education, enroll them in schools and through quality education, retain them in mainstream education.

Balbhavan at Kasghar in Wada block, Thane District is established in the area which predominantly has tribal population. Total 66 children were enrolled in Balbhavan in primary school. There is a marked improvement in most students. A special 8 days camp was arranged for the children of migratory workers. This helped in improving their performance considerably. Workshops on Language, Mathematics & Theatre were conducted for Balmitras (Instructors) to enhance their skills & abilities for effective implementation of project.

During the year, SIBM, the past partners in the Mahaintrapreneur Awards, have instituted a two year MBA course on Innovation and Intrapreneurship from academic year 2014-15. This will institutionalize the practice of intrapreneurship and innovation further.

The Dnyanrai, a program supporting all round development of rural children, is seeing some good results with improved competitiveness and learning ability amongst rural school children. Praj employees from the manufacturing center also got involved with this program during the year.

Your Company continues its partnership with ITI Velhe.

Apart from this, many other projects are being carried out in order to ensure that social equanimity is served. Praj has deepened its involvement in various projects. Praj, together with Praj Foundation, will continue to discharge its social responsibility with a view to enhancing sustainability.

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 nine Directors as on 31st March, 2014, comprising of two Whole-time Directors, seven Non-Executive Directors. Five of the Non-Executive Directors are Independent Directors.

b) Number of Board Meetings

Four Board Meetings were held during the year ended 31st March, 2014. The dates are – 13th May, 9th August, 25th October in the calendar year 2013 and 5th February in the calendar year 2014.

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 ²	No. of Committee Memberships ³	
					Chairman	Member
Mr. Pramod Chaudhari	PD, ED	4	Yes	2	1	1
Mr. Gajanan Nabar	ED	4	Yes	1	Nil	1
Mr. Berjis Desai	ID, NED	4	Yes	7	1	6
Mr. Kishor Chaukar	ID, NED	2	No	11	1	7
Ms. Parimal Chaudhari ¹	PD, NED	4	Yes	Nil	Nil	1
Mr. Prakash Kulkarni	ID, NED	4	Yes	Nil	Nil	1
Mr. Rajiv Maliwal	ID, NED	3	No	3	Nil	Nil
Mr. Sivaramakrishnan S. Iyer	ID, NED	4	Yes	5	4	3
Mr. Utpal Sheth	NED	3	No	6	Nil	1

{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 25 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 www.praj.net

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.

Composition: As on 31st March, 2014, the Audit Committee of the Company comprises of three Independent Non-Executive Directors namely Mr. Berjis Desai (Chairman of the Committee), Mr. Sivaramakrishnan S. Iyer and Mr. Prakash Kulkarni. The composition of the Audit Committee meets the requirements of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement.

Meetings: This Committee has met four times during the year i.e. on 13th May, 9th August, 25th October, in the calendar year 2013 and 5th February in the calendar year 2014.

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

Name of Director	No. of Meetings	Meetings attended
Mr. Berjis Desai	4	4
Mr. Prakash Kulkarni	4	4
Mr. Sivaramakrishnan S. Iyer	4	4

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) Remuneration Committee:

*Renamed as Nomination and Remuneration Committee effective 1st April, 2014.

Terms of Reference: The Remuneration Committee has been constituted to recommend / review the remuneration of Executive Directors of the Company.

Composition: As on 31st March, 2014, the Remuneration Committee of the Company comprises of four Non-Executive Directors namely Mr. Berjis Desai (Chairman of the Committee), Mr. Rajiv Maliwal, Mr. Sivaramakrishnan S. Iyer and Mr. Utpal Sheth.

Meetings: This Committee met on 13th May, 2013 during the year ended 31st March, 2014.

Attendance of each Member at the Remuneration Committee meetings held during the year.

Name of Director	No. of Meetings	Meetings attended
Mr. Berjis Desai	1	1
Mr. Rajiv Maliwal	1	1
Mr. Sivaramakrishnan S. Iyer	1	1
Mr. Utpal Sheth	1	0

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.

i) Remuneration of Executive Directors:

The aggregate value of Salary & Perquisites including commission for the year ended 31st March, 2014 to the Executive Directors is as follows :

Mr. Pramod Chaudhari, Executive Chairman ₹ 62.855 Mn. (Salary ₹ 53.714 Mn., Perquisites ₹ 2.841 Mn., Commission ₹ 6.3 Mn), Mr. Gajanan Nabar, CEO & MD ₹ 28.471 Mn. (Salary ₹ 23.563 Mn., Perquisites ₹ 2.658 Mn. and commission ₹ 2.25 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 12,50,000 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' salary.

The tenure of office of the CEO & MD is for a period of 44.5 months from the date of appointment. As per agreement, Severance Fee is restricted to 6 months' salary.

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 shareholders of the Company had, in the 23rd Annual General Meeting held on 9th July, 2009, approved payment of commission on profits to Non – Executive Directors for a period of five years up to a limit of 3% of the net profit of the Company calculated in accordance with the provisions of the Companies Act, 1956. 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 2013-14 is ₹ 7.2 Mn. The details are as follows:

Mr. Berjis Desai ₹ 1.35 Mn., Mr. Kishor Chaukar ₹ 0.6 Mn., Ms. Parimal Chaudhari ₹ 1.17 Mn., Mr. Prakash Kulkarni ₹ 1.53 Mn., Mr. Rajiv Maliwal ₹ 0.6 Mn., Mr. Sivaramakrishnan S. Iyer ₹ 1.35 Mn. and Mr. Utpal Sheth ₹ 0.6 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 31/03/2014 :

Name of Director	Number of Equity Shares held	Stock Options outstanding	Grant Price per option (₹)	Last date for conversion of options
Mr. Berjis Desai	1,481,450	Nil	N. A.	N. A.
Mr. Kishor Chaukar	Nil	Nil	N. A.	N. A.
Ms. Parimal Chaudhari	14,400,000	Nil	N. A.	N. A.
Mr. Prakash Kulkarni	5,000	Nil	N. A.	N. A.
Mr. Rajiv Maliwal	Nil	Nil	N. A.	N. A.
Mr. Sivaramakrishnan S. Iyer	180,000	Nil	N. A.	N. A.
Mr. Utpal Sheth	120,100	Nil	N. A.	N. A.

c) **Shareholders'/Investors' Grievance Committee:**

Composition : As on 31st March, 2014, the Shareholders'/ Investors' Grievance Committee of the Board comprises of two Directors namely Mr. Sivaramakrishnan S. Iyer, (Chairman of the Committee) and Ms. Parimal Chaudhari.

Meetings : This Committee has met four times during the year ended 31st March, 2014. The dates are – 19th April, 9th August and 25th October, in the calendar year 2013 and 5th February in the calendar year 2014.

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

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

During the year the Company received 17 complaints which were duly attended to. No investors' complaint is pending as on 31st March, 2014.

Mr. Dattatraya Nimbolkar, CFO & Company Secretary is the Compliance Officer for complying with the requirements of 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 25th October, 2013 to ;

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

Composition : As on 31st March, 2014, the Praj Corporate Social Responsibility Committee of the Board comprises of three Directors namely Ms. Parimal Chaudhari (Chairperson of the Committee), Mr. Kishor Chaukar and Mr. Sivaramakrishnan S. Iyer.

The Committee met once on 5th February, 2014 during the year ended 31st March, 2014.

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	1	1
Mr. Kishor Chaukar	1	1
Mr. Sivaramakrishnan S. Iyer	1	1

General Body Meetings:

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

Year	Venue	Date& Time	Special Resolutions passed
2010-11	"PRAJ HOUSE", Bavdhan, Pune 411 021	22nd July, 2011 10.00 a.m.	a) Issue of shares under Employee Stock Option Plan 2011 to employees of the Company. b) Issue of shares under Employee Stock Option Plan 2011 to employees of the subsidiaries of the Company.
2011-12	"PRAJ HOUSE", Bavdhan, Pune 411 021	20th July, 2012 10.00 a.m.	Nil
2012-13	"PRAJ HOUSE", Bavdhan, Pune 411 021	22nd July, 2013 10.00 a.m.	Nil

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. Whistle Blower Policy:

The Company has a mechanism for employees to report their concerns about unethical behavior, financial impropriety etc. There is an inherent assurance about non-victimization of employees using this mechanism.

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, Gujrat. India.

5. Disclosure regarding appointment / re-appointment of Directors:

Ms. Parimal Chaudhari:

Date of birth : 01/08/1956
 Date of Appointment : 21/07/2006
 Qualification : Post Graduate degree in Journalism & Communications from Pune University and MS in Television-Radio-Film (TRF) from Syracuse University, USA.

Expertise in specific functional area :

She brings rich experience in communication and human resource development. As Managing Trustee of Praj Foundation, she steers the CSR activities.

Directorships held in other public companies (excluding foreign companies and section 25 companies) : Nil

Memberships / Chairmanships of committees of public companies (includes only Audit Committee and Shareholders / Investors Grievance Committee) :

Ms. Parimal Chaudhari is a member of Investor Grievance Committee of Praj Industries Ltd.

Shareholding in the Company :

She holds 14,400,000 (8.11%) shares of the Company in her name as on 31st March, 2014.

Mr. Berjis Desai

Date of birth : 02/08/1956
 Date of Appointment : 27/08/1993
 Qualification : LLB. Masters degree in law from Cambridge University.

Expertise in specific functional area:

His expertise lies in laws relating to mergers and acquisitions, securities, international commercial arbitration and in financial and international business law.

Directorships held in other public companies (excluding foreign companies and section 25 companies) :

Currently, Mr. Berjis Desai is on the Board of following Companies :

The Great Eastern Shipping Company Ltd., Edelweiss Financial Services Ltd., Man Infraconstruction Ltd. Adani Enterprises Ltd., Himatsingka Seide Ltd., Greatship (India) Ltd., Emcure Pharmaceuticals Ltd.

Memberships / Chairmanships of committees of public companies (includes only Audit Committee and Shareholders / Investors Grievance Committee) :

Praj Industries Ltd.	Chairman – Audit Committee
The Great Eastern Shipping Co. Ltd.	Member – Audit Committee Member – Shareholders Grievance Committee
Edelweiss Financial Services Ltd.	Member – Shareholders/ Investors Grievance Committee Member – Audit Committee
Greatship (India) Ltd.	Member – Audit Committee
Emcure Pharmaceuticals Ltd.	Member – Audit Committee

Shareholding in the Company :

He holds 1,481,450 (0.83%) shares of the Company in his name as on 31st March, 2014.

Mr. Kishor Chaukar

Date of birth : 01/08/1947

Date of Appointment : 17/06/2007

Qualification : Post-graduate in Management from the Indian Institute of Management, Ahmedabad.

Expertise in specific functional area:

He oversees the function of the Department of Economics & Statistics (DES) at the Tata Group. He chairs the Tata Council for Community Initiatives (TCCI) - the nodal agency of the Tata Group on all matters related to social development, environmental management, bio-diversity restoration and conservation of wild life. Apart from that, he is also a member of the Board of several national and international organizations in the Corporate Sustainability and Human Rights space.

Before joining TIL, he was Managing Director of ICICI Securities & Finance Company Ltd. He began his career with Bharatiya Agro Industries Foundation, an NGO.

Directorships held in other public companies (excluding foreign companies and section 25 companies) :

Currently, Mr. Kishor Chaukar is on the Board of following Companies :

Tata Teleservices Ltd., Tata Autocomp Systems Ltd., Tata Communications Ltd., Tata Investment Corporation Ltd., Tata Business Support Services Ltd., Tata Petrodyne Ltd., TSR Darashaw Ltd., Advinus Therapeutics Ltd., Tata Teleservices (Maharashtra) Ltd., Tata AIA Life Insurance Co. Ltd., Tata Trustee Company Ltd.

Memberships / Chairmanships of committees of public companies (includes only Audit Committee and Shareholders / Investors Grievance Committee) :

Tata Autocomp Systems Ltd.	Member – Audit Committee
Tata Teleservices Ltd.	Member/ Alternate Chairman – Audit Committee
Tata Communications Ltd.	Chairman – Investor Grievance Committee
Tata Business Support Services Ltd.	Member – Audit Committee
Tata Trustee Company Ltd.	Member – Audit Committee
Advinus Therapeutics Ltd.	Member – Audit Committee
Tata Investment Corporation Ltd.	Member – Share Transfer & Investor Grievance

Shareholding in the Company :

He holds Nil (0.00%) shares of the Company in his name as on 31st March, 2014.

Mr. Prakash Kulkarni

Date of birth : 09/06/1947

Date of Appointment : 11/10/2010

Qualification : Graduate Engineer from VJTI and an alumni of Harvard Business School.

Expertise in specific functional area:

He has a vast experience in capital goods industry. He has spearheaded turnaround and growth strategies, proven by his track record with Thermax where he grew the business from ₹ 500 crores to ₹ 2400 crores. He has extensive experience in the energy and environment sector. He combines technical knowledge with business acumen.

He provides guidance on various aspects of the Company's operations and growth strategies.

Directorships held in other public companies (excluding foreign companies and section 25 companies) :

Nil

Memberships / Chairmanships of committees of public companies (includes only Audit Committee and Shareholders / Investors Grievance Committee) :

Praj Industries Ltd.	Member - Audit Committee
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Shareholding in the Company :

He holds 5,000 (0.003%) shares of the Company in his name as on 31st March, 2014.

Mr. Rajiv Maliwal

Date of birth : 26/11/1960

Date of Appointment : 14/08/2009

Qualification : Mechanical Engineer from BITS and post graduate in Business Administration from IIM Bangalore.

Expertise in specific functional area:

Mr. Rajiv Maliwal has vast experience in investing and managing large businesses in financial service industry.

Directorships held in other public companies (excluding foreign companies and section 25 companies) :

Currently, Mr. Rajiv Maliwal is on the Board of following companies:

ECL Engineering & Construction Company Ltd., Ramky Infrastructure Ltd., Man Infraconstruction Ltd.

Memberships / Chairmanships of committees of public companies (includes only Audit Committee and Shareholders / Investors Grievance Committee) :

Nil

Shareholding in the Company :

He holds Nil (0.00%) shares of the Company in his name as on 31st March, 2014.

Mr. Sivaramakrishnan S. Iyer:

Date of birth : 28/01/1967

Date of Appointment : 17/04/2003

Qualification : Bachelor's degree in Commerce and Chartered Accountant.

Expertise in specific functional area :

Apart from being associated with audit function of several well known companies, he also has experience in Funds Management.

Directorships held in other public companies (excluding foreign companies and section 25 companies) :

Currently, Mr. Sivaramakrishnan S. Iyer acts as a Director on the Board of Companies viz Edelweiss Trustee Services Ltd., Man Infraconstruction Ltd., Phoenix Mills Ltd, Praj HiPurity Systems Ltd., Cineline India Ltd.

Memberships / Chairmanships of committees of public companies (includes only Audit Committee and Shareholders / Investors Grievance Committee) :

Man Infraconstruction Ltd..	Chairman – Audit Committee
Man Infraconstruction Ltd.	Chairman – Investor Grievance Committee
Phoenix Mills Ltd.	Chairman – Audit Committee
Praj Industries Ltd.	Member – Audit Committee
Praj Industries Ltd.	Chairman – Investor Grievance Committee
Praj HiPurity Systems Ltd.	Member – Audit Committee
Cineline India Ltd.	Member – Audit Committee

Shareholding in the Company :

He holds 1,80,000 (0.1%) shares of the Company in his name as on 31st March, 2014.

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, LinkIntime India Private Limited (formerly known as Intime Spectrum Registry Limited). The share transfers are processed within a period of 15 days from the date of receipt of the transfer documents by LinkIntime India Private Limited.

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 viz. LinkIntime 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 26th May, 2014.

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.

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 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.

Mechanism for evaluating Non-Executive Board Members:

Presently the evaluation of Non – Executive Directors is being done by Executive Directors and Lead Non – Executive Director.

Prevention of Sexual Harassment Policy:

The Company has a policy and mechanism for preventing sexual harassment of employees.

8. Certificate on Corporate Governance:

The Company has obtained a Certificate from Dr. K. R. Chandratre, Practising Company Secretary 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 : Monday, 28th July, 2014
 Venue : "Praj Tower, S. No 274 & 275/2, Bhumkar Chowk-
 Hinjewadi Road, Hinjewadi, Pune 411 057
 Financial Year : 1st April to 31st March

Financial Calendar

For the year ended 31st March, 2014 quarterly results were announced on:

Results for the quarter ended June 2013	9th August, 2013
Results for the quarter ended September 2013	25th October, 2013
Results for the quarter ended December 2013	5th February, 2014
Results for financial year ended March 2014	26th May, 2014

For the year ended 31st March, 2015, the tentative announcement dates are:

Results for the quarter ending June 2014	Fourth week of July 2014
Results for the quarter ending September 2014	Third week of October 2014
Results for the quarter ending December 2014	Third week of February 2015
Results for last quarter ending March 2015	Third week of May 2015

Date of Book Closure : 24th July, 2014 to 28th July, 2014 (both days inclusive)

Dividend payment Date : On or after 14th August, 2014.

