

Realign



Retain

Recharge



Committed to **Sustainability**

Contents

1 Company Information	2 Praj at Glance	3 Chairman's Statement	4 CEO's Statement
5 Directors' Report	9 Management Discussion & Analysis	12 Sustainability Report	14 Report on Corporate Governance
29 Auditors' Report	32 Balance Sheet	33 Profit & Loss Account	34 Cash Flow Statement
36 Schedules to Accounts	61 Consolidated Accounts	87 Notice	

PRAJ INDUSTRIES LIMITED

Board of Directors

Executive Directors:

Pramod Chaudhari, Executive Chairman
Gajanan Nabar, CEO & Managing Director

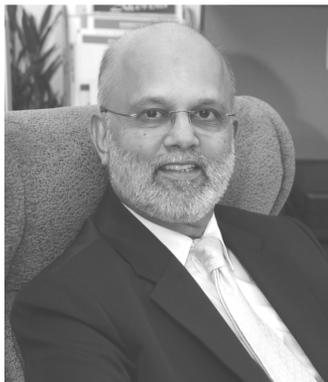
Non-Executive Directors:

Berjis Desai
Kishor Chaukar
Parimal Chaudhari
Prakash Kulkarni
Rajiv Maliwal
Sivaramakrishnan Iyer
Utpal Sheth

Company Secretary	Deepak Mogal
Auditors	B. K. Khare & Co.
Internal Auditors	Khare Deshmukh & Co.
Bankers	Bank of Maharashtra The Royal Bank of Scotland HSBC Ltd.
Solicitors	J. Sagar Associates, Mumbai
Registered Office	"PRAJ HOUSE", Bavdhan, Pune 411 021, 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 412 207, India Gat No. 745, Sanaswadi, Pune 412 207, India
Export Oriented Unit	Kandla SEZ, Gandhidham, Kutch 370 230, Gujarat, India
Presence in	India, Thailand, The Netherlands, USA, Brazil and UAE

Praj at Glance

	UOM	10-11	09-10	08-09	07-08	06-07	05-06	04-05	03-04	02-03
Sales	₹ Min	5529.310	6022.840	7718.813	7016.267	6074.744	2674.985	2352.573	1065.187	869.355
Other Income	₹ Min	290.255	424.517	241.797	386.827	89.328	25.326	30.658	21.388	12.915
Total Income	₹ Min	5819.565	6447.357	7960.610	7403.094	6164.072	2700.311	2383.231	1086.575	882.270
Total Expenditure Net Off Depreciation	₹ Min	5108.789	5111.594	6270.875	5603.961	5028.815	2349.938	2084.557	963.281	818.853
Depreciation	₹ Min	111.356	105.110	81.713	55.349	31.608	26.502	19.550	15.742	15.992
EBIDTA (Net of Other Income)	₹ Min	420.580	914.546	1451.808	1412.599	1048.446	330.356	269.809	109.582	65.996
PBT	₹ Min	599.420	1230.653	1608.022	1743.784	1103.649	323.871	279.124	107.553	47.426
PAT	₹ Min	534.725	1138.847	1297.479	1535.437	865.293	244.125	217.577	81.381	24.260
Net Block of Fixed Assets + CWIP	₹ Min	1595.950	1441.252	1471.597	1059.683	454.528	279.022	210.783	178.135	175.945
Share Capital	₹ Min	369.557	369.477	366.862	366.324	167.800	162.225	81.113	81.113	81.113
Reserves And Surplus	₹ Min	5219.931	4953.857	4067.745	3142.041	1405.061	387.292	340.813	222.845	182.642
Net Worth	₹ Min	5589.488	5323.334	4434.607	3508.395	1572.861	549.517	421.926	303.958	263.755
EPS Basic	₹	2.89	6.18	7.08	8.55	5.19	3.01	2.68	1.00	0.30
Ratios										
EBIDTA To Sales	%	8%	15%	19%	20%	17%	12%	11%	10%	8%
PBT To Sales	%	11%	20%	21%	25%	18%	12%	12%	10%	5%
PAT To Sales	%	10%	19%	17%	22%	14%	9%	9%	8%	3%
RONW	%	10%	23%	33%	60%	82%	50%	60%	29%	11%
ROCE	%	11%	24%	39%	67%	101%	63%	68%	29%	14%
No. of Shares	Nos.	184,778,723	184,738,492	183,431,082	183,161,810	83,900,066	81,112,520	8,111,252	8,111,252	8,111,252
Dividend	%	63%	72%	90%	99%	135%	63%	108%	45%	NIL
Book Value Per Share	₹	30.25	28.82	24.18	19.15	9.43	6.77	5.20	3.75	3.25
Cash EPS	₹	3.50	6.73	7.52	8.69	5.38	3.34	2.92	1.20	0.50