Stock / Scrip Code / ISIN / CIN

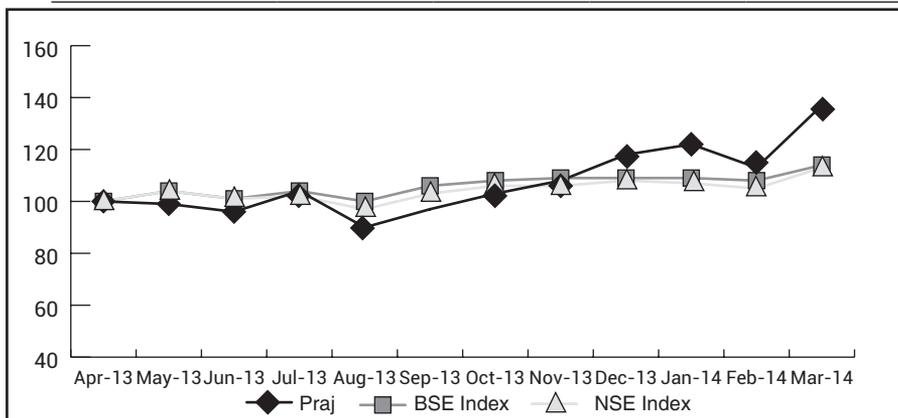
National Stock Exchange Ltd. (NSE)	PRAJIND
Bombay Stock Exchange Ltd. (BSE)	522205
ISIN with NSDL & CDSL	INE074A01025
Company Identification Number (CIN)	L27101PN1985PLC038031

The Annual Listing Fees for 2014-2015 have been paid to both the Stock Exchanges.

Stock Market Data

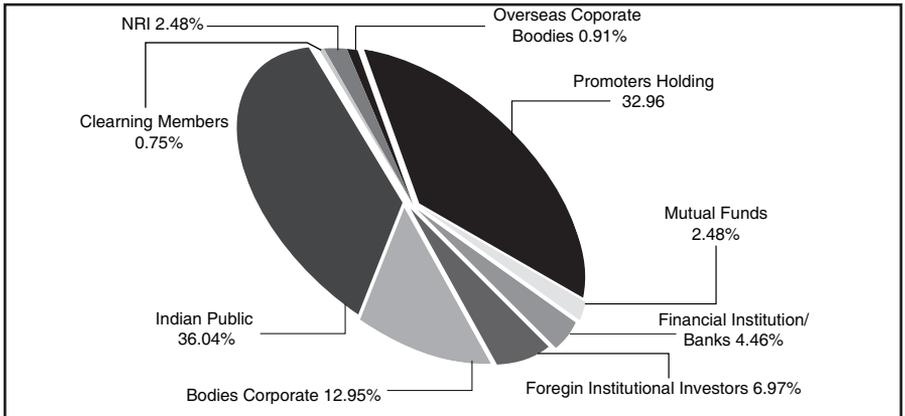
Monthly high / low during the year 2013 - 2014 on BSE & NSE:

Month	BSE		NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April 2013	41.70	36.05	41.50	36.20
May 2013	41.10	35.35	41.20	35.50
June 2013	39.05	36.50	39.65	36.10
July 2013	43.25	31.05	43.25	31.05
August 2013	37.45	30.00	37.50	31.00
September 2013	40.00	33.60	40.15	33.00
October 2013	42.90	35.65	42.80	35.60
November 2013	44.65	37.85	44.70	37.80
December 2013	48.80	41.00	48.90	41.00
January 2014	50.65	43.00	50.65	42.90
February 2014	46.90	42.00	46.85	42.00
March 2014	56.90	42.70	57.00	42.65



Shareholding Pattern as on 31st March, 2014

Category	31/03/2014		31/03/2013	
	No. of shares of ₹ 2/- each	% of holding	No. of shares of ₹ 2/- each	% of holding
Promoters Holding	58500000	32.96	55350000	31.19
Total (A)	58500000	32.96	55350000	31.19
Non – Promoter Holding				
Mutual Funds	4407692	2.48	132275	0.07
Financial Institutions / Banks	7923705	4.46	7985701	4.50
Foreign Institutional Investors	12374081	6.97	19352625	10.91
Bodies Corporate	22957527	12.95	23486978	13.24
Indian Public	63936983	36.04	64165384	36.15
Clearing Members	1325008	0.75	734504	0.41
Non-Resident Indians	4414433	2.48	4577362	2.58
Overseas Corporate Bodies	1622250	0.91	1622250	0.92
Trusts	3400	0.00	58000	0.03
Total (B)	118965079	67.04	94644478	68.81
Total (A) + (B)	177465079	100.00	177465079	100.00



Distribution of shareholding as on 31st March, 2014

Shareholding of nominal value	Shareholders	Percentage	Nominal Value of Equity Shares in ₹	Percentage
1 - 5000	109318	97.7800	50009272	14.0899
5001 - 10000	1335	1.1941	9811374	2.7643
10001 - 20000	585	0.5233	8759784	2.4680
20001 - 30000	168	0.1503	4253030	1.1983
30001 - 40000	90	0.0805	3277460	0.9234
40001 - 50000	65	0.0581	2980128	0.8396
50001 - 100000	106	0.0948	7548326	2.1267
100001 and above	133	0.1190	268290784	75.5897

Dematerialisation of Shares and Liquidity:

As on 31st March, 2014, 99.77% of shareholding was held in dematerialized form with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL). In terms of the notification issued by SEBI, trading in the equity shares of the Company is permitted only in dematerialized form w.e.f. 15th March, 2000.

Physical and Demat Shares:

	As on 31st March, 2014	
		%
No. of Shares held by NSDL	88327803	49.77
No. of Shares held by CDSL	88736634	50.00
Physical Shares	400642	0.23
Total	177465079	100.00

Unclaimed Dividend :

Members may please note that pursuant to Section 205C of the Companies (Amendment) Act, 1999, 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
2006-07	2nd Interim Dividend 06-07	12/03/2007	16/04/2014
2007-08	Interim dividend 07-08	29/01/2008	05/03/2015
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

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 IntimeIndiaPvt. Ltd., Pune.

The Company has constituted Investor Grievances Committee for redressing shareholders and investors complaints. Mr. Dattatraya Nimbolkar, CFO & Company Secretary is the Compliance Officer.

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

Address for correspondence:

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

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. Official Media Releases are sent to the Stock Exchanges.
- Website : The Company's website www.praj.net contains a dedicated section "Investor Lounge" where information for shareholders is available. The Annual 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 unaudited financial results and official news releases were displayed on the Company's website.

Declaration for Compliance with Code of Conduct

To the members of **PRAJ INDUSTRIES LIMITED**

Pursuant to Clause 49 I (D) (ii) 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 and made effective from 28th January, 2006. All Board members and senior management personnel have affirmed compliance with the Code of Conduct.

For **Praj Industries Limited**

GAJANAN NABAR
CEO & MD

Place : Pune

Date : 26th May, 2014

Certificate on Compliance with Clause 49 of the Listing Agreement by Praj Industries Limited

To the Members of **PRAJ INDUSTRIES LIMITED**

I have examined the compliance by PRAJ INDUSTRIES LIMITED ('the Company') of the requirements under Clause 49 of the Listing Agreement, entered into by the Company with the Stock Exchanges, for the year ended 31st March, 2014.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

The compliance of conditions of Corporate Governance is the responsibility of the management of the Company. My examination was limited to procedures adopted, and implementation thereof, by the Company for ensuring compliance with the conditions of Corporate Governance under Clause 49. The examination is neither an audit nor an expression of opinion on the financial statements of the Company.

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

Dr. K. R. Chandratre
Practising Company Secretary
FCS No. 1370
Certificate of Practice No. 5144

Place : Pune

Date : 26th May, 2014

Disclosures pursuant to the provisions of SEBI (ESOS and ESPS) Guidelines, 1999

Sr. No.	Particulars	ESOP 2005 Grant III – 9th July 2009	ESOP 2005 Grant IV – Plan A – 16th Nov. 2010	ESOP 2005 Grant IV – Plan B – 16th Nov. 2010
1	Details of meeting	Annual General Meeting held on 23rd July 2005.		
2	Options Granted (including impact of bonus)	3,029,626	1,250,000	700,000
3	Pricing Formula	At fair market value	At fair market value	At fair market value
4	Options vested	2,365,925	500,000	647,000
5	Options exercised	4,100	Nil	Nil
6	Options exercised during 2013-14	Nil	Nil	Nil
7	The total number of shares arising as a result of exercise of options.	4,100	Nil	Nil
8	Options lapsed / cancelled	3,025,526	Nil	71,000
9	Variation of terms of options	Nil	Nil	Nil
10	Money realised by exercise of options during the year	NIL	Nil	Nil
11	Total number of options in force	NIL	1,250,000	629,000
12	Employee-wise details of options granted to Senior Managerial Personnel:-			
	Gajanan Nabar	-	1,250,000	-
	Balu Sarma	15,000	-	30,000
13	Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year:-			
	Gajanan Nabar	-	1,250,000	-
14	Identified employee who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	-	-	-

15. Proforma adjusted net income and earnings per share:

Particulars	₹
Net income as reported (in millions)	624.065
Add: Intrinsic Value Compensation Cost	Nil
Less: Fair Value Compensation Cost (in millions)	9.030
Adjusted Proforma Net Income (in millions)	615.035
Basic Earning Per Share –	
- As Reported	3.52
- Adjusted Proforma	3.47
Diluted Earning Per Share –	
- As Reported	3.52
- Adjusted Proforma	3.47

16. Assumptions used to estimate the Fair Value of Options using Black-Scholes option pricing model:

Particulars	Date of Grants		
	9th July, 2009	16th Nov. 2010 Plan A	16th Nov. 2010 Plan B
1) Risk-free interest rate	4.09 % - 5.40 %	7.35% - 7.79%	7.10%
2) Expected Life	2 – 3 years	2 – 3 years	1 – 3 years
3) Expected Volatility	83.45%	76.64%	80.77%
4) Expected Dividend Yield	0.93 %	2.57%	2.57%
5) Price of the underlying share in market at the time of Options grants	₹ 81.75	₹ 72.70	₹ 72.70

17. (i) Weighted-average exercise price of options granted:

Sr. No.	Particulars	₹
1	Exercise price equals market price	78.21
2	Exercise price is greater than market price	NA
3	Exercise price is less than market price	NA

(ii) Weighted-average fair value of options granted during the year:

Sr. No.	Particulars	₹
1	Exercise price equals market price	NA
2	Exercise price is greater than market price	NA
3	Exercise price is less than market price	NA

To the Members of Praj Industries Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of Praj Industries Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statements of Profit and Loss and Cash Flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the preparation of these 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 Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act 2013. This responsibility includes the design, implementation and maintenance of internal control 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.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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.
4. An audit involves performing procedures to obtain audit evidence about the amounts and 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the 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:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
 - (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

7. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of section 227 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.

8. As required by section 227(3) of the Act, we report that:
- a. we have 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 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 Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013;
 - e. On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

Padmini Khare Kaicker
Partner
Membership Number: 44784

Pune, 26 May 2014

Annexure to the Auditors' Report referred to in paragraph 7 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 during the 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 to us, no material discrepancies were noticed on such verification.
- (c) Fixed assets disposed off during the year were not substantial and therefore do not affect going concern status of the Company.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (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) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the inventory, 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) 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 301 of the Companies Act, 1956. Accordingly, provisions of clause 4 (iii) (b), (c), (d), (e), (f) and (g) of the Companies (Auditor's Report) Order, 2003 (as amended) 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) (a) Based on our verification and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public. Therefore, the provisions of section 58A and 58AA and any other relevant provisions of the Companies Act, 1956 and rules framed thereunder are not applicable.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) 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 section

209(1) (d) of the Companies Act, 1956, 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.

- (ix) According to the records of the Company examined by us and information and explanations given to us:
- The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.
 - No undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
 - According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess 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
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)
The Income Tax Act, 1961	Dues determined as per assessment	4.64	F.Y. 2007-2008	Bombay High Court

- (x) 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.
- (xi) 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 any financial institution, bank or debenture holders.
- (xii) According to the information and explanations given to us and based on the documents and records produced, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Hence, the provisions of Clause 4(xii) of the Order are not applicable to the Company.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the terms and conditions under which the Company has given guarantee for loans taken by subsidiary from banks are not prima facie prejudicial to the interests of the Company.
- (xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.

- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year. Accordingly, the provisions of Clause 4(xix) of the Order are not applicable to the Company.
- (xx) The Company has not raised any money through public issue during the year. Accordingly, the provisions of Clause 4(xx) of the Order are not applicable to the Company.
- (xxi) 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.

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

Padmini Khare Kaicker
Partner
Membership Number: 44784

Pune, 26 May 2014

Balance Sheet as at 31st March, 2014

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

	Notes	31/03/2014	31/03/2013
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	354.930	354.930
Reserves and Surplus	4	5488.631	5325.495
Non-Current Liabilities			
Long Term Borrowings	5	1.463	1.463
Deferred Tax Liabilities (Net)	6	91.701	116.301
Long Term Provisions	7	96.306	89.678
Current liabilities			
Trade Payables	8	1604.707	1210.730
Other Current Liabilities	8	1885.725	1639.384
Short Term Provisions	9	1903.523	1655.040
TOTAL		11426.986	10393.021
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	10	2354.153	1712.905
Intangible Assets	10	37.886	15.837
Capital Work-in- Progress		15.640	478.083
Non Current Investments	11	1193.091	1011.432
Long Term Loans and Advances	12	123.492	97.496
Other Non Current Assets	13	100.020	100.020
Current Assets			
Current Investments	14	860.227	1479.330
Inventories	15	911.660	755.669
Contracts in Progress	27	904.726	331.025
Trade Receivables	16	2505.337	2180.111
Cash and Bank Balances	17	285.034	285.352
Short Term Loans and Advances	18	2135.720	1945.761
TOTAL		11426.986	10393.021
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 Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No. 044784

Place: Pune
Date: 26th May, 2014

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

Pramod Chaudhari
Executive Chairman

Dattatraya Nimbolkar
CFO & Company Secretary

Gajanan Nabar
CEO & Managing Director

Sivaramakrishnan S. Iyer
Director

Statement of Profit and Loss
for the year ended 31st March, 2014

Praj Annual Report 2013-14

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

	Notes	31/03/2014	31/03/2013
Income:			
Revenue from operations (Gross)	19	8082.702	7572.546
Less: Excise Duty		255.864	307.868
Revenue from operations (Net)		7826.838	7264.678
Other Income	20	226.514	291.763
Total Revenue		8053.352	7556.441
Expenses:			
Cost of materials consumed	21	4012.102	4165.128
(Increase)/Decrease in inventories of Finished Goods, Work-in-Progress	22	100.312	(58.295)
Employee Benefit Expenses	23	1049.346	949.685
Finance costs	24	2.226	3.275
Depreciation and amortisation expenses	10	139.365	128.902
Other Expenses	25	1965.601	1560.543
Total Expenses		7268.952	6749.238
Profit before tax		784.400	807.203
Tax Expense:			
Current Tax		184.937	160.990
Deferred Tax charge / (credit)		(24.601)	(15.602)
Profit / (Loss) after tax		624.064	661.815
Earning per share			
1. Basic [nominal value of ₹ 2 each (March 31, 2013 ₹ 2)]	31	3.52	3.73
2. Diluted [nominal value of ₹ 2 each (March 31, 2013 ₹ 2)]	31	3.52	3.73
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 Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No. 044784

Place: Pune
Date: 26th May, 2014

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

Pramod Chaudhari
Executive Chairman

Dattatraya Nimbolkar
CFO & Company Secretary

Gajanan Nabar
CEO & Managing Director

Sivaramkrishnan S. Iyer
Director

Cash Flow Statement

for the year ended 31st March, 2014

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

	31/03/2014	31/03/2013
A. Cash flow from operating activities		
Net profit before tax	784.400	807.203
Adjustments for:		
Loss / (Profit) on sale of fixed assets	(5.748)	2.143
Gain on redemption of mutual fund investments	(76.321)	(92.535)
Bad Debts / Provision for doubtful debts and advances	124.880	53.643
Excess provision / creditors written back (including advances)	(98.987)	(66.017)
Unrealised foreign exchange (gain) / loss (net)	9.674	(21.498)
Depreciation and amortisation	139.365	128.902
Interest earned	(16.027)	(33.363)
Dividend from mutual fund investments	(22.306)	(53.649)
Interest charged	2.226	3.275
Operating profit before working capital changes	841.156	728.104
Changes in working capital		
(Increase) / decrease in trade receivables	(461.334)	306.696
(Increase)/decrease in inventories (including contracts in progress)	(729.692)	343.162
(Increase)/decrease in long term loans and advances	0.446	(61.593)
(Increase)/decrease in short term loans and advances	33.266	(124.977)
Increase/(decrease) in trade payables	490.470	(103.550)
Increase/(decrease) in other current liabilities	246.341	(418.493)
Increase/(decrease) in long term provisions	6.628	34.475
Increase/(decrease) in short term provisions	63.546	(85.879)
Cash generated from operations	490.827	617.945
Direct taxes paid (including taxes deducted at source), net of refunds	(218.597)	(415.247)
NET CASH FROM OPERATING ACTIVITIES	272.230	202.698
B. Cash flow from investing activities		
Purchase of fixed assets and intangibles	(368.794)	(521.668)
Investments:		
- in subsidiaries	(281.659)	(162.091)
- in mutual funds	(2066.739)	(5065.476)
Sale of investments		
- in mutual funds	2862.349	5078.495
Proceeds from sale of fixed assets	7.882	0.283
Interest received on investments	7.149	91.608
Dividend received on investments	22.306	53.649
Investment in fixed deposits	(21.800)	736.800
NET CASH FROM / (USED) IN INVESTING ACTIVITIES	160.694	211.600

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

	31/03/2014	31/03/2013
C. Cash flow from financing activities		
Increase / (Decrease) in Long term borrowings	-	1.463
Payment towards Buyback of Shares	-	(152.810)
Dividend paid including dividend distribution tax	(460.928)	(334.132)
Interest paid	(2.226)	(3.275)
NET CASH FROM / (USED) IN FINANCING ACTIVITIES	(463.154)	(488.754)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(30.230)	(74.456)
Cash and cash equivalents at the beginning of the year	272.152	337.887
Add: effect of exchange rate changes on cash and cash equivalents	8.112	8.721
Cash and cash equivalents at the end of the year	250.034	272.152

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 Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No. 044784

Place: Pune
Date: 26th May, 2014

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

Pramod Chaudhari
Executive Chairman

Dattatraya Nimbolkar
CFO & Company Secretary

Gajanan Nabar
CEO & Managing Director

Sivaramakrishnan S. Iyer
Director

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 of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention.

2.2 Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, 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.

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 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 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 recognized in the statement of profit and loss when the asset is derecognized.

2.5 Depreciation:

Depreciation on tangible assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management, or those prescribed under the Schedule XIV to the Companies Act, 1956, whichever is higher.

Assets costing individually ₹ 5,000 or less are depreciated at the rate of 100%.

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.

2.8 Investments

Investments, which are readily realizable 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 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 realizable 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 amortized and recognized 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 recognized 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 recognized 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.

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 and deferred tax. 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 recognized directly in equity is recognized 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 realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized 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 recognized 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 recognized in the year in which the timing differences originate. However, the Company restricts recognition of deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized 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 realized.

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 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 Company recognizes 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 recognizes 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, 2014

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

	31/03/2014		31/03/2013	
3. Share capital				
Equity Share Capital				
Authorised shares (No. million)				
450 (March 31, 2013: 450) equity shares of ₹ 2 each		900.000		900.000
Issued, subscribed and fully paid-up shares (No. million)				
177.465 (March 31, 2013: 177.465) equity shares of ₹ 2 each		354.930		354.930
		354.930		354.930
a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period:				
	No. million	Amount	No. million	Amount
At the beginning of the period	177.465	354.930	179.548	359.096
Less: Shares bought back during the period pursuant to buy back scheme	-	-	2.083	4.166
Outstanding at the end of the period	177.465	354.930	177.465	354.930
b. Terms/ Rights attached to equity shares:				
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 March 31, 2014, the amount of per share dividend recognised as distributed to equity shareholders was ₹ 2.22 (March 31, 2013 ₹ 1.62). In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company after distributing all preferential amounts.				
c. Shares held by holding/ultimate holding Company and/or their subsidiaries/associates:				
The Company does not have any holding or ultimate holding Company.				
d. Details of shareholders holding more than 5% shares in the Company:				
Equity shares of ₹ 2 each fully paid	No. million	% of holding	No. million	% of holding
Pramod Chaudhari (Promoter)	38.70	21.81%	37.35	21.05%
Parimal Chaudhari (Promoter)	19.80	11.16%	18.00	10.14%
Tata Capital Financial Services Limited	13.42	7.56%	13.42	7.56%
Rakesh Jhunjunwala	15.00	8.45%	15.00	8.45%
e. Shares reserved for issue under options:				
Shares reserved for issue under the Employee Stock Option Plan (ESOP) please refer note 35.				
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:				
	No. million		No. million	
Equity shares allotted as fully paid bonus shares by capitalisation of securities premium*	91.373		91.373	
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	

* The Company has declared Bonus in the ratio of 1:1 during the financial year 2007-08.

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

	31/03/2014	31/03/2013
4. Reserves and Surplus		
Capital Reserve	0.033	0.033
Amalgamation Reserve	3.063	3.063
Capital Redemption Reserve		
Balance as per last financial statements	14.627	10.461
Add: Transferred from securities premium	-	4.166
Balance at the end of year	14.627	14.627
Securities Premium		
Balance as per last financial statements	570.015	722.825
Less : utilisation for buy back of equity shares	-	152.810
Balance at the end of year	570.015	570.015
General Reserve		
Balance as per last financial statements	758.011	691.511
Add : amounts transferred from surplus balance in statement of profit and loss	62.500	66.500
Balance at the end of year	820.511	758.011
Surplus in the Statement of Profit and Loss		
Balance as per last financial statements	3979.746	3720.784
Profit as per statement of profit and loss	624.064	661.815
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	48.860	48.860
Transfer to general reserve	62.500	66.500
Net Surplus in Statement of Profit & Loss	4080.382	3979.746
Total Reserves and Surplus	5488.631	5325.495

Notes to the Financial Statements
for the year ended 31st March, 2014

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

	31/03/2014	31/03/2013
Non-Current liabilities		
5. Long Term borrowings		
Loan from others (unsecured)	1.463	1.463
	1.463	1.463
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'. Completion date of project cannot be determined at present.		
6. Deferred Tax Liabilities (Net)		
Deferred tax liability		
Difference between tax depreciation and depreciation/ amortisation charged for financial reporting	288.588	267.220
	288.588	267.220
Deferred tax asset		
Provision for Employee Benefits	(46.934)	(48.850)
Provision for doubtful debts and advances	(79.711)	(38.382)
Long Term Capital losses	(52.384)	(50.003)
Other items	(17.858)	(13.684)
	(196.887)	(150.919)
Deferred tax liability (Net)	91.701	116.301
7. Long term provisions		
Provision for leave encashment	19.834	25.080
Provision for gratuity (Refer note 34 b)	76.472	64.598
	96.306	89.678
Current Liabilities		
8. Trade Payable and other Current liabilities		
Trade Payables		
-Dues to Micro and Small enterprises under MSMED Act, 2006 *	59.872	41.551
-Dues to other parties	1544.835	1169.179
	1604.707	1210.730
* No interest is due / payable to parties under the MSMED Act, 2006		
Other current liabilities		
Advances received from customers	1587.382	1374.440
Dues to customers relating to contracts in progress (Refer Note 27)	220.390	199.428
Other Payables	69.521	59.001
Unclaimed Dividends	8.432	6.515
	1885.725	1639.384
9. Short term provisions		
Provision for taxation	1430.329	1245.392
Proposed final dividend	287.493	287.493
Provision for dividend tax on proposed dividend	48.860	48.860
Performance Incentive	95.061	40.233
Provision for leave encashment	39.780	31.062
Provision for gratuity (Refer note 34 b)	2.000	2.000
	1903.523	1655.040

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

10. Fixed Assets

	Intangible assets				Tangible Assets							Total	Previous period	
	Technical Knowhow	Softwares	Praj Brand	Land (Freehold)	Buildings	Plant and machinery	Computers and Office Equipment	Vehicles	Furniture and fixtures					
Gross Block														
As at 1st April 2013	64,800	73,208	56,923	231,408	781,100	875,860	145,294	35,602	188,826	2453,021	2251,802			
Additions during the year	26,250	6,825	-	131,851	477,854	33,542	94,019	-	34,454	804,795	214,023			
Deletions during the year	-	-	-	0,776	1,638	0,353	4,306	1,180	0,080	8,333	12,804			
As at 31st March 2014	91,050	80,033	56,923	362,483	1257,316	909,049	235,007	34,422	223,200	3249,483	2453,021			
Accumulated depreciation and amortisation														
As at 1st April 2013	54,910	67,261	56,923	-	111,620	277,837	81,281	13,631	60,816	724,279	605,756			
Charge for the year	6,955	4,071	-	-	25,039	75,739	14,020	3,206	10,335	139,365	128,902			
Depreciation on deletions	-	-	-	-	1,366	0,353	3,592	0,850	0,039	6,200	10,379			
As at 31st March 2014	61,865	71,332	56,923	-	135,293	353,223	91,709	15,987	71,112	857,444	724,279			
Net Carrying Value														
As at 31st March 2014	29,185	8,701	-	362,483	1122,023	555,826	143,298	18,435	152,088	2392,039	1728,742			
As at 31st March 2013	9,890	5,947	-	231,408	669,480	598,023	64,013	21,971	128,010	1728,742				

Notes to the Financial Statements
for the year ended 31st March, 2014

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

	31/03/2014	31/03/2013
Non Current Assets		
11. Non Current Investments		
Trade Investments (valued at cost unless stated otherwise)		
Unquoted equity investments		
Investments in subsidiaries		
Pacecon Engineering Projects Limited	5.359	5.359
308,750 (March 31, 2013 : 308,750) equity shares of ₹10 each fully paid		
Praj Far East Co., Limited	2.454	2.454
19,598 (March 31, 2013 : 19,598) equity shares of Thai Baht 100 each fully paid		
BioEnergy Europa B.V.	35.262	35.262
300,000 (March 31, 2013 : 300,000) equity shares of Euro 1 each fully paid		
Praj Americas Inc.	9.281	9.281
40,000 (March 31, 2013 : 40,000) equity shares of US Dollar 5 each fully paid		
Praj HiPurity Systems Limited (Formerly Neela Systems Limited)	975.043	770.787
3,500,000 (March 31, 2013 : 3,000,000) equity shares of ₹10 each fully paid		
Praj Industries (Africa) Pty Limited	104.558	38.322
125 equity shares at no par value (March 31, 2013 : 123)		
Praj Far East Philippines Ltd Inc.	11.167	-
8,313,281 equity shares of 1PHP each (March 31, 2013 : Nil)		
	1143.124	861.465
Less : Provision for Diminution in value of investment	-	-
	1143.124	861.465
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- 3680 Units, (March 31, 2013 : 3680)	49.967	49.967
	49.967	49.967
Quoted Mutual Funds:		
RELIGARE FMP SR XVIII - PLAN B-GR -Nil Units (March 31, 2013 : 5,000,000 Units)	-	50.000
TATA FMP SR 42 SCH C - Nil Units (March 31, 2013 : 5,000,000 Units)	-	50.000
	-	100.000
	1193.091	1011.432
Aggregate value of unquoted investments	1143.124	861.465
Aggregate value of quoted investments	49.967	149.967
Market value of quoted investments	60.077	157.665
12. Long Term Loans and Advances		
Capital Advances	39.169	12.727
Deposits (net)	76.135	73.966
Others	8.188	10.803
	123.492	97.496
13. Other Non Current Assets		
Deposits with banks (Refer note 17)	100.020	100.020
	100.020	100.020

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

	31/03/2014	31/03/2013
14. Current Investments (valued at lower of cost and fair value unless stated otherwise)		
Quoted Mutual Funds		
BIRLA SUN LIFE SAV FUND - WKY DIV - REGULAR PLAN - REINV - 529,137 Units (March 31, 2013: Units Nil)	53.035	-
ICICI PRUDENTIAL FLEXIBLE INC - REGULAR PLAN - WLY DIV - 493,178 Units (March 31, 2013: Units Nil)	52.007	-
HDFC QIF - PLAN C RETAIL DIVIDEND - 4,989,024 Units (March 31, 2013: Units Nil)	50.000	-
HSBC CASH FUND - DAILY DIVIDEND - 55,724 Units (March 31, 2013: Units Nil)	0.056	-
IDFC ULTRA SHORT TERM FUND - WLY DIV- (REGULAR PLAN) - 5,496,004 Units (March 31, 2013: Units Nil)	55.130	-
IDFC MONEY MANAGER FUND-INVEST PLAN - GR-(REG PLAN)- 22,520,581 Units(March 31, 2013: Units Nil)	50.000	-
RELIGARE INVESCO FMP - SERIES XVIII - PLAN B (386 DAYS) - GR - 5,000,000 Units (March 31, 2013: Units Nil)	50.000	-
SBI SHORT TERM DEBT FUND - REGULAR PLAN - GR - 3,584,538 Units (March 31, 2013: Units Nil)	50.000	-
SUNDARAM MONEY FUND BONUS - 519,218 Units (March 31, 2013: Units Nil)	80.000	-
TATA FIXED MATURITY PLAN SERIES 42 SCHEME C - PLAN A -GR- 5,000,000 Units (March 31, 2013: Units Nil)	50.000	-
KOTAK FMP SERIES 154 DIRECT - GR - 5,000,000 Units (March 31, 2013: Units Nil)	50.000	-
AXIS BANKING DEBT FUND - GR - 42,711 Units (March 31, 2013: Units Nil)	50.000	-
TEMPLETON INDIA ULTRA SHORT FUND SUPER INSTITUTIONAL PLAN - WLY DIV - REINVT - 9,899,226 Units (March 31, 2013: Units Nil)	100.000	-
IDFC DYNAMIC BOND FUND - GROWTH - (REGULAR PLAN) - 3,552,196 Units (March 31 2013: Units 7,307,388)	50.000	100.000
J P MORGAN INDIA ACTIVE BOND FUND INST. GR - 1,974,489. Units (March 31 2013: Units 1,974,489)	20.000	20.000
SBI DYNAMIC BOND FUND - REGULAR PLAN - GR - 6,959,949 Units (March 31 2013: Units 6,959,949)	100.000	100.000
AXIS SHORT TERM FUND-INSTI GR - Nil Units, (March 31, 2013: 4,111,639 Units)	-	50.000
BSL SHORT TERM FUND- GR - Nil Units, (March 31,2013: 2,421,565 Units)	-	100.000
BSL DYANAMIC BOND FUND-RETAIL-GR - Nil Units, (March 31,2013: 2,520,224 Units)	-	50.000
HDFC FMP 400D GR SR XXI- Nil Units, (March 31,2013: 15,000,000 Units)	-	150.000
IDFC SSIF-MT-PLAN-B-GR - Nil Units, (March 31, 2013: 12,271,244 Units)	-	150.000
ICICI PRUDENTIAL ULTRA SH TR-RP-WK DIV - Nil Units, (March 31, 2013: 9,966,512 Units)	-	100.000
J P MORGAN SHT TERM INC FUND-GR - Nil Units, (March 31, 2013: 81,99,678 Units)	-	100.000

Notes to the Financial Statements
for the year ended 31st March, 2014

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

	31/03/2014	31/03/2013
14. Current Investments (valued at lower of cost and fair value unless stated otherwise) (Contd.)		
AIG SHORT TERM FUND-GR - Nil Units, (March 31, 2013: 73,691 Units)	-	100.000
RELIANCE MONEY MANAGER FUND-DD - Nil Units, (March 31, 2013: 56 Units)	-	0.056
RELIANCE DYANAMIC BOND FUND - GR - Nil Units, (March 31, 2013: 3,336,046 Units)	-	50.000
SUNDARAM BNP PARIBAS MONEY PLUS WK D - Nil Units , (March 31, 2013: 15,388,659 Units)	-	154.071
TEMPLETON INDIA ULTRA BOND FUND-DD - Nil Units, (March 31, 2013: 10,505,883 Units)	-	105.203
TEMPLETON INDIA LOW DURATION FUND - Nil Units, (March 31, 2013: 12,256,404 Units)	-	150.000
Total	860.228	1479.330
Aggregate amount of quoted investments	860.227	1479.330
Market value of quoted investments	886.775	1535.517
Current Assets		
15. Inventories (valued at lower of cost and net realisable value)		
Raw Materials	794.821	538.518
Work in Progress	52.622	149.095
Finished goods	64.217	68.056
	911.660	755.669
16. Sundry debtors (unsecured)		
Over six months		
- Considered good	454.570	402.452
- Considered doubtful	226.769	110.555
Others, considered good	2050.767	1777.659
	2732.106	2290.666
Less: Provision for doubtful debts	226.769	110.555
	2505.337	2180.111
17. Cash and bank balances		
Balances with banks		
On current accounts	53.517	140.979
Deposits with original maturity of less than 3 months	186.500	122.000
On unclaimed dividend account	8.561	6.647
Cheques, drafts on hand	-	0.878
Cash on hand	1.456	1.648
	250.034	272.152
Other bank balances		
Deposits with maturity for more than 12 months	100.020	100.020
Deposits with maturity for more than 3 months but less than 12 months	35.000	13.200
	135.020	113.220
Less: amounts disclosed under other non-current assets (Refer note 13)	(100.020)	(100.020)
	35.000	13.200
	285.034	285.352