Retain, Realign, Recharge

(Retain Leadership, Realign Organization, Recharge for Growth)

The Company has been through one of its toughest times following global meltdown and a lull in the renewable energy investments. Contrary to our expectations, the period of slowdown extended well beyond the normal. However, we do see signs of revival with interest from new regions growing. We are also seeing an increased enquiry pipeline which is one of the earliest signs of growing interest. During the trying period, your Company has retained its brand equity as the supplier of choice by customers and associates. This is true not only for the existing business lines, but also for the new ones wherein clients perceive a high level of qualification in Praj's offerings.

While in the immediate future, growth would come from existing business lines including the new initiatives, it is necessary to examine the potential to increase the scope of our offering. With two orders from Africa with increased scope, we see a beginning. We plan to increase this by adopting varying business models in different geographies. We will keep in mind that we ensure a healthy return on shareholder funds while doing so.

As you know, we are pushing our R & D efforts for commercialization of lignocellulosic ethanol which is considered 'biofuels of the future'. We saw interest revival in USA with many renewable IPOs being subscribed enthusiastically. We also saw continued support towards R & D in this field. This gives us the courage to push through with further developments. Our Joint Development Program with Qteros, a biotech Company based in USA, for scaling up of the lignocellulosic ethanol developmental activity demonstrates our progress. We are also examining developments in the renewable chemicals space where we have seen a lot of action lately.

While technology led solutions have been our mainstay, we also believe in putting an effective organization behind the same. Our transition in the top leadership is a move towards institutionalizing organizational processes. You were informed on the change in the position of CEO & MD. With the induction of Gajanan Nabar, we have brought in a professional from outside to manage the operations. A strong senior management team provides the continuity and support in this effort. I continue to lead the Company, providing strategic directions. We have also brought in other professionals at Board level. Their experience has extended a strong support during the turbulent times and we hope to draw upon the Board's versatile domain knowledge in our effort to retain growth.

As we recharge for growth, we will be on the look out for opportunities which will sweat the assets and give maximum value to shareholders.

Pramod Chaudhari
Executive Chairman

Pune, May 2011



Growth Momentum

Recharging the momentum for growth is always a challenge. In the six months since coming on board, one of the things I noticed was the strong will and a very positive outlook of the Organization. This has ensured that even if the Company was facing one of the most difficult periods since its inception, the enthusiasm for innovation and enterprise was strong as ever. Given this spirit, we can turn the tide faster.

The economy round the world is going through a rebuilding phase. Even though inflation is at an all time high, there has been no demand destruction in the emerging economies. Praj's growth businesses are highly focused on the emerging economies of India, Lat Am and S.E. Asia and upcoming ones like Africa. So, it is good news.

Your Company has attained a pole position globally in the first generation bio-fuels. I am happy to share with you that we are also making considerable progress in second generation Bio-Fuels. In fact, we have been working with many interesting aspects of how the carbohydrate economy can complement the hydrocarbon one.

The New businesses have got off to a good start. We will look to enhanced business contribution from these groups, namely Water & Wastewater Treatment and Customized Engineering & Systems. We will constantly look to building niches that will capitalize on our process knowledge and our ability to translate it into viable solution for customers worldwide. We are currently evaluating options of globalizing our brewery business.

While Clean Technologies is our business religion, we will continue to explore new relationships, business models and new engagements with customers worldwide so that we can provide the benefit of these technologies to them.