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

	31/03/2014	31/03/2013
18. Short Term Loans and advances (Unsecured, considered good)		
Advances to subsidiaries	33.590	7.870
Advances to suppliers	163.654	251.515
Other Receivable (net)	146.947	104.193
Advance income tax [including tax deducted at source ₹ 84.525 (March 31, 2013 ₹ 76.617)]	1625.742	1407.145
Balances with Central Excise, Customs and VAT authorities	165.787	175.038
	2135.720	1945.761
19. Revenue from operations		
Sale of Products and Projects	7229.926	7703.133
Add: Closing Contracts in progress	684.336	131.597
Less: Opening Contracts in progress	131.597	529.041
Less: Excise duty	246.224	298.819
(a)	7536.441	7006.871
Sale of services	(b) 218.491	184.240
Other Operating Revenue (Scrap Sales)	81.546	82.616
Less: Excise duty	9.640	9.049
(c)	71.906	73.567
Total Revenue from operation (Net)	7826.838	7264.678
20. Other income		
Dividend from mutual fund investments	22.306	53.649
Gain on redemption of mutual fund investments (net)	76.321	92.535
Interest		
- on fixed deposits (tax deducted at source ₹ 1.536; March 31, 2013 : ₹ 3.303)	15.409	33.037
- others (tax deducted at source ₹ Nil ; March 31, 2013 ₹ Nil)	0.618	0.326
Excess provision / creditors written back (including advances)	98.987	66.017
Other non-operating income	12.873	46.199
	226.514	291.763

Notes to the Financial Statements
for the year ended 31st March, 2014

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

	31/03/2014	31/03/2013
21. Cost of materials consumed		
Raw material consumed	4012.102	4165.128
	4012.102	4165.128
Details of materials consumed:		
Stainless Steel material-plates,coils,tubes etc	816.132	570.255
Other Raw materials, intermediaries, components, bought outs & other items	3195.970	3594.873
	4012.102	4165.128
22. (Increase) / Decrease in inventories of Finished Goods, Work in Progress		
Inventories at the end of the year		
Work in Progress	52.622	149.095
Finished goods	64.217	68.056
	116.839	217.151
Inventories at the beginning of the year		
Work in Progress	149.095	98.583
Finished goods	68.056	60.273
	217.151	158.856
(Increase) / Decrease in inventories	100.312	(58.295)
23. Employee Benefit Expenses		
Salaries, wages and bonus	942.661	838.340
Contributions to provident and other funds (Refer note 34 a)	36.061	32.921
Gratuity Expense (Refer note 34 b)	19.982	26.573
Staff welfare	50.642	51.851
	1049.346	949.685
24. Finance costs		
Interest Expense	2.226	3.275
	2.226	3.275

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

	31/03/2014	31/03/2013
25. Other Expenses		
Consumption of Stores & spares	119.773	86.011
Site expenses and labour charges	316.885	261.758
Freight and transport	208.673	221.567
Bad debts written off / Provision for doubtful debts and advances	124.880	53.643
Sales commission	282.087	176.769
Travel and conveyance	160.952	151.002
Professional consultancy charges	160.120	126.097
Insurance	27.465	25.778
Rent (Refer note 30)	43.515	32.685
Power and fuel	70.103	60.514
Advertising and exhibition expenses	61.872	26.585
Communication expenses	17.127	20.432
Testing charges	49.370	24.058
Repairs and maintenance:		
Building	1.298	5.283
Plant and Machinery	17.511	12.078
Others	36.934	27.122
Auditors' remuneration		
for audit services	3.218	2.409
for taxation services	0.600	0.400
for other services	0.100	0.155
out of pocket expenses	0.052	0.053
Buy Back Expenses	-	0.480
Rates and taxes	2.158	2.103
(Profit) / Loss on sale of fixed assets (net)	(5.748)	2.143
Foreign exchange fluctuation loss / (gain) (net)	78.597	57.346
Miscellaneous expenses	188.059	184.072
	1965.601	1560.543

26. Capital commitments, contingent liabilities and secured loans

	31/03/2014	31/03/2013
Capital commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	72.390	47.708
Contingent liabilities		
Claims against Company not acknowledged as debts (primarily relating to performance related claims filed by customers)	64.329	46.579
Disputed demands in appeal towards income tax, Service tax & sales tax	2.203	8.041
Guarantee issued in respect of obligations of a subsidiary	291.565	136.613
Unfulfilled Export Obligations under EPCG scheme to be fulfilled over 8 years	48.910	48.910
Secured Loans		
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

	31/03/2014	31/03/2013
Contract revenue recognised during the year	7453.162	6698.906
Aggregate amount of contract costs incurred and recognised profits (less recognised losses)	7453.162	6698.906
Customer advances outstanding for contracts in progress	1334.742	935.181
Retention money due from customers for contracts in progress	424.848	358.746
Gross amount due from customers for contract work (presented as Contracts in progress)	904.726	331.025
Gross amount due to customers for contract work (presented as Dues to customers relating to contracts in progress)	(220.390)	(199.428)

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 recognised. 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.

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

Secondary segmental information

Particulars	India		Rest of the world		Total	
	31/03/2014	31/03/2013	31/03/2014	31/03/2013	31/03/2014	31/03/2013
Segment sales	3423.397	4136.096	4403.441	3128.582	7826.838	7264.678
Segment assets	1466.303	1696.660	1039.034	483.451	2505.337	2180.111

29. Related party transactions

a) Parties where control exists

Subsidiaries	Pacecon Engineering Projects Limited Praj Far East Co. Limited BioCnergy Europa B.V. Praj Americas Inc. Praj Industries (Africa) Pty Limited Praj HiPurity Systems Limited (Formerly Neela Systems Limited) Praj Industries (Namibia) Limited Praj Far East Philippines Limited Inc
Fellow Subsidiaries	Praj Industries (Tanzania) Limited Praj Industries (Sierra Leone) Limited

b) Key management personnel and their relatives

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

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

Particulars	31/03/2014	31/03/2013
Pacecon Engineering Projects Limited		
Expenses incurred and reimbursed by us	0.581	1.182
Expenses incurred and reimbursed by Subsidiary	18.683	25.936
Payable	-	0.246
Receivable	0.131	-
Note: The Company renders certain services such as use of office space, communication etc. to the subsidiary for which no charges are recovered.		
BioCnergy Europa B.V.		
Payable	-	2.148
Expenses incurred and reimbursed by us	-	8.545
Receivable	-	4.835
Praj Far East Co. Limited		
Sales commission	20.271	3.947
Expenses incurred and reimbursed by us	1.848	0.738
Payable	4.217	1.932

Notes to the Financial Statements
for the year ended 31st March, 2014

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

Particulars	31/03/2014	31/03/2013
Praj Americas Inc.		
Sales Commission	21.797	40.855
Expenses incurred and reimbursed by us	-	0.132
Payable	5.163	7.004
Praj Industries (Africa) Pty Limited	66.237	37.011
Issue of Equity Shares		
Praj HiPurity Systems Limited (Formerly Neela Systems Limited)		
Issue of Equity Shares	204.255	125.076
Sale of Goods and Services	12.103	11.145
Purchase of Goods and Services	11.025	38.306
Expenses incurred and reimbursed by us	1.740	0.048
Expenses incurred and reimbursed by Subsidiary	9.756	5.345
Payable	13.497	20.917
Receivable	4.050	8.183
Advances receivable	11.139	0.333
Praj Industries (Tanzania) Limited		
Sales Commission	32.578	21.705
Expenses incurred and reimbursed by Subsidiary	2.188	4.392
Payable	6.120	21.091
Praj Industries (Sierra Leone) Limited		
Expenses incurred and reimbursed by Subsidiary	30.443	7.870
Receivable	31.943	7.870
Praj Industries (Namibia) Limited		
Sale of Goods and Services	15.730	-
Expenses incurred and reimbursed by Subsidiary	1.647	-
Receivable	1.647	-
Advance received	1.541	-
Praj Far East Philippines Limited Inc		
Issue of Equity Shares	11.167	-
Pramod Chaudhari		
Remuneration including commission on profit	62.855	49.963
Dividend	85.914	56.068
Payable	9.540	2.970
Gajanan Nabar		
Remuneration including commission on profit	28.471	25.438
Payable	8.055	6.715
Parimal Chaudhari		
Commission on profit	1.170	0.900
Dividend	31.968	20.412
Payable	1.170	0.900
Parth Chaudhari		
Remuneration	0.594	0.594

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 summarised below:

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

	31/03/2014	31/03/2013
Future minimum lease payments in respect of non cancellable leases		
- amount due within one year from the Balance sheet date	33.542	33.231
- amount due in the period between one year and five years	129.075	131.456
- amount due after five years	181.545	226.827
Lease payments debited to the Profit and loss account		
- cancellable leases	10.083	7.840
- non cancellable leases	33.432	24.845

31. Earnings per share

	31/03/2014	31/03/2013
Reconciliation of basic and diluted shares used in computing earnings per share		
Number of shares considered as basic weighted average shares outstanding for computing basic earnings per share	177,465,079	177,558,276
Add: effect of dilutive issue of shares / options	-	-
Number of shares considered as weighted average shares and potential shares outstanding for computing diluted earnings per share	177,465,079	177,558,276
Computation of basic and diluted earnings per share		
Net profit after tax attributable to equity shareholders	624.064	661.815
Basic earnings per equity share of ₹ 2 each	3.52	3.73
Diluted earnings per equity share of ₹ 2 each	3.52	3.73

32. Cash and cash equivalents

	31/03/2014	31/03/2013
At the beginning of the year		
Cash & Cheques in hand	2.526	2.141
Balances with banks*	147.626	124.746
Deposits with banks	122.000	211.000
	272.152	337.887
At the end of the year		
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

Notes:

1. Deposits with banks having maturity of more than three months aggregating to ₹ 135.020 (31st March, 2013: 113.020) are not readily liquid and have been excluded from cash and cash equivalents.
2. *Balance with bank include bank balances in relation to unclaimed dividends ₹8.561 (31st March, 2013: 6.647)

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 10.550 millions (31st March, 2013: 11.750 millions) & GBP Nil (31st March, 2013: 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	31/03/2014	31/03/2013
Balances in bank accounts	38.248	23.385
Advances paid	33.655	17.181
Payables representing creditors and other payables	150.385	121.930
Advances received	582.233	760.233
Receivables	368.683	55.670

34. Employee benefits

a) Defined contribution plans

The Company has recognised ₹ 36.061 (31st March, 2013 ₹ 32.921) 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	31/03/2014	31/03/2013
Liability at the beginning of the year	116.911	88.091
Current service cost	12.923	12.049
Interest cost	9.196	7.402
Benefits paid	(6.758)	(2.025)
Actuarial (gain) / loss on obligations	2.605	11.394
Liability at the end of the year	134.877	116.911

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

Particulars	31/03/2014	31/03/2013
Fair value of plan assets at the beginning of the year	50.313	44.637
Expected return on plan assets	4.716	4.194
Contributions by the employer	1.351	1.404
Benefits paid	-	-
Actuarial gain / (loss) on plan assets	0.025	0.078
Fair value of plan assets at the end of the year	56.405	50.313

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

Expense recognised in Profit and loss account

Particulars	31/03/2014	31/03/2013
Current service cost	12.923	12.049
Interest cost	9.196	7.402
Expected return on plan assets	(4.716)	(4.194)
Total actuarial (gain) / loss	2.580	11.316
Total expenses included in Note 23	19.982	26.573

Amount recognised in the Balance sheet

Particulars	31/03/2014	31/03/2013
Defined benefit obligation as at end of the year	134.877	116.911
Fair value of plan assets at the end of the year	(56.405)	(50.313)
Net liability	78.472	66.598

Actual return on plan assets

Particulars	31/03/2014	31/03/2013
Expected return on plan assets	4.716	4.194
Actuarial gain / (loss) on plan assets	0.025	0.078
Actual return on plan assets	4.741	4.272

Principal actuarial assumptions

Particulars	31/03/2014	31/03/2013
Discount rate	8.50%	8.10%
Expected rate of return on plan assets	9.25%	9.25%
Salary increment rate	8.00%	8.00%

Composition of plan assets

Particulars	31/03/2014	31/03/2013
Funds Managed by Insurer	100.00%	100.00%

Notes to the Financial Statements
for the year ended 31st March, 2014

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

Experience History:

Particulars	March 2010	March 2011	March 2012	March 2013	March 2014
Present Value of Obligation	66.758	71.893	88.091	116.911	134.877
Plan Assets	32.500	35.116	44.637	50.313	56.405
Surplus / (Deficit)	(34.258)	(36.777)	(43.454)	(66.598)	(78.472)
Experience adjustment on plan liabilities (loss)/gain	(1.025)	(1.160)	(3.669)	(8.957)	(3.973)
Experience adjustment on plan assets (loss)/gain	(0.432)	(0.390)	0.263	0.078	0.025

Notes:

- 1 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.
- 2 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 July 2005. Employees covered by the Plan are granted an option to purchase shares of the Company subject to the requirements of vesting. Total of 8,100,265 (including impact of bonus) stock options were approved in the Annual General Meeting of the Company held on 23 July 2005, of which the employees have been granted 2,759,139 stock options on 12 October 2005 ('Grant I'), 2,311,500 stock options on 28 December 2006 ('Grant II') and 3,029,626 stock options on 9 July 2009 ('Grant III') with a vesting period of 3 years. Stock options under Grant II lapsed on 28th December, 2010. In the Meeting of the Compensation and Share Allotment Committee held on 16th November, 2010 it was decided to utilise the surrendered and lapsed options out of 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.

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 I

Particulars	31/03/2014	31/03/2013
Options outstanding at the beginning of the year (*)	-	-
Granted during the year	-	-
Less: exercised	-	-
Less: cancelled	-	-
Options outstanding at the end of the year	-	-
Options exercisable at the end of the year	-	-

(*) Grant I exercise period has been extended by one year as approved in Board Meeting held on 9th July, 2009.

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

Grant II

Particulars	31/03/2014	31/03/2013
Options outstanding at the beginning of the year	-	-
Granted during the year	-	-
Less: exercised	-	-
Less: cancelled	-	-
Options outstanding at the end of the year	-	-
Options exercisable at the end of the year	-	-

Grant III

Particulars	31/03/2014	31/03/2013
Options outstanding at the beginning of the year	1,967,000	2,128,600
Granted during the year	-	-
Additional options on account of allotment of bonus shares	-	-
Less: exercised	-	-
Less: cancelled	1,967,000	161,600
Options outstanding at the end of the year	-	1,967,000
Options exercisable at the end of the year	-	1,299,199

Grant IV (*)

Particulars	31/03/2014	31/03/2013
Options outstanding at the beginning of the year	1,912,000	1,929,000
Granted during the year	-	-
Less: exercised	-	-
Less: cancelled	33,000	17,000
Options outstanding at the end of the year	1,879,000	1,912,000
Options exercisable at the end of the year	1,076,000	-

(*) Grant IV consists of Plan A- 1,250,000 options and Plan B- 700,000 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	31/03/2014	31/03/2013
Capital expenditure (excluding advances)	9,342	26,956
Revenue expenditure	181,537	179,358

37. Dividends remitted in foreign currency:

Particulars	31/03/2014	31/03/2013
a. Final Dividend:		
Number of shareholders	2	2
Number of shares held	4,488,219	4,488,219
Year to which dividend relates	2012-13	2011-12
Amount remitted	7.271	7.271
b. Interim Dividend:		
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 2014		March 2013	
	₹	%	₹	%
Raw materials, spares and consumables				
Indigenous	3803.824	90	3714.779	89
Imported	428.363	10	478.065	11
	4232.187	100	4192.844	100

39. Value of imports on CIF basis:

	31/03/2014	31/03/2013
Raw materials	165.857	108.291
Capital goods	2.044	10.446
Components and spare parts	268.980	334.467

40. Earnings in foreign currency:

	31/03/2014	31/03/2013
FOB value of exports	3635.350	3314.872
Design and engineering services, software and consultancy	9.413	78.355

41. Expenditure in foreign currency:

	31/03/2014	31/03/2013
Sales commission	175.076	153.201
Professional consultancy	20.479	12.592
Travelling	28.411	29.374
Others	85.917	76.120

42. Taxes

The Company has not recognised MAT credit entitlement to the extent of ₹ 279.913 till 31st March, 2014 in respect of Income Tax paid in view of uncertainty of its utilisation for payment of tax in foreseeable future.