As the economies of the world rebuild themselves, your Company will stay in constant readiness to seize the opportunities. We have the qualified professionals operating at different levels; we have a strong customer connect; a vibrant brand; business proposition that is most relevant and a global presence that gives us the bandwidth.

I look forward to an exciting journey at Praj in meeting the challenges and exceeding the expectations. I look up to your strong support in my endeavor.

Gajanan Nabar
CEO & Managing Director

Pune, May 2011

Directors' Report

To The Members of Praj Industries Limited,

Your Directors are pleased to present the 25th Annual Report and the Audited Statements of Accounts for the year ended 31st March, 2011.

Financial Results

In the year under review, your Company has recorded a total income of ₹ 5820 million (previous year ₹ 6447 million). While the total income decreased by 10% Profit before Tax decreased by 54% to ₹ 599 million (previous year ₹ 1231 million). The performance was impacted by adverse global market conditions.

(₹ in million)

	2010-11	2009-10
Turnover	5529	6023
Other Income	291	424
Total Income	5820	6447
Total Expenses	5220	5216
PBT	599	1231
PAT	535	1139
(+) Balance in Profit & Loss account	3252	2538
Profit Available for Appropriations	3787	3677
Appropriations		
- Dividend		
Interim	-	266
Final (Proposed)	233	-
- Dividend Tax	38	45
- Transfer to General Reserve	54	114
Balance in Profit and Loss Account	3462	3252

Dividend

Your Board of Directors decided to recommend a dividend of ₹ 1.26 per equity share (63%) of face value of ₹ 2/- each for the Financial Year ended 31st March, 2011.

Credit Rating

- CRISIL has reaffirmed "P1+" rating to Company's short-term banking facilities which signifies that the degree of safety regarding timely payment of instruments is **very strong**.
- 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

Pacecon Engineering Projects Ltd. (PEPL), BioEnergy Europa B. V., Netherlands, Praj Jaragua Bioenergia S.A., Brazil, Praj Americas Inc., Texas, Houston and Praj Far East Co. Ltd., Thailand are subsidiaries of your Company and are operating in their respective areas.

Your Company has received approval from the Ministry of Corporate Affairs, Government of India under Section 212 (8) of the Companies Act, 1956 exempting it from attaching various documents in respect of subsidiary companies, as set out under Section 212 (1) of the Companies Act, 1956, to the Annual Accounts of your Company, for the Financial Year ended 31st March, 2011. As per the terms of the letter, a statement containing brief financial details of the Company's subsidiaries for the year

ended 31st March, 2011 is included in the annual report. The annual accounts of these subsidiaries and the related detailed information will be made available to any member of the Company and its subsidiaries at any point of time upon request. The same will also be made available for inspection by any member of the Company / its subsidiaries at the registered office of the Company.

Strategic Partnership / Joint Ventures

Your Company has entered into a strategic partnership with Qteros Inc., USA to accelerate commercialization efforts for industrial-scale cellulosic ethanol production. (Please refer to Annexure 1 for more details.)

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 and Mr. Sivaramakrishnan Iyer, Directors, retire from the Board by rotation and being eligible, offer themselves for re-appointment at the ensuing Annual General Meeting.

Mr. Prakash Kulkarni, who was appointed on 11th October, 2010 in the casual vacancy caused by the resignation of Mr. Anil Joshi, holds office upto the date of the forthcoming Annual General Meeting. The Company has received Notice in writing along with requisite deposit from a member under Section 257 of the Companies Act, 1956 proposing candidature of Mr. Prakash Kulkarni for the office of Director liable to retire by rotation.

During the year, Mr. Shashank Inamdar stepped down as CEO & Managing Director of the Company effective 15th November, 2010 and subsequently resigned from the office of additional director with effect from 3rd February 2011. The Board placed on record its appreciation for the valuable contribution made by Mr. Inamdar during his tenure with the Company.

Mr. Gajanan Nabar was appointed as an Additional Director of the Company with effect from 15th November, 2010. He was also appointed as CEO & Managing Director of the Company. A detailed profile of Mr. Nabar is forming part of Corporate Governance Report. In terms of Section 260 of the Companies Act, 1956 he shall hold office upto the date of the ensuing Annual General Meeting. The Company has received Notice in writing along with requisite deposit from a member under Section 257 of the Companies Act, 1956 proposing candidature of Mr. Gajanan Nabar for the office of Director not liable to retire by rotation.

Mr. Pramod Chaudhari, Promoter Director, continues to lead as Executive Chairman of the Company.

Auditors

a) Internal Auditors

The Internal Auditors, M/s. Khare Deshmukh & Co., Chartered Accountants, Pune have conducted the 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, M/s. 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 224 (1B) of the Companies Act, 1956.

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 2010-11 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

- During the year, your Company allotted 40,231 equity shares on exercise of options under the Employee Stock Option Plan 2005 Grant I, II & III. Consequent to the above, the Issued, Subscribed and Paid-up Equity Share Capital of your Company increased from 184,738,492 equity shares (₹ 369.477 million) to 184,778,723 equity shares (₹ 369.557 million) as of 31st March, 2011.
- During the year, the Company has issued Grant IV – Plan A & Plan B of Options under the Employee Stock Option Plan 2005 aggregating 1,950,000 options to senior executives including new CEO & MD of the Company at the rate of ₹ 72.70 per option.
- 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 3 (1) (e) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, persons constituting 'Group' as defined in the Monopolies and Restrictive Trade Practices Act, 1969 are – Mr. Pramod Chaudhari, Mrs. Parimal Chaudhari, Moriyaset Trust, Mr. Parth Chaudhari, P-Cube Enterprises Private Limited, Turtle Communication and Fusiontech Ventures Private Limited.

Energy Conservation, Technology Absorption, Adaptation, Innovation

Your Company offers innovative solutions to customers through continual research and development. During the year, your Company,

- developed a pre-processing system for sand removal from cassava chips for which the Company has filed a patent.
- worked on value-added products which can be derived out of brewery spent yeast;
- developed a technology package for Hyloronic Acid, a high value ingredient used in skin care formulations and in osteo - arthritic and ophthalmic treatments. Patent filing is in process.
- introduced an effluent treatment special process for evaporation of biometanated spentwash. The same is being tried out at a commercial scale operation.
- developed Technology for production of "Value added Fermentation Nutrition Products" from waste streams of Brewery Plants.

Other than this, your Company has introduced many new schemes and processes for lowering energy and water consumption and generation of wastewater. The initiatives taken by your Company to enhance its commitment to Sustainable Practices are given separately in a Sustainability Report, enclosed separately.

Foreign Exchange Earnings & Outgo

	(₹ in million)	
	31/03/2011	31/03/2010
Earnings	1838	2676
Outgo	850	762
Net Foreign Exchange	988	1914

Your Company has retained its status as a net forex earner.

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: 24th May, 2011

Pramod Chaudhari
Executive Chairman

Management Discussion & Analysis

Overall Review

The global meltdown continued to impact new investments in the renewable energy industry and in particular your Company's business during the FY 2010-11. As briefed in the half yearly communication to shareholders (a copy of which is available on our website), 50% of your Company's business comes from overseas markets. While some geographies showed robust performance, others were slower off the block.

Keeping in mind the long-term future of renewables, your Company remains optimistic about its future role in your Company's business. Hence, your Company concentrated on building longer term strengths so as to retain and progress its position as supplier of choice. Technology development was another area of focus which is expected to provide further impetus.

Financial Review

Your Company recorded performance in line with the prevailing market trend in renewables. While the whole year's performance was subdued, early signs during later part of the year indicate reversal in the broad market trends as demonstrated in the last two quarter of FY 2010-11.

Operating Environment & Opportunities

The ethanol industry is again showing some momentum with a YOY growth of 18% in total alcohol production. This suggests that capacities are getting utilized. While one part is possibly high price of oil, many more countries have mandated biofuels aggressively.

Other businesses like brewery equipment, bionutrients, process equipment and water and wastewater treatment solutions, forming nearly 20% of your Company's revenue stream, are also showing signs of build-up.