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

Dattatraya Nimbolkar
CFO & Company Secretary

Sivaramakrishnan S. Iyer
Director

Place: Pune
Date: 26th May, 2014

Consolidated Financial Statements

Independent Auditors' Report

To the Board of Directors of Praj Industries Limited

1. We have audited the accompanying consolidated financial statements of Praj Industries Limited ("the Company") and its subsidiaries, hereinafter referred to as the "Group" (refer note no 2.3 to the attached consolidated financial statements) which comprise the consolidated Balance Sheet as at March 31, 2014, and the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

2. The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India; this includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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.
4. 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 auditor's 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 control relevant to the 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of other auditors on the financial statements of subsidiaries as noted in other matters paragraph, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2014;
 - (b) in the case of the consolidated statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
 - (c) in the case of the consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Other Matters

7. We did not audit the financial statements of:
- a. Five subsidiaries included in the consolidated financial statements, whose financial statements reflect total assets (net) of ₹ 1,606.9 million as at March 31, 2014, total revenues of ₹ 1,855.1 million and net cash outflows amounting to ₹ 249.6 million for the year then ended, as considered in the consolidated financial statements. These financial statements 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.
 - b. One subsidiary, Praj Industries Namibia Pty. Limited whose financial statements reflect total assets (net) of ₹ 53.5 million as at March 31, 2014, total revenues of ₹ 29.9 million and net cash inflows amounting to Rs 25.8 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 is not qualified in respect of this matter.

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

Padmini Khare Kaicker
Partner
Membership Number: 44784

Pune, 26 May 2014

Consolidated Balance Sheet

as at 31st March, 2014

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

	Notes	31/03/2014	31/03/2013
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	354.930	354.930
Reserves and surplus	4	5470.277	5350.295
Non-current liabilities			
Long Term borrowings	5	1.463	1.463
Deferred tax liability (net)	6A	94.095	116.776
Long term provisions	7	98.727	92.218
Current liabilities			
Short term borrowings	8	211.830	137.385
Trade Payables	9	1998.202	2379.513
Other current liabilities	10	2288.801	1996.962
Short term provisions	11	2025.383	1800.366
Minority Interest		214.025	246.401
TOTAL		12757.733	12476.309
ASSETS			
Non Current Assets			
Fixed Assets			
Tangible Assets	12	2626.911	2001.968
Intangible Assets	12	38.405	16.608
Goodwill	12	560.153	450.398
Capital Work-in- Progress		15.640	478.083
Non Current Investments	13	50.082	150.077
Deferred Tax Assets	6B	17.376	18.181
Long Term Loans and Advances	14	124.652	99.424
Other Non Current Assets	15	100.020	100.020
Current Assets			
Current Investments	16	860.227	1479.330
Inventories	17	1222.052	958.801
Contracts in progress	29	998.456	473.625
Trade Receivables	18	3202.725	3157.493
Cash and bank balances	19	572.370	753.000
Short Term Loans and advances	20	2368.664	2339.301
TOTAL		12757.733	12476.309
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 Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No. 044784

Place: Pune
Date: 26th May, 2014

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

Pramod Chaudhari
Executive Chairman

Dattatraya Nimbolkar
CFO & Company Secretary

Gajanan Nabar
CEO & Managing Director

Sivaramakrishnan S. Iyer
Director

Consolidated Statement of Profit and Loss
for the year ended 31st March, 2014

Praj Annual Report 2013-14

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

	Notes	31/03/2014	31/03/2013	
Income:				
I	Revenue from operations (Gross)	21	10151.583	9547.696
	Less: Excise Duty		293.212	356.982
	Revenue from operations (Net)		9858.371	9190.714
II	Other income	22	237.494	312.286
III	Total Revenue		10095.865	9503.000
IV	Expenses:			
	Cost of materials consumed	23	4814.142	4672.296
	(Increase) / Decrease in inventories of Finished Goods and Work in Progress	24	(23.368)	(170.942)
	Employee Benefit Expenses	25	1239.596	1130.887
	Finance costs	26	14.395	23.061
	Depreciation and amortisation	12	237.631	215.297
	Other Expenses	27	3043.352	2709.055
	Total expenses		9325.748	8579.654
V	Profit before tax & prior period items		770.117	923.346
	Less: Prior period items (net)		0.669	-
VI	Profit before tax		769.448	923.346
	Tax Expense			
	- Current tax		231.185	228.744
	- MAT Credit Entitlement		(3.473)	-
	- Deferred tax charge/(credit)		(23.290)	(20.866)
VII	Profit after tax before Minority Interest		565.026	715.468
VIII	Minority interest		18.769	35.196
IX	Profit / (Loss) after Minority interest		546.257	680.272
X	Earning per share			
	1. Basic [nominal value of ₹ 2 each (March 31, 2013 ₹ 2)]	33	3.08	3.83
	2. Diluted [nominal value of ₹ 2 each (March 31, 2013 ₹ 2)]	33	3.08	3.83
	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 Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No. 044784

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Executive Chairman

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CEO & Managing Director

Sivaramkrishnan S. Iyer
Director

Consolidated Cash Flow Statement

for the year ended 31st March, 2014

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

	31/03/2014	31/03/2013
A. Cash flow from operating activities		
Net profit before tax	769.448	923.346
Adjustments for:		
Loss/Gain on sale of fixed assets	(5.006)	2.058
Gain on redemption of mutual fund investments	(76.321)	(92.535)
Bad Debts / Provision for doubtful debts and advances	142.904	61.563
Excess provision / creditors written back (including advances)	(99.566)	(72.028)
Unrealised foreign exchange (gain) / loss (net)	9.674	(21.498)
Depreciation and amortisation	237.631	215.297
Interest earned	(23.003)	(41.444)
Dividend from mutual fund investments	(22.318)	(53.664)
Interest charged	14.395	23.061
Operating profit before working capital changes	947.838	944.156
Changes in working capital		
(Increase) /decrease in trade receivables	(199.364)	43.696
(Increase)/decrease in inventories (including contracts in progress)	(788.082)	195.857
(Increase)/decrease in long term loans and advances	1.214	(61.586)
(Increase)/decrease in short term loans and advances	197.684	(234.345)
(Increase)/decrease in other non-current assets	-	-
Increase/(decrease) in trade payables	(284.239)	406.435
Increase/(decrease) in other current liabilities	291.839	(485.222)
Increase/(decrease) in long term provisions	6.509	34.098
Increase/(decrease) in short term provisions	73.418	(84.004)
Cash generated from operations	246.817	759.085
Direct taxes paid (including taxes deducted at source), net of refunds	(281.444)	(476.098)
NET CASH FROM OPERATING ACTIVITIES	(34.627)	282.987
B. Cash flow from investing activities		
Purchase of fixed assets and intangibles	(388.671)	(528.871)
Investments:		
- in subsidiaries	(204.255)	(125.076)
- in mutual funds	(2066.739)	(5065.476)
- in debentures & bonds	-	-
Sale of investments		
- in mutual funds	2862.349	5078.495
- in debentures & bonds	-	-
Proceeds from sale of fixed assets	7.882	0.550
Interest received on investments	13.879	98.612
Dividend received on investments	22.318	53.664
Investment in fixed deposits	(63.235)	743.200
NET CASH FROM / (USED) IN INVESTING ACTIVITIES	183.528	255.098

Consolidated Cash Flow Statement

for the year ended 31st March, 2014

Praj Annual Report 2013-14

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

	31/03/2014	31/03/2013
C. Cash flow from financing activities		
Increase in long term borrowings	-	1.463
Decrease in long term borrowings	-	(24.000)
Increase in Short term Borrowings from Bank	74.445	-
Decrease in Short term Borrowings from Bank	-	(52.159)
Payment towards Buyback of Shares	-	(152.810)
Dividend paid including dividend distribution tax	(460.928)	(334.132)
Interest paid	(14.395)	(23.061)
NET CASH FROM / (USED) IN FINANCING ACTIVITIES	(400.878)	(584.699)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(251.977)	(46.614)
Cash and cash equivalents at the beginning of the year (Refer schedule 17.8)	679.800	717.693
Add: effect of exchange rate changes on cash and cash equivalents	8.112	8.721
Cash and cash equivalents at the end of the year	435.935	679.800

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 Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No. 044784

Place: Pune
Date: 26th May, 2014

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

Pramod Chaudhari
Executive Chairman

Dattatraya Nimbolkar
CFO & Company Secretary

Gajanan Nabar
CEO & Managing Director

Sivaramakrishnan S. Iyer
Director

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'), have been prepared and presented under the historical cost convention on the accrual basis of accounting in accordance with the generally accepted accounting principles (GAAP) in India and comply with the Accounting Standards ("AS") prescribed in the Companies (Accounting Standards) Rules, 2006.

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:

Name of the subsidiary	Country of incorporation	% of shareholding in equity shares	
		31/03/2014	31/03/2013
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%
BioCnergy Europa B.V.	The Netherlands	60.00%	60.00%
Praj Industries Namibia Pty Ltd	Namibia	-	-
Praj HiPurity Systems Limited (Formerly known as Neela systems limited)	India	70.00%	60.00%
Praj Industries (Africa) Pty. Ltd.	South Africa	100.00%	100.00%
Praj far East Philippines Inc.,	Philippines	100.00%	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 unrealized 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.

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 existing fixed 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 fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

2.7 Depreciation:

Depreciation on tangible assets of group is provided using the straight-line basis using the rates arrived at based on the useful lives estimated by the management, or those prescribed under the Schedule XIV to the Companies Act, 1956, whichever is higher, except written down value method is followed by Neela system limited (Indian subsidiary) on all fixed assets at the rates specified in schedule XI of the Companies Act 1956.

Assets costing individually ₹ 5,000 or less are depreciated at the rate of 100%.

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 realizable 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 except for Neela system limited, Indian subsidiary is determined on the basis of FIFO method.

Work-in-progress and finished goods are valued at lower of cost and net realizable 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.

2.12 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 amortized and recognized 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 recognized 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 recognized 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.

2.17 Income taxes

Tax expense comprises current and deferred tax. 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 recognized directly in equity is recognized 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 realized. In situations where the Group has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized 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 recognized in the year in which the timing differences originate. However, the Group restricts recognition of deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

At each reporting date, the Group re-assesses unrecognized deferred tax assets. It recognizes unrecognized 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 realized.

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 recognizes 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 recognizes 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, 2014

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

	31/03/2014		31/03/2013	
3. Share capital				
Equity Share capital				
Authorised shares (No. million)				
450 (31 March, 2013: 450) equity shares of ₹ 2 each		<u>900.000</u>		<u>900.000</u>
Issued, subscribed and fully paid-up shares (No. million)				
177.465 (March 31, 2013: 179.548) equity shares of ₹ 2 each		<u>354.930</u>		<u>354.930</u>
		<u>354.930</u>		<u>354.930</u>
a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period:				
	No. million	Amount	No. million	Amount
At the beginning of the period	177.465	354.930	179.548	359.096
Add: Allotted during the period pursuant to exercise of employees stock options	-	-	-	-
Less: Shares bought back during the period pursuant to buy back scheme	-	-	2.083	4.166
Outstanding at the end of the period	<u>177.465</u>	<u>354.930</u>	<u>177.465</u>	<u>354.930</u>
b. Terms/ Rights attached to equity shares:				
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 March 31, 2014, the amount of per share dividend recognised as distributed to equity shareholders was ₹2.22 (March 31, 2013 ₹ 1.62)				
In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company after distributing all preferential amounts.				
c. Shares held by holding/ultimate holding Company and/or their subsidiaries/associates:				
The Company does not have any holding or ultimate holding Company.				
d. Details of shareholders holding more than 5% shares in the Company:				
	No. million	% of holding	No. million	% of holding
Pramod Chaudhari (Promoter)	38.70	21.81%	37.35	21.05%
Parimal Chaudhari (Promoter)	19.80	11.16%	18.00	10.14%
Tata Capital Financial Services Limited	13.42	7.56%	13.42	7.56%
Rakesh Jhunjunwala	15.00	8.45%	15.00	8.45%
e. Shares reserved for issue under options:				
Shares reserved for issue under the Employee Stock Option Plan (ESOP)				
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:				
	No. million		No. million	
Equity shares allotted as fully paid bonus shares by capitalisation of securities premium*	91.373		91.373	
Equity shares allotted as fully paid-up pursuant to contracts for consideration other than cash	-		-	
Equity shares bought back by the Company	<u>7.314</u>		<u>7.314</u>	

* The Company has declared Bonus in the ratio of 1:1 during the financial year 2007-08.

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

	31/03/2014	31/03/2013
4. Reserves and surplus		
Capital reserve	0.033	0.033
Amalgamation reserve	3.063	3.063
Capital redemption reserve		
Balance as per last financial statements	14.627	10.461
Add: Transferred from securities premium	-	4.166
Balance at the end of year	14.627	14.627
Securities premium account		
Balance as per last financial statements	570.015	722.825
Add : ESOPs exercised	-	-
Less : utilisation for buy back of equity shares	-	152.810
- preferential allotment of shares		
Less: on dissolution of subsidiary Yaan e-Sites Ltd.		
Less: utilisation during the year for bonus shares issued		
Balance at the end of the year	570.015	570.015
General reserve		
Balance as per last financial statements	760.000	693.500
Add: transferred from Profit and loss account	62.500	66.500
Balance at the end of the year	822.500	760.000
Foreign currency translation reserve		
Balance at the beginning of the year	8.583	7.178
Less: Adjustment related to erstwhile subsidiary	-	1.665
Add : due to transactions during the year	11.539	3.070
Balance at the end of the year	20.122	8.583
Surplus in the Statement of Profit and Loss		
Balance as per last financial statement	3993.974	3737.528
Add: Adjustment related to erstwhile subsidiary	-	2.141
Less/Add: Adjustment related to additional stake purchased (In subsidiary Praj HiPurity Systems Ltd 10% on 17.09.13 & 9.80% on 14.09.12)	23.114	23.114
Profit as per statement of profit and loss	546.257	680.272
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	48.860	48.860
Transfer to general reserve	62.500	66.500
Net Surplus in Statement of Profit & Loss	4039.917	3993.974
Total Reserves and Surplus	5470.277	5350.295
5 Non-current liabilities		
Long term Borrowings		
Other (Refer note 40)	1.463	1.463
	1.463	1.463

Notes to the Consolidated financial statements
for the year ended 31st March, 2014

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

	31/03/2014	31/03/2013
6A Deferred tax liability (net)		
Deferred tax liability		
Difference between tax depreciation and depreciation/ amortisation charged for financial reporting	293.458	271.601
Deferred tax asset		
- employee benefits	(46.934)	(52.756)
- provision for doubtful debts and advances	(79.711)	(38.382)
- Long term capital loss	(52.384)	(50.003)
- Other items	(20.334)	(13.684)
	(199.363)	(154.825)
Deferred tax liability (net)	94.095	116.776
6B Deferred tax asset		
- provision for doubtful debts and advances	10.439	5.040
- Other items	6.937	13.141
	17.376	18.181
7 Long term provisions		
Provision for leave encashment	22.168	27.620
Provision for gratuity	76.559	64.598
	98.727	92.218
Current liabilities		
8 Short Term Borrowings		
Secured Loans (Refer note 39)		
Cash Credit Loan	192.152	82.996
PCFC Loan	19.678	54.389
	211.830	137.385
9 Trade Payables		
-Dues to Micro and Small enterprises under MSMED Act, 2006 *	59.872	54.014
-Dues to other parties	1938.330	2325.499
	1998.202	2379.513
* No interest is due / payable to parties under the MSMED Act, 2006		
10 Other current liabilities		
Advances received from customers	1912.815	1607.194
Dues to customers relating to contracts in progress (Refer Note 29)	260.408	267.445
Current Maturities Of Long Term Loan From Bank	-	24.140
Other Payables	107.146	91.668
Unclaimed dividend	8.432	6.515
	2288.801	1996.962
11 Short term provisions		
Provision for taxation	1550.336	1388.534
Proposed final dividend	287.493	287.493
Provision for dividend tax on proposed dividend	48.860	48.860
Performance Incentive	95.061	40.233
Provision for leave encashment	40.111	31.391
Provision for gratuity	3.522	3.855
	2025.383	1800.366