Alcohol/Ethanol Industry Review

Strong crude oil prices and a fresh thrust on renewables saw a regained momentum in the market. While crude oil prices are immediate reasons for a thrust on biofuels, sustained thrust is only possible due to strong policy initiatives in the form of mandates and its implementation. Technology is a large supporting factor in the pursuit of biofuels.

There were also some structural changes in the bioethanol market during the year. Many new markets emerged strongly, while traditional markets remained dormant as regards new investments. To reiterate, biofuels are relatively new business paradigm and as such new influencing factors will emerge as the market grows in size.

Biofuels industry also saw much of the integration with conventional fuels businesses with the likes of BP, Nobel and many other Companies buying bioethanol assets.

By 2020, bioethanol will likely form 13% of world gasoline consumption which translates into a CAGR of 6% (FAO-OECD study). While challenges remain, many can be overcome by application of breakthrough technologies. Your Company is engaged in some of the dimensions of technological pursuit like lignocellulosic ethanol.

Water and Wastewater Treatment

Your Company has a dedicated division operating in this segment. Given the opportunities, this segment promises to grow and form a strong revenue stream for the Company. Going forward, your Company will also examine overseas opportunities.

As you know Praj had engaged a strategy consulting firm to provide a road map for entry into the water & wastewater treatment solutions business. The report was tabled to the Strategy Committee of your Company. The group will initially focus on the Indian market in the first phase. Praj will play the role of a Systems Integrator offering End to End solutions. Key industrial segments like power, pharmaceuticals, textiles for critical applications will be targeted specifically.

We had shared our wish for acquisition opportunities in this space. We continue to scan and evaluate the market in search of a good fit.

Customized Engineering and Manufacturing

This business line offers the Company a foothold in diverse industrial verticals. Investments are being driven on account of the continual demand for equipment as well as export opportunities. To tap international markets, your Company is setting up a manufacturing unit at Kandla (near the earlier unit). This workshop will be ready by mid-2011.

Biotech Products

The biotech nutrients product portfolio currently addresses the ethanol plants segment which use biobased nutrients in their operations in order to maintain optimum conditions for delivering efficiency.

Considering the installed base and the market share of the Company, we are set to expand this business further. In order to explore overseas markets for certain products, a GMP (Good Manufacturing Practices) compliant manufacturing facility is being set up near Pune. This facility is expected to be fully operational by mid-2011.

Joint Development in Second Generation Bioethanol Technology

Your Company signed a Joint Development Program with Qteros, Inc., the developer of a unique and highly efficient Consolidated Bioprocessing (CBP) platform for cellulosic ethanol. This is a strategic partnership which aims to accelerate commercialization efforts for industrial-scale cellulosic ethanol production. The agreement leverages both Qteros' broadly patent protected and highly flexible CBP platform with Praj's research capabilities and its technology, process design, engineering and construction expertise to deliver fully integrated engineering design packages for the lowest cost production of ethanol from a broad variety of non-food based feedstocks.

Meanwhile, Praj continues its independent research with other partners as also on its own.

Awards, Certifications & Recognition

Your Company received Gold Trophy for Export Performance for the year 2008-09 from Engineering Export Promotion Council (EEPC) for third consecutive year.

The Chairman of your Company has been invited to co-chair the National Renewables Energy Committee of CII. This demonstrates the unique position of your Company as a thought leader in the renewables space.

Your Company received the following certification this year:

1. ISO 14001 (2004) for Environmental management system for Sanaswadi Manufacturing Shop and Praj House
2. ASME "U2" Certificate for Kandla SEZ Manufacturing Shop (for design and fabrication of pressure vessels operating at pressures up to 10000 PSI).

Resources

Your Company constantly upgrades its resources in line with market developments. It has already augmented its manufacturing capacity and is now in the process of consolidating its manufacturing for domestic business at Nasrapur (outskirts of Pune). In the 1st Phase, a new state-of-the-art brewery shop will be set up during the current year.

A manufacturing unit for biotech products and process equipment is already under execution as envisaged in the capex of the year.

The Company's human capital and knowledge resource is in line with the demands of the industry and the Company has strong credentials to attract talent of top order.