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

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

12. Fixed and intangible assets

	Intangible assets				Tangible Assets					Previous year		
	Goodwill	Technical Knowhow	Softwares	Praj Brand	Land (Freehold)	Buildings	Plant and machinery	Computers & Office Equipment	Vehicles		Furniture and fixtures	Total
Gross Block												
As at 1st April 2013	509,669	64,800	76,441	56,923	238,076	1,008,555	1,013,726	1,58,913	38,822	204,758	3,370,683	3,104,376
Additions / adjustments (**)	172,049	26,250	6,891	-	131,852	478,011	47,488	97,950	(0,585)	36,487	996,393	280,364
Deletions	-	-	0,002	-	0,777	1,638	0,462	4,773	1,180	0,741	9,573	14,056
As at 31st March 2014	681,718	91,050	83,330	56,923	369,151	1,484,928	1,060,752	252,090	37,057	240,504	4,357,503	3,370,684
Accumulated depreciation and amortisation												
As at 1st April 2013	59,270	54,910	69,723	56,923	-	169,087	318,945	89,721	15,478	67,650	901,707	697,323
Charge for the year	62,297	6,956	4,387	-	-	42,114	90,039	15,888	3,592	12,358	237,631	215,297
Deletions / Adjustments (**)	-	-	0,001	-	-	1,366	0,393	3,806	1,434	0,304	7,304	10,910
As at 31st March 2014	121,567	61,866	74,109	56,923	-	209,835	408,591	101,803	17,636	79,704	1,132,034	901,710
Net Carrying value												
As at 31st March 2014	560,151	29,184	9,221	-	369,151	1,275,093	652,161	150,287	19,421	160,800	3,225,469	2,468,974
As at 31st March 2013	450,399	9,890	6,718	-	238,076	839,467	694,776	69,193	23,346	137,109	2,468,974	

(**) 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, 2014

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

	31/03/2014	31/03/2013
Non Current Assets		
13 Non Current Investments:		
Quoted Investments (valued at cost unless stated otherwise)		
Investments in Debentures and bonds:		
Redeemable Non-Convertible Unsecured Zero Coupon Bond Issued by Rural Electrification Corp Ltd- 3680 Units, (March 31, 2013 : 3680)	49.967	49.967
Quoted Mutual Funds:		
RELIGARE FMP SR XVIII - PLAN B-GR Nil Units, (March 31, 2013: Units 5,000,000)	-	50.000
TATA FMP SR 42 SCH C - Nil Units, (March 31, 2013 : Units 5,000,000)	-	50.000
	-	100.000
	49.967	149.967
Unquoted Investments:		
Investment in Shares	0.102	0.102
5100 (March 31,2013 : 5100) shares of ₹ 20 each fully paid of The Cosmos Co-operative Bank Limited.		
Investment in National saving certificate	0.013	0.008
	0.115	0.110
	50.082	150.077
Aggregate value of unquoted investments	0.115	0.110
Aggregate value of quoted investments	49.967	149.967
Market value of quoted investments	60.077	157.665
14 Long Term Loans and Advances		
Capital Advances	39.169	12.727
Deposits	77.395	75.467
Other Advances	8.088	11.230
	124.652	99.424
15 Other Non Current Assets		
Non current bank balances (Refer note 19)	100.020	100.020
	100.020	100.020
	85.483	86.697

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

	31/03/2014	31/03/2013
16 Current Investments (valued at lower of cost and fair value unless stated otherwise)		
Quoted Mutual Funds		
BIRLA SUN LIFE SAV FUND - WKY DIV - REGULAR PLAN - REINV - 529,137 Units (March 31, 2013 : Units Nil)	53.035	-
ICICI PRUDENTIAL FLEXIBLE INC - REGULAR PLAN - WLY DIV - 493,178 Units (March 31, 2013 : Units Nil)	52.007	-
HDFC QIF - PLAN C RETAIL DIVIDEND - 4,989,024 Units (March 31, 2013 : Units Nil)	50.000	-
HSBC CASH FUND - DAILY DIVIDEND - 55,724 Units (March 31, 2013 : Units Nil)	0.056	-
IDFC ULTRA SHORT TERM FUND - WLY DIV- (REGULAR PLAN) - 5,496,004 Units (March 31, 2013 : Units Nil)	55.130	-
IDFC MONEY MANAGER FUND-INVEST PLAN - GR-(REG PLAN)- 22,520,581 Units(March 31, 2013 : Units Nil)	50.000	-
RELIGARE INVESCO FMP - SERIES XVIII - PLAN B (386 DAYS) - GR - 5,000,000 Units (March 31, 2013 : Units Nil)	50.000	-
SBI SHORT TERM DEBT FUND - REGULAR PLAN - GR - 3,584,538 Units (March 31, 2013 : Units Nil)	50.000	-
SUNDARAM MONEY FUND BONUS - 519,218 Units (March 31, 2013 : Units Nil)	80.000	-
TATA FIXED MATURITY PLAN SERIES 42 SCHEME C - PLAN A -GR- 5,000,000 Units (March 31, 2013 : Units Nil)	50.000	-
KOTAK FMP SERIES 154 DIRECT - GR - 5,000,000 Units (March 31, 2013 : Units Nil)	50.000	-
AXIS BANKING DEBT FUND - GR - 42,711 Units (March 31, 2013 : Units Nil)	50.000	-
TEMPLETON INDIA ULTRA SHORT FUND SUPER INSTITUTIONAL PLAN - WLY DIV - REINVT - 9,899,226 Units (March 31, 2013 : Units Nil)	100.000	-
IDFC DYNAMIC BOND FUND - GROWTH - (REGULAR PLAN) - 3,552,196 Units (March 31 2013 : Units 7,307,388)	50.000	100.000
J P MORGAN INDIA ACTIVE BOND FUND INST. GR - 1,974,489. Units (March 31 2013 : Units 1,974,489)	20.000	20.000
SBI DYNAMIC BOND FUND - REGULAR PLAN - GR - 6,959,949 Units (March 31 2013 : Units 6,959,949)	100.000	100.000
AXIS SHORT TERM FUND-INSTITI GR - Nil Units, (March 31, 2013 : 4,111,639 Units)	-	50.000
BSL SHORT TERM FUND- GR -Nil Units, (March 31,2013 : 2,421,565 Units)	-	100.000
BSL DYANAMIC BOND FUND-RETAIL-GR - Nil Units, (March 31, 2013 : 2,520,224 Units)	-	50.000
HDFC FMP 400D GR SR XXI- Nil Units, (March 31,2013 :15,000,000 Units)	-	150.000
IDFC SSIF-MT-PLAN-B-GR - Nil Units, (March 31, 2013 : 12,271,244 Units)	-	150.000
ICICI PRUDENTIAL ULTRA SH TR-RP-WK DIV - Nil Units, (March 31, 2013 : 9,966,512 Units)	-	100.000
J P MORGAN SHT TERM INC FUND-GR - Nil Units, (March 31, 2013: 81,99,678 Units)	-	100.000

Notes to the Consolidated financial statements
for the year ended 31st March, 2014

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

	31/03/2014	31/03/2013
16 Current Investments (valued at lower of cost and fair value unless stated otherwise) (contd.)		
AIG SHORT TERM FUND-GR - Nil Units , (March 31, 2013 : 73,691 Units)	-	100.000
RELIANCE MONEY MANAGER FUND-DD - Nil Units , (March 31, 2013 : 56 Units)	-	0.056
RELIANCE DYANAMIC BOND FUND - GR - Nil Units , (March 31, 2013 : 3,336,046 Units)	-	50.000
SUNDARAM BNP PARIBAS MONEY PLUS WK D - Nil Units , (March 31, 2013 : 15,388,659 Units)	-	154.071
TEMPLETON INDIA ULTRA BOND FUND-DD - Nil Units , (March 31, 2013 : 10,505,883 Units)	-	105.203
TEMPLETON INDIA LOW DURATION FUND - Nil Units , (March 31, 2013 : 12,256,404 Units)	-	150.000
Total	860.227	1479.330
Aggregate amount of quoted investments	860.227	1479.330
Market value of quoted investments	886.775	1535.517
Current Assets		
17 Inventories (valued at lower of cost and net realisable value)		
Raw materials and stores	821.554	581.422
Add: Goods in transit	-	0.249
	821.554	581.671
Work in progress	336.281	309.074
Finished goods	64.217	68.056
	1222.052	958.801
18 Trade Receivables		
Unsecured		
Over six months		
- Considered good	491.793	488.287
- Considered doubtful	258.794	126.089
Others, considered good	2710.932	2669.206
	3461.519	3283.582
Less: Provision for doubtful debts	258.794	126.089
	3202.725	3157.493

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

	31/03/2014	31/03/2013
19 Cash and bank balances		
Balances with banks		
in current accounts	226.137	547.479
Deposits with original maturity of less than 3 months	186.500	122.000
On unclaimed dividend account	8.561	6.647
Cheques, drafts on hand	12.353	0.878
Cash on hand	2.384	2.796
Sub total	435.935	679.800
Other bank balances		
Deposits with original maturity for more than 12 months	100.020	100.020
Deposits with original maturity for more than 3 months but less than 12 months	136.435	73.200
Less: amounts disclosed under other non-current assets (Refer note 15)	(100.020)	(100.020)
	572.370	753.000
20 Short Term Loans and advances		
Advances to suppliers	179.240	456.373
Other Receivable	164.536	114.272
Advance income tax [including tax deducted at source ₹84.525 (March 31, 2013 ₹76.617)]	1757.326	1538.626
Balances with Central Excise, Customs and VAT authorities	267.562	230.030
	2368.664	2339.301
21 Revenue from operations		
Sale of Products and Projects	8233.211	8508.623
Add: Closing Contracts in progress	684.336	131.597
Less: Opening Contracts in progress	131.597	529.040
Less: Excise duty	283.572	347.933
(a)	8502.378	7763.247
Sale of Services	1303.173	1258.331
Add: Closing Contracts in progress	55.641	74.727
Less: Opening Contracts in progress	74.727	(20.841)
(b)	1284.087	1353.899
Other Operating Revenue (Scrap Sales)	81.546	82.617
Less: Excise duty	9.640	9.049
(c)	71.906	73.568
Total Revenue from operations (Net)	9858.371	9190.714

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for the year ended 31st March, 2014

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

	31/03/2014	31/03/2013
22 Other income		
Dividend from mutual fund investments	22.318	53.664
Gain on redemption of mutual fund investments (net)	76.321	92.535
Interest		
- on fixed deposits	22.382	41.118
- others	0.621	0.326
Excess provision / creditors written back (including advances)	99.566	72.028
Other non-operating income	16.286	52.615
	237.494	312.286
23 Cost of materials consumed		
Raw material consumed	4814.142	4672.296
	4814.142	4672.296
24 (Increase) / Decrease in inventories of Finished Goods and Work in Progress		
Inventories at the end of the year		
Work in Progress	336.281	309.074
Finished goods	64.217	68.056
	400.498	377.130
Inventories at the beginning of the year		
Work in Progress	309.074	145.915
Finished goods	68.056	60.273
	377.130	206.188
(Increase) / Decrease in inventories	(23.368)	(170.942)
25 Employee Benefit Expenses		
Salaries, wages and bonus	1121.457	1009.909
Contributions to provident and other funds (Refer note 36 a)	39.303	36.383
Gratuity Expense (Refer note 36 b)	20.615	27.671
Staff welfare	58.221	56.924
	1239.596	1130.887
26 Finance costs		
Interest Expense	14.395	23.061
	14.395	23.061

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

	31/03/2014	31/03/2013
27 Other Expenses		
Consumption of Stores & spares	170.394	154.761
Site expenses and labour charges	1026.886	1129.874
Freight and transport	221.010	221.572
Bad debts written off / Provision for doubtful debts and advances	142.904	61.563
Sales commission	207.441	110.436
Travel and conveyance	304.678	199.931
Professional consultancy charges	265.540	304.644
Insurance	37.333	28.966
Rent (Refer note 32)	49.871	39.494
Power and fuel	92.931	63.343
Advertising and exhibition expenses	68.623	30.769
Communication expenses	23.332	26.517
Testing charges	50.165	24.295
Repairs and maintenance:		
- Building	1.462	5.283
- Plant and Machinery	17.786	12.078
- Others	40.506	28.612
Auditors' remuneration		
- for audit services	5.571	4.980
- for taxation services	0.650	0.475
- for other services	0.510	0.196
- out of pocket expenses	0.052	0.053
Buy Back Expenses	-	0.480
Rates and taxes	15.619	3.721
(Profit) / Loss on sale of fixed assets (net)	(5.006)	2.058
Foreign exchange fluctuation loss / (gain) (net)	81.991	54.885
Miscellaneous expenses	223.103	200.069
	3043.352	2709.055

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

28. Capital commitments, contingent liabilities and secured loans

	31/03/2014	31/03/2013
Capital commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	72.390	48.428
Contingent liabilities		
Claims against Company not acknowledged as debts (primarily relating to performance related claims filed by customers / other .)	265.109	46.840
Disputed demands in appeal towards income tax, Service tax & sales tax	2.203	8.041
Guarantee issued in respect of obligations of a subsidiary	291.565	136.613
Unfulfilled Export Obligations under EPCG scheme to be fulfilled over 8 years	48.910	48.910
Secured Loans		
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

	31/03/2014	31/03/2013
Contract revenue recognised during the year	8351.164	7639.386
Aggregate amount of contract costs incurred and recognised profits (less recognised losses)	8351.164	7639.386
Customer advances outstanding for contracts in progress	1539.435	1098.198
Retention money due from customers for contracts in progress	430.381	366.873
Gross amount due from customers for contract work (presented as Contracts in progress)	998.456	473.625
Gross amount due to customers for contract work (presented as Dues to customers relating to contracts in progress)	(260.408)	(267.445)

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.

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

Secondary segmental information

Particulars	India		Rest of the world		Total	
	31/03/2014	31/03/2013	31/03/2014	31/03/2013	31/03/2014	31/03/2013
Segment sales	4689.082	5137.276	5172.739	4053.436	9861.821	9190.712
Segment assets	1966.787	2109.581	1202.449	1047.912	3169.236	3157.493
Segment Liabilities	-	-	15.929	54.389	-	-

31. Related party transactions

a) Key management personnel and their relatives

Executive Chairman	Mr. Pramod Chaudhari
CEO & Managing Director	Mr Gajanan Nabar
Relative of key management personnel	Mrs. Parimal Chaudhari, Mr. Parth Chaudhari

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

Particulars	31/03/2014	31/03/2013
Pramod Chaudhari		
Remuneration including commission on profit	62.855	49.963
Dividend	85.914	56.068
Payable	9.540	2.970
Gajanan Nabar		
Remuneration including commission on profit	28.471	25.438
Payable	8.055	6.715
Parimal Chaudhari		
Commission on profit and sitting fees	1.170	0.900
Dividend	31.968	20.412
Payable	1170	0.900
Parth Chaudhari		
Remuneration	0.594	0.594

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:

	31/03/2014	31/03/2013
Future minimum lease payments in respect of non cancellable leases		
-amount due within one year from the Balance sheet date	33.542	33.231
-amount due in the period between one year and five years	129.075	131.456
- amount due after five years	181.545	226.827
Lease payments debited to the Profit and loss account		
- cancellable leases	16.439	14.648
- non cancellable leases	33.432	24.845

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

33. Earnings per share

	31/03/2014	31/03/2013
Reconciliation of basic and diluted shares used in computing earnings per share		
Number of shares considered as basic weighted average shares outstanding for computing basic earnings per share	177,465,079	177,558,276
Add: effect of dilutive issue of shares / options		-
Number of shares considered as weighted average shares and potential shares outstanding for computing diluted earnings per share	177,465,079	177,558,276
Computation of basic and diluted earnings per share		
Net profit after tax and minority interest attributable to equity shareholders	546.257	680.272
Basic earnings per equity share of ₹ 2 each	3.08	3.83
Diluted earnings per equity share of ₹ 2 each	3.08	3.83

34. Cash and cash equivalents

At the beginning of the year	31/03/2014	31/03/2013
Cash & Cheques in hand	3.674	4.265
Balances with banks*	554.126	502.429
Deposits with banks	122.000	211.000
	679.801	717.694
At the end of the year		
Cash & cheques in hand	14.737	3.674
Balances with banks*	234.698	554.126
Deposits with banks	186.500	122.000
	435.935	679.801

Notes:

- Deposits with banks having maturity of more than three months aggregating to ₹ 236.455 (March 31, 2013 : ₹ 173.220) are not readily liquid and have been excluded from cash and cash equivalents.
- *Balance with bank include bank balances in relation to unclaimed dividends ₹8.561 (March 31, 2013 : ₹ 6.647)

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 10.9928 millions, Euro 0.1924 million & GBP 0.0047 million (March 31, 2013: USD 19.750 millions, GBP 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	31/03/2014	31/03/2013
Balances in bank accounts	38.692	24.114
Advances paid	47.083	17.181
Payables representing creditors and other payables	169.785	120.598
Advances received	590.631	760.498
Receivables	337.797	127.837
PCFC Loan	15.929	54.389

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

36. Employee benefits

a) Defined contribution plans

The Group has recognised ₹39.303(March 31,2013 ₹36.242) 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	31/03/2014	31/03/2013
Liability at the beginning of the year	121.713	91.877
Current service cost	13.708	12.939
Interest cost	9.580	7.724
Benefits paid	(7.546)	(2.025)
Actuarial (gain) / loss on obligations	2.246	11.198
Liability at the end of the year	139.701	121.713

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

Particulars	31/03/2014	31/03/2013
Fair value of plan assets at the beginning of the year	53.260	46.782
Expected return on plan assets	4.972	4.378
Contributions by the employer	2.152	2.126
Benefits paid	(0.788)	-
Actuarial gain / (loss) on plan assets	0.025	(0.028)
Fair value of plan assets at the end of the year	59.621	53.260

Expense recognised in Profit and loss account

Particulars	31/03/2014	31/03/2013
Current service cost	13.708	12.939
Interest cost	9.580	7.724
Expected return on plan assets	(4.972)	(4.378)
Expenses related to Gratuity contribution	0.080	-
Total actuarial (gain) / loss	2.221	11.226
Total expenses	20.617	27.511

Amount recognised in the Balance sheet

Particulars	31/03/2014	31/03/2013
Defined benefit obligation as at end of the year	139.702	121.713
Fair value of plan assets at the end of the year	(59.621)	(53.260)
Net liability	80.081	68.454

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Actual return on plan assets

Particulars	31/03/2014	31/03/2013
Expected return on plan assets	4.972	4.378
Actuarial gain / (loss) on plan assets	0.025	(0.028)
Actual return on plan assets	4.997	4.351

Principal actuarial assumptions

Particulars	31/03/2014(%)	31/03/2013(%)
Discount rate	8.00-8.50%	8.00-8.10%
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	31/03/2014(%)	31/03/2013(%)
Funds Managed by Insurer	100.00%	100.00%

Notes:

- 1 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.
- 2 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 July 2005. Employees covered by the Plan are granted an option to purchase shares of the Company subject to the requirements of vesting. Total of 8,100,265 (including impact of bonus) stock options were approved in the Annual General Meeting of the Company held on 23 July 2005, of which the employees have been granted 2,759,139 stock options on 12 October 2005 ('Grant I'), 2,311,500 stock options on 28 December 2006 ('Grant II') and 3,029,626 stock options on 9 July 2009 ('Grant III') with a vesting period of 3 years. Stock options under Grant II lapsed on 28th December, 2010. In the Meeting of the Compensation and Share Allotment Committee held on 16th November, 2010 it was decided to utilise the surrendered and lapsed options out of 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.

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

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 I

Particulars	31/03/2014	31/03/2013
Options outstanding at the beginning of the year (*)	-	-
Granted during the year	-	-
Less: exercised	-	-
Less: cancelled	-	-
Options outstanding at the end of the year	-	-
Options exercisable at the end of the year	-	-

(*) Grant I exercise period has been extended by one year as approved in Board Meeting held on 9th July, 2009.

Grant II

Particulars	31/03/2014	31/03/2013
Options outstanding at the beginning of the year	-	-
Granted during the year	-	-
Less: exercised	-	-
Less: cancelled	-	-
Options outstanding at the end of the year	-	-
Options exercisable at the end of the year	-	-

Grant III

Particulars	31/03/2014	31/03/2013
Options outstanding at the beginning of the year	1,967,000	2,128,600
Granted during the year	-	-
Additional options on account of allotment of bonus shares	-	-
Less: exercised	-	-
Less: cancelled	1,967,000	161,600
Options outstanding at the end of the year	-	1,967,000
Options exercisable at the end of the year	-	1,299,199

Grant IV (*)

Particulars	31/03/2014	31/03/2013
Options outstanding at the beginning of the year	1,912,000	1,929,000
Granted during the year	-	-
Less: exercised	-	-
Less: cancelled	33,000	17,000
Options outstanding at the end of the year	1,879,000	1,912,000
Options exercisable at the end of the year	1,076,000	-

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

Notes to the Consolidated financial statements for the year ended 31st March, 2014

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

38. Taxes

The group has not recognised MAT credit entitlement to the extent of ₹ 279.913 till 31st March, 2014 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 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. Prior year comparatives

Previous year's figures have been regrouped / reclassified to conform to the current year's presentation. STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT,1956 RELATING TO SUBSIDIARY COMPANIES AS OF 31 MARCH 2014

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

Pramod Chaudhari
Executive Chairman

Gajanan Nabar
CEO & Managing Director

Dattatraya Nimbolkar
CFO & Company Secretary

Sivaramakrishnan S. Iyer
Director

Place: Pune
Date: 26th May, 2014

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES AS OF 31 MARCH 2014

1	NAME OF THE SUBSIDIARY COMPANY	(All amounts are in Indian rupees million unless otherwise stated)									
		Praj Far East Philippines Ltd., Philippines	Praj Industries (Africa) Pvy, Limited, South Africa	Praj Americas Inc. USA	Praj Far East Co., Ltd. Thailand	BioEnergy Europa BV, The Netherlands	Praj Industries Namibia Limited, Namibia	Praj HiPurity Systems Limited (formerly Neela system Ltd) India.	Pacecon Engineering Projects Limited, India		
2	FINANCIAL PERIOD OF THE SUBSIDIARY ENDED ON	31/03/2014	31/03/2014	31/03/2014	31/03/2014	31/03/2014	31/03/2014	31/03/2014	31/03/2014	31/03/2014	31/03/2014
3	HOLDING COMPANY'S INTEREST	100% of Equity Capital	100% of Equity capital	100% of Equity Capital	100% of Equity Capital	60% of Equity Capital	100% of Equity Capital	70% of Equity Capital	99.65% of Equity Capital		
4	CAPITAL	11.167	104.558	9.281	5.007	29.385	-	50.000	3.098		
5	RESERVES	(0.363)	(59.862)	(0.183)	3.936	24.692	0.062	582.625	15.235		
6	TOTAL ASSETS	51.530	231.452	9.099	15.134	60.348	55.079	1272.298	296.755		
7	TOTAL LIABILITIES	51.530	231.452	9.099	15.134	60.348	55.079	1272.298	296.755		
8	INVESTMENTS	NIL	NIL	NIL	NIL	NIL	NIL	NIL	0.115		
9	TURNOVER	6.676	619.191	21.208	33.702	63.505	29.546	1128.622	242.588		
10	NET AGGREGATE PROFIT / (LOSS) FOR THE CURRENT YEAR - (BEFORE TAXES)	(0.335)	(59.166)	(2.703)	(2.226)	(12.578)	0.099	120.654	3.605		
11	PROVISION FOR TAXATION (INCLUDING DEFERRED TAXES)	-	1.389	-	0.092	-	0.033	41.307	1.265		
12	PROFIT AFTER TAX	(0.335)	(60.555)	(2.703)	(2.318)	(12.578)	0.066	79.347	2.340		
13	PROPOSED DIVIDEND	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL		
14	NET AGGREGATE PROFITS / LOSSES FOR THE CURRENT FINANCIAL YEAR SINCE BECOMING SUBSIDIARY SO FAR AS IT CONCERNS THE MEMBERS OF THE HOLDING COMPANY DEALT WITH OR PROVIDED FOR IN ACCOUNTS OF THE HOLDING COMPANY	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL		
15	NET AGGREGATE PROFITS / LOSSES FOR THE CURRENT FINANCIAL YEAR SINCE BECOMING SUBSIDIARY SO FAR AS IT CONCERNS THE MEMBERS OF THE HOLDING COMPANY NOT DEALT WITH OR PROVIDED FOR IN ACCOUNTS OF THE HOLDING COMPANY	(0.335)	(60.555)	(2.703)	(2.318)	(7.547)	0.066	55.543	2.344		

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES AS OF 31 MARCH 2014

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

1	NAME OF THE SUBSIDIARY COMPANY	Praj Far East Philippines Ltd., Philippines	Praj Industries (Africa) Pty. Limited, South Africa	Praj Americas Inc. USA	Praj Far East Co., Ltd. Thailand	BioEnergy Europa BV, The Netherlands	Praj Industries Namibia Limited, Namibia	Praj HiPurity Systems Limited (formerly Neela system Ltd) India	Pacecon Engineering Projects Limited, India
16	NET AGGREGATE PROFITS /LOSSES FOR THE PREVIOUS FINANCIAL YEAR SINCE BECOMING SUBSIDIARY SO FAR AS IT CONCERNS THE MEMBERS OF THE HOLDING COMPANY DEALT WITH OR PROVIDED FOR IN ACCOUNTS OF THE HOLDING COMPANY	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
17	NET AGGREGATE PROFITS /LOSSES FOR THE PREVIOUS FINANCIAL YEAR SINCE BECOMING SUBSIDIARY SO FAR AS IT CONCERNS THE MEMBERS OF THE HOLDING COMPANY NOT DEALT WITH OR PROVIDED FOR IN ACCOUNTS OF THE HOLDING COMPANY	-	(4.265)	0.691	3.008	(5.376)	-	241.857	12.620
18	NET AGGREGATE AMOUNTS RECEIVED AS DIVIDEND FOR THE PREVIOUS FINANCIAL YEARS SINCE BECOMING SUBSIDIARY DEALT WITH IN THE ACCOUNTS OF THE HOLDING COMPANY IN THE FINANCIAL YEARS	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
19	ORIGINAL CURRENCY	PESO	ZAR	US DOLLAR	THAI BAHT	EURO	Namibian \$	INR	INR
20	EXCHANGE RATE AS ON 31 ST MARCH, 2014 IN INR-CLOSING RATE	1.34	5.66	59.62	1.85	81.73	5.66	-	-
21	EXCHANGE RATE FROM 1 ST APRIL 2013 TO 31 ST MARCH, 2014 IN INR-AVERAGE RATE	1.39	5.99	60.43	1.93	81.06	5.99	-	-

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

Pramod Chaudhari Executive Chairman	Gajanan Nabar CEO & Managing Director
Dattatraya Nimbolkar CFO & Company Secretary	Sivaramakrishnan S. Iyer Director

Place: Pune
Date: 26th May, 2014

Notice is hereby given that the Twenty-Eighth Annual General Meeting of PRAJ INDUSTRIES LIMITED will be held on Monday, the 28th July, 2014 at 10.00 a.m. at the Registered Office of the Company at "Praj Tower", S. No. 274 & 275/2, Bhumkar Chowk-Hinjewadi Road, Hinjewadi, Pune – 411 057 to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt ;
 - a. the audited Financial Statements of the Company for the financial year ended March, 31, 2014 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 March, 31, 2014 together with the report of the Auditors thereon.

2. To declare Dividend on Equity Shares.

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

In this matter, to consider and if thought fit, to pass with or without modifications, the following resolution as Ordinary Resolution;

"RESOLVED THAT Ms. Parimal Chaudhari (DIN: 00724911) , who is liable to retire by rotation pursuant to Section 152 of the Companies Act, 2013 and other applicable provisions if any, and who has offered herself for re-appointment be and is hereby re-appointed as a Director of the Company."

4. To appoint B.K. Khare & Co., Chartered Accountants, Mumbai (Firm Registration No. 105102W) as Statutory Auditors to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting and authorize Board to fix their remuneration.

SPECIAL BUSINESS

5. To resolve not to fill up the vacancy caused by the retirement of Mr. Utpal Sheth (DIN: 00081012), a non-Independent and non-Executive Director who, though eligible for reappointment, has expressed his unwillingness to be reappointed.

6. To appoint Mr. Berjis Desai (DIN:00153675) as an Independent Director and in this regard, to consider and if thought fit to pass with or without modifications, the following resolution as Ordinary Resolution;

"RESOLVED THAT pursuant to the provisions of Section 149 read with schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and qualification of Directors) Rules, 2014 (including any statutory modifications or re-enactments thereof for the time being in force) and clause 49 of the Listing Agreement (as amended from time to time) , Mr. Berjis Desai (DIN: 00153675), who was appointed as an Independent Director and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term up to the conclusion of 33rd Annual General Meeting of the Company in the calendar year 2019."

7. To appoint Mr. Kishor Chaukar (DIN:00033830) as an Independent Director and in this regard, to consider and if thought fit to pass with or without modifications, the following resolution as Ordinary Resolution;

"RESOLVED THAT pursuant to the provisions of Section 149 read with schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and qualification of Directors) Rules, 2014 (including any statutory modifications or re-enactments thereof for the time being in force) and clause 49 of the Listing Agreement (as amended from

time to time) , Mr. Kishor Chaukar(DIN : 00033830), who was appointed as an Independent Director and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 3 (three) consecutive years for a term up to the conclusion of 31st Annual General Meeting of the Company in the calendar year 2017.”

8. To appoint Mr. Prakash Kulkarni (DIN:00019652) as an Independent Director and in this regard, to consider and if thought fit to pass with or without modifications, the following resolution as Ordinary Resolution;

“RESOLVED THAT pursuant to the provisions of Section 149 read with schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and qualification of Directors) Rules, 2014 (including any statutory modifications or re-enactments thereof for the time being in force) and clause 49 of the Listing Agreement (as amended from time to time), Mr. Prakash Kulkarni (DIN : 00019652), who was appointed as an Independent Director and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 3 (three) consecutive years for a term up to the conclusion of 31st Annual General Meeting of the Company in the calendar year 2017.”

9. To appoint Mr. Rajiv Maliwal (DIN:00869035) as an Independent Director and in this regard, to consider and if thought fit to pass with or without modifications, the following resolution as Ordinary Resolution;

“RESOLVED THAT pursuant to the provisions of Section 149 read with schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and qualification of Directors) Rules, 2014 (including any statutory modifications or re-enactments thereof for the time being in force) and clause 49 of the Listing Agreement (as amended from time to time), Mr. Rajiv Maliwal (DIN : 00869035), who was appointed as an Independent Director and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term up to the conclusion of 33rd Annual General Meeting of the Company in the calendar year 2019.”

10. To appoint Mr. Sivaramakrishnan S. Iyer (DIN: 00503487) as an Independent Director and in this regard, to consider and if thought fit to pass with or without modifications, the following resolution as Ordinary Resolution;

“RESOLVED THAT pursuant to the provisions of Section 149 read with schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and qualification of Directors) Rules, 2014 (including any statutory modifications or re-enactments thereof for the time being in force) and clause 49 of the Listing Agreement (as amended from time to time), Mr. Sivaramakrishnan S. Iyer (DIN : 00503487), who was appointed as an Independent Director and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term up to the conclusion of 33rd Annual General Meeting of the Company in the calendar year 2019.”

11. To consider and if thought fit, to pass with or without modifications, the following resolution as Special Resolution;

“RESOLVED THAT pursuant Section 188 of the Companies Act, 2013 and the Companies (Meetings of Board and its Powers) Rules, 2014 and other applicable provisions, if any, consent of the members be and is hereby accorded to provide part of the office premises located at “Praj Tower” S. No. 274 & 275/2, Bhumkar Chowk - Hinjewadi Road, Hinjewadi, Pune – 411 057 to

the related parties viz. Pacecon Engineering Projects Limited and Praj Foundation, on following terms:

Particulars	Brief Terms
Area	Not more than 500 Square Feet per related party.
Rental (all inclusive)	Not less than ₹ 40 per Square Foot per month.
Period	Up to 59 months.
Nature of Agreement	Leave & Licence.

“Resolved Further That the Board of Directors of the Company be and is hereby authorised to do all acts and take all steps as may be necessary, proper or expedient to give effect to this resolution.”

12. To approve the payment of remuneration to non-executive directors and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT in supersession of the resolutions previously passed by the shareholders in this regard and pursuant to the provisions of Sections 197, 198 and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the non-executive directors of the Company (i.e. directors other than the Managing Director and / or the Whole-time Directors) be paid, remuneration, in addition to the sitting fee, if any for attending the meetings of the Board of Directors or Committees thereof, as the Board of Directors may from time to time determine, not exceeding in aggregate three percent of the net profits of the Company for each financial year, as computed in the manner laid down in Section 198 of the Companies Act, 2013, or any statutory modification(s) or re-enactment thereof;

RESOLVED FURTHER THAT the Board of Directors of the Company (including the Nomination and Remuneration Committee) 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.”