Your Company has consolidated its business of Latin and North America at Houston, Texas by establishing a subsidiary called Praj Americas Inc. The operations will support business in the two continents and provide proximity to the market.

Reputation Capital

Your Company maintained its brand salience and has extended the same to newer products. Your Company remains a preferred supplier of plant & equipment with many marquee clients.

Future Outlook

In the short-term, the Company plans to revive and reassume the growth path. While cleantech would form the backbone of your Company's business, the Company is also examining opportunities in other sectors which will form part of its growth plan beyond 2015. The Company would look at inorganic growth opportunities more strongly and has created a separate resource base to drive the same. Your Company has intensified its efforts in the bio-chemicals space and is conducting developmental efforts in the same.

Risks and Concerns

Your Company has a well-documented Risk Management Policy. The policy is reviewed periodically by the Management & 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 the same.

Economic and Political situation in key markets of your Company is seen as an essential risk element. Your Company has no current exposure to middle-east in terms of projects.

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 and Brewery business is governed by the legislation of different geographies served by the Company. The Company has adequate geographical spread.

Food vs. Fuel debate is resurfacing. We have to tread carefully while evaluating proposals. While UN FAO and many other agencies have endorsed that biofuels are not entirely responsible, it is important to understand the concern and address the same in the context of our business. Your Company has already embarked on non-food biofuels development in the form of lignocellulosic ethanol business.

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 Statement

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

Praj together with Praj Foundation undertakes various sustainability initiatives which cover Environment, Education, Health-Care and Arts. The focus is on inclusive development. In the FY 2010-11 also, Praj and Praj Foundation teamed up to take the Sustainability Agenda of the Company forward. Given below are some key initiatives undertaken by your Company.

Environment

1. Clean city

Along with INORA (Institute of Natural Organic Agriculture) your Company is jointly implementing a project of Decentralised Biodegradable Waste Management. During FY 2010-11, 26 residential societies installed common composting units while 563 citizens have installed Individual composting units. Since last 3 years, 82 residential societies have installed common composting units while 1,474 citizens have installed Individual composting units converting 137 tonnes of waste into compost.

A Community Composting Model has been established at a Housing Society in Pune to demonstrate the composting of garden waste and effectively utilize the same for growing vegetables. The project facility is being utilized for organizing awareness programmes and serves as a demonstration plot for demonstrating various techniques of composting.

2. Learning by Doing: Environment Awareness & Conservation Through Green Concepts.

Praj Foundation is implementing the project of Environment Awareness & Conservation at Girls Sainiki school near Pune. Daily canteen waste is converted into vermicompost in a facility created in school premises. Students are trained to operate the vermicomposting unit. The compost thus generated is being utilised to grow organic vegetables. This activity helped in demonstrating 'Sustainability cycle'.

'Praj Foundation Green Scholarships and Awards' have been flagged off to help strengthen the Green movement, take deeper roots and mainstream these concepts in children's daily lives. 'Praj Foundation Green Scholarships' would be given to 5 deserving students while 'Praj Foundation Green Awards' would be given to 9 students based on their scores in the beginning of current academic year.

3. Green Energy solution to Off Grid hamlet through Solar lighting

Being an off grid village, life of the Dhangar (shepherds) families staying on a top of a hill range in Mulshi taluka comes to a standstill after dusk. Children belonging to these families walk for 4 hours every day to reach the School located at the foothill. These children cannot put in extra study hours after school, due to lack of electricity. It was therefore decided to provide 3 LED Solar Lanterns to each of these families with one lantern to be exclusively used by the children.

Sixty solar lanterns were distributed to 20 families. Today each household has sufficient light for elders to do household chores while the children are able to study without strain on their eyes. Utility of Solar Lanterns and its effect on the families is being periodically documented.

Health

1. Preventive health care for women

Praj Foundation is continuing the project of preventive health care for women in six villages located in close proximity of Praj Matrix in Mulshi Taluka of Pune District. During the fiscal 13 Health awareness sessions were conducted covering topics such as respiratory, digestive and reproductive system, nutritional deficiencies, etc. 325 women were sensitized during these sessions. In addition to these awareness sessions, 3 health camps were organized benefiting 200 women and adolescent girls.