13. To approve the remuneration of Dhananjay V. Joshi & Associates, Cost Accountants, Pune as Cost Auditors for the financial year ending March 31, 2015 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 March 31, 2015, 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: 26th May, 2014

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.

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) 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.
- c) 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 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.
- d) 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.
- e) Members are requested to bring their attendance slip along with their copy of Annual Report to the Meeting.
- f) 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.
- g) 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.
- h) (i) The Company has notified closure of Register of Members and Share Transfer Books from Thursday, July 24, 2014 to Monday, July 28, 2014 (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 14th August 2014 to those members whose names appear on the Company's Register of Members on 28th July, 2014; in respect of the shares held in dematerialized 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.
- i) 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 Registrars 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.
- j) 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.

- k) Pursuant to the provisions of Section 205A(5) and 205C of the Companies Act, 1956, the Company has transferred the unpaid or unclaimed dividends(including interim dividends) as and when declared upto the financial year 2006-07 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 July 22, 2013 (date of last Annual General Meeting) on the website of the Company (www.praj.net), as also on the website of the Ministry of Corporate Affairs.
- l) 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.
- m) Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company.
- n) 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.
- o) To further Company's environment friendly agenda and to participate in MCA's Green Initiative, members are requested to register / update their e-mail address with their Depository Participants. Members who are holding shares in physical form are requested to send their e-mail address at investorsfeedback@praj.net for updation.
- p) The notice of 28th Annual General Meeting and instructions for e-voting, alongwith the attendance slip and Proxy Form, is being sent by electronic mode to all members whose email addresses are registered with the Company/Depository participant(s) unless a member has requested for a hard copy of the same. For members who have not registered their email addresses, physical copies of the aforesaid documents are being sent by the permitted mode.

By Order of the Board of Directors

Place : Pune
Date: 26th May, 2014

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.Utpal Sheth (DIN : 00081012), a non-Independent and non-Executive Director, was classified as a Director liable to retire by rotation, in terms of Section 152 of the Companies Act 2013 with effect from 1st April 2014 by a Board Resolution passed at its meeting held on 26th May 2014. By his letter dated 26th May, 2014, Mr.Utpal Sheth has expressed his unwillingness to be reappointed as a Director.

Accordingly, the resolution not to fill up the vacancy caused by his retirement in terms of Section 152 (7) (a) of the Companies Act 2013 is proposed.

The relatives of Mr. Utpal Sheth be deemed to be interested in the resolution set out at Item No. 5 of the Notice, to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives is, in any way, concerned or interested, financially or otherwise, in this resolution.

The Board commends the Ordinary Resolution set out at Item No 5 of the Notice for approval by the shareholders.

Item Nos. 6, 7, 8 , 9 and 10

At present, the Company has the following Independent Directors;

1. Mr. Berjis Desai
2. Mr. Kishor Chaukar
3. Mr. Prakash Kulkarni
4. Mr. Rajiv Maliwal
5. Mr. Sivaramakrishnan S. Iyer

within the meaning of Section 2(47) read with Section 149(6) of the Companies Act, 2013. Further as per Section 149(10) of the Companies Act, 2013, an Independent Director shall hold the office for a term up to five consecutive years.

Also, the Securities and Exchange Board of India (SEBI) has amended Clause 49 of the Listing Agreement inter alia stipulating the conditions for the appointment of independent directors by a listed Company which will be applicable with effect from 1st October, 2014.

As all the existing Independent Directors meet the criteria of Independent Directors as per Section 149 (6) of the Act and as per amended Clause 49, it is proposed to appoint all of them as Independent Directors and define their term of appointment at the ensuing Annual General Meeting as under;

Sr. No.	Name	DIN	Proposed Term (Years)	Period	
				From	Up to
1	Mr. Berjis Desai	00153675	5	01.04.2014	31.03.2019
2	Mr. Kishor Chaukar	00033830	3	01.04.2014	31.03.2017
3	Mr. Prakash Kulkarni	00019652	3	01.04.2014	31.03.2017
4	Mr. Rajiv Maliwal	00869035	5	01.04.2014	31.03.2019
5	Mr. Sivaramakrishnan S. Iyer	00503487	5	01.04.2014	31.03.2019

None of the above Independent Directors is disqualified from being appointed as Director in terms of Section 164 of the Act. All the above mentioned Independent Directors have given their consent to act as such Director.

The Company has received notices in writing from members alongwith the deposit of requisite amount under Section 160 of the Companies Act, 2013 proposing the candidatures of each of 1) Mr. Berjis Desai 2) Mr. Kishor Chaukar 3) Mr. Prakash Kulkarni 4) Mr. Rajiv Maliwal and 5) Mr. Sivaramakrishnan S. Iyer for the office of Director of the Company.

The Company has also received declaration from above Directors that they meet the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and under Clause 49 of the Listing Agreement.

In the opinion of the Board, the above Independent Directors fulfil the conditions for appointment as Independent Directors as specified in the Act and the Listing Agreement and all of them are independent of the management.

Brief resume of each of the above Independent Directors including nature of their expertise in specific functional areas and 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.

Copy of the draft letter for appointment of each of the above Independent directors setting out the terms and conditions is available for inspection by members at the Registered Office of the Company.

This Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

Mr. Berjis Desai, Mr. Kishor Chaukar, Mr. Prakash Kulkarni, Mr. Rajiv Maliwal and Mr. Sivaramakrishnan S. Iyer are interested in the resolution set out respectively at Item Nos. 6 to 10 of the Notice with regard to their appointment.

The relatives of 1) Mr. Berjis Desai 2) Mr. Kishor Chaukar 3) Mr. Prakash Kulkarni 4) Mr. Rajiv Maliwal and 5) Mr. Sivaramakrishnan S. Iyer may be deemed to be interested in the resolution set out respectively at Item Nos. 6 to 10 of the Notice, to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives is, in any way, concerned or interested, financially or otherwise, in this resolution.

The Board commends the Ordinary Resolution set out at Item Nos. 6 to 10 of the Notice for approval by the shareholders.

Item No. 11

The Company proposes to provide part of its office premises located at "Praj Tower" S. No. 274 & 275/2, Bhumkar Chowk - Hinjewadi Road, Hinjewadi, Pune – 411 057 to following related parties on the terms set out in the resolution;

Name of the Related Parties	Relationship
Pacecon Engineering Projects Limited	Subsidiary of Praj Industries Limited
Praj Foundation (a Public Charitable Trust)	Praj Industries Limited is settler of this public charitable trust.

Pursuant to Section 188 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014, approval of the members is required for entering into any contract or arrangement with related party which is not in the ordinary course of business of the Company.

As providing of premises on Leave & Licence basis is not in the ordinary course of business of the Company, approval of the members is sought for providing part of its premises to the above mentioned related parties on the following terms;

Particulars	Brief Terms
Area	Not more than 500 Square Feet per related party.
Rental (all inclusive)	Not less than ₹ 40 per Square Foot per month.
Period	Up to 59 months.
Nature of Agreement	Leave & Licence.

Mr. Pramod Chaudhari, Director of Praj Industries Limited is holding 10 (ten only) constituting 0.003% equity share capital of Pacecon Engineering Projects Limited.

Mr. Dattatraya Nimbolkar, CFO & Company Secretary of Praj Industries Limited is a Director and holds 10 (ten only) constituting 0.003% equity share capital of Pacecon Engineering Projects Limited.

Praj Foundation is a trust registered under the Maharashtra Public Trusts Act 1950, in which Mr. Pramod Chaudhari and Ms. Parimal Chaudhari, Directors and Mr. Dattatraya Nimbolkar, CFO & Company Secretary of Praj Industries Limited, are trustees.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives is, in any way, concerned or interested, financially or otherwise, in this resolution.

The Board commends the Special Resolution set out at Item No. 11 of the Notice for approval by the shareholders.

Item No. 12

As per the provisions of Section 309 of the Companies Act, 1956, the commission to the Non – Executive Directors was restricted to 1% of the net profits of the Company. However, vide resolution passed in the 23rd Annual General Meeting of the Company held on 9th July, 2009 and subsequent approval of the Central Government, your Company was authorised to pay the commission to Non-Executive Directors up to 3% of the net profits of the Company for a period of five financial years beginning 1st April, 2009.

However, Pursuant to the provisions of Section 197(1), of the Companies Act, 2013, the total managerial remuneration to its Directors shall not exceed 11% of the net profits of the Company computed as per the provisions of Section 198 of the Companies Act, 2013.

Further, as per the said Section, remuneration payable to Directors who are neither managing directors nor whole-time directors (i.e. non-executive directors) shall not exceed 1% of the net profits of the Company.

Under the Companies Act, 2013, directors have been entrusted with new responsibilities to make their role more objective and purposeful. Keeping in view the enhanced role, responsibilities and duties of directors, it is considered appropriate that the remuneration payable to the Directors by the Company should be commensurate with their enhanced role, responsibilities and duties.

In the backdrop of above, it is considered appropriate to pay remuneration to non-executive Directors upto 3% of the net profits of the Company, within the overall ceiling of 11% of the net profits of the Company. As per Section 197 of the Companies Act, 2013, the payment of remuneration to non-executive directors in excess of 1% requires approval of shareholders in the general meeting, in case the Company has Executive Directors.

Save and except all the non-executive directors of the Company and their relatives, to the extent of their shareholding interest, if any, in the Company, none of the other 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. 12 of the Notice.

The Board commends the Special Resolution set out at Item No.12 of the Notice for approval by the shareholders.

Item No. 13

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 March 31, 2015 for a total remuneration of Rs. 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 ratified by the shareholders of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No.12 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2015.

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. 13 of the Notice.

The Board commends the Ordinary Resolution set out at Item No. 13 of the Notice for approval by the shareholders.

By Order of the Board of Directors

Place : Pune
Date: 26th May, 2014

Dattatraya Nimbolkar
CFO & Company Secretary

Important Communication to Shareholders

Green Initiative

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

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.

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 e-voting facility to the members to cast their votes electronically on all resolutions set forth in the Notice convening the 28th Annual General Meeting to be held on Monday, the 28th July, 2014, 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 28th July, 2014.
- iii. The e-voting facility will be available during the following voting period:

Commencement of e-voting	End of e-voting
22nd July, 2014 , 9.00 A.M. IST	24th July, 2014, 6.00 PM IST

During this period, shareholders of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date (20th June 2014), may cast their vote electronically. The 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 in the internet browser.
- v. Click on the "shareholders" tab.
- vi. Now select the Company name from the drop down menu and click on "SUBMIT"
- vii. 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.
- viii. Next enter the Image Verification as displayed and Click on Login.
- ix. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- x. If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> • 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 demat account/folio number in the PAN field. • In case the folio 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. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the "PAN" field
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.

- xi. After entering these details appropriately, click on "SUBMIT" tab.
- xii. 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 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.

- xiii. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- 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. Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
 - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they have to create a 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 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 under help section or write an email to helpdesk.evoting@cdslindia.com.

Since the Company is required to provide members the facility to cast their vote by electronic means, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 20th June 2014 and not casting their vote electronically, may only cast their vote at the Annual General Meeting.

Mr. Sunil Nanal, Practicing Company Secretary (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, within a period not exceeding three working days from the conclusion of the e-voting period unblock the votes in the presence of at least two witnesses, not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favor of or against, if any, forthwith to the Chairman of the Company.

The voting rights of shareholders shall be in proportion to their shares of the paid equity capital of the Company as on 20th June 2014.

The results shall be declared on or after the AGM of the Company. The results declared alongwith the Scrutinizers' Report shall be placed on the Company's website www.praj.net and on the website of CDSL within two days the passing of the resolutions at the 28th Annual General Meeting of the Company on July 28, 2014, and communicated to the BSE Ltd. and National Stock Exchange of India Ltd within the prescribed period.

By Order of the Board of Directors

Place: Pune
Date: 26th May, 2014

Dattatraya Nimbolkar
CFO & Company Secretary

PRAJ INDUSTRIES LIMITED

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

TWENTY-EIGHTH ANNUAL GENERAL MEETING – Monday, 28TH July, 2014

ADMISSION SLIP

(To be handed over at the entrance of the Meeting Hall)

DP ID & Client ID / Folio No.	
No. of Shares	

I certify that I am a Member/Proxy for the Member of the Company and hereby record my presence at the **TWENTY-EIGHTH ANNUAL GENERAL MEETING** being held at "Praj Tower", S.No. 274 & 275/2, Bhumkar Chowk-Hinjewadi Road, Hinjewadi, Pune – 411 057 on **Monday, 28th July, 2014** at 10.00 a.m.

Name of Member/Proxy (in block letters)

Member's/Proxy's Signature

Note: A Member/Proxy holder attending the Meeting must complete this Attendance Slip and hand it over at the entrance.



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-mal 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 Eighth Annual General Meeting of the Company, to be held on the Monday, the 28th day of July, 2014 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:

Description	For *	Against*
1. Receive, consider and adopt <ol style="list-style-type: none">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 Ms. Parimal Chaudhari as Director.		
4. Appointment of Statutory Auditors and authorising Board to fix their remuneration.		
5. Resolution, not to fill up the vacancy caused by the retirement of Mr. Utpal Sheth, a Non-Independent and Non-Executive Director.		
6. Appointment of Mr. Berjis Desai as an Independent Director.		
7. Appointment of Mr. Kishor Chaukar as an Independent Director.		



Description	For *	Against*
8. Appointment of Mr. Prakash Kulkarni as an Independent Director.		
9. Appointment of Mr. Rajiv Maliwal as an Independent Director.		
10. Appointment of Mr. Sivaramakrishnan S. Iyer as an Independent Director.		
11. Provision of part of office premises to related parties.		
12. Payment of remuneration to Non-executive Directors.		
13. Approval of remuneration of Cost Auditors.		

Affix
Revenue
Stamp

Signature of shareholder

Signed this _____ day of _____ 2014.

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.

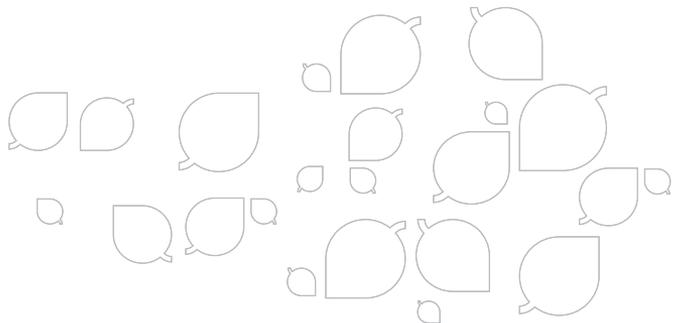


Praj Tower

Praj Tower, the Corporate office of the Company, incorporates many features which qualify for sustainability :

- Topsoil conservation during construction
- Low VOC Paints reducing GHG emission
- Captive solar plant
- Drip irrigated landscapes
- Water Harvesting facility

Adorning the new identity, this facility is a state-of-the-art workplace bringing greater efficiency and connectivity.





Infinite solutions for a greener planet.

At Praj, finding sustainable solutions is an everyday commitment. With a dedicated R&D team relentlessly working towards providing the planet with green solutions, Praj has created newer avenues for a sustainable future.

In fact, we take our existence of 3 decades across 60 countries as an added responsibility to spread the awareness and help generations enjoy a better world.

Praj Worldwide

Argentina | India | South Africa
The Netherlands | Thailand | UAE | USA



Praj Industries Limited,

Praj Tower, S. No. 274 & 275/2, Bhumkar Chowk-Hinjewadi Road,
Hinjewadi, Pune-411057. INDIA | info@praj.net | www.praj.net



DATE: 09.07.2014
REF: PILLDUNIL-157/2014-15



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

Sub.: Covering Letter to the Audit Report for the year 2013-14

Please find below the prescribed Form A (covering letter to the Audit Report for the year 2013-14) for your information and record.

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 st March, 2014
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	N.A.
5.	To be signed by-	
	GAJANAN NABAR CEO & MANAGING DIRECTOR	
	DATTATRAYA NIMBOLKAR CFO & COMPANY SECRETARY	
	PADMINI KHARE KAICKER MANAGING PARTNER, B.K. KHARE & CO. STATUTORY AUDITORS	
	BERJIS DESAI AUDIT COMMITTEE CHAIRMAN	

Praj Industries Limited

Regd. Office : "Praj Tower", S. No. 274 & 275/2, Bhumkar Chowk-Hinjewadi Road, Hinjewadi, Pune : 411057. Ph : +91 20 71802000 / 22941000
f: +91 20 22941299 e: info@praj.net w: www.praj.net CIN : L27101PN1985PLC038031