Education

1. Adoption of Technical Education Institute

Last year, Praj took over the mentorship lead of an ITI at Velhe, near Pune. During the second year, Short Term Courses of 'Hardware & Networking', "Dress Designing & Garment Making," "Tally" were initiated. 3 batches of each course were completed. A total of over 65 students were awarded certificates for various courses. For the coming year, ITI Velhe plans to introduce courses in piping, welding etc. A new facility is also being built to accommodate more students and courses.

2. Directing Non-School going children to school -'Palavee' Group

Children of migrant construction workers do not have access to education. The main reasons being language barrier, responsibility of siblings, household chores and lack of interest in education among parents. Praj Foundation, jointly with 'Palakniti Parivar', decided to work in one such community in Pune with an objective of enrolling maximum children in formal schools. It is heartening to know that out of total 30 children, 21 children will be enrolled in formal schools from this academic year.

A program called Ellaru ('all together' in Kannada language) was started for adolescent girls in this community, who had either dropped out of the school or did not go to school so far. Presently 25 girls are enrolled and showing lot of interest in learning and various activities conducted in their class.

3. Establishing Food processing and testing facility at Vigyan Ashram

Vigyan Ashram is a laboratory of education engaged in training of rural youth in appropriate technologies so that they can start their own enterprises. Students are trained in accordance with 'Learning while Doing' philosophy. They are given training in various areas - from Engineering to Agriculture.

Praj foundation is supporting the semi commercial Food processing and testing facility for imparting training with requisite hygienic conditions and safety standards is being established. The Food Processing facility was upgraded as per Food Product Order (FPO) requirements while an entirely new Food Testing facility is being created. Necessary Equipment & instruments are already installed.

Apart from using the facility for training the students it will also be offered at nominal rate to Self Help Groups for preparing processed fruit products hygienically.

Promoting Intrapreneurship

Praj had instituted a Maha-Intrapreneur Award three years ago. Through this award, Praj encourages Intrapreneurship*, a value Praj adopted as a growth philosophy. It is also penned down in its value statement. The Company has been able to bring out the intrapreneurial traits and its importance in organization building. The Company has received good response to this initiative from firms in Maharashtra with awards being given out in two categories, Industry and Academics, NGOs, Public Sector categories. This year, we also introduced a special award for women in both categories.

Your Company remains committed to its Sustainability Agenda. It has identified many new and interesting themes which are expected to take the engagement levels higher. A dedicated team actions all agenda points under guidance from the Praj Foundation Trustees and in co-operation with external resources as the case may be. Your Company believes that any societal engagement of this kind will only act as a multiplier in favour of the ecosystem.

* 'Intrapreneurship' is an entrepreneurial way of thinking, acting and feeling of a work community. Intrapreneurs seek alternatives and work towards innovation which is an integral part of Intrapreneurship. Intrapreneurs have the motivations and execution skills to make "the big idea" come true, thereby fostering transformation and growth within the organization they are associated with. Visit www.mahaintrapreneur.com

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, 2011, comprising of two Whole-time Directors, seven Non-Executive Directors. Five of the Non-Executive Directors are Independent Directors.

b) Number of Board Meetings

Five Board Meetings were held during the year ended 31st March, 2011. The dates are – 5th April, 29th May, 23rd July, 11th October, in the calendar year 2010 and 21st January in the calendar year 2011.

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 ⁶	No. of Committee Memberships ⁷	
					Chairman	Member
Mr. Pramod Chaudhari	PD, ED	5	Yes	2	Nil	Nil
Mr. Gajanan Nabar ¹	ED	1	N. A.	Nil	Nil	Nil
Mr. Shashank Inamdar ²	PD, ED	4	Yes	-	-	-
Mr. Anil Joshi ³	ID, NED	3	Yes	-	-	-
Mr. Berjis Desai	ID, NED	4	Yes	8	2	8
Mr. Kishor Chaukar	ID, NED	4	Yes	12	1	4
Ms. Parimal Chaudhari ⁴	PD, NED	5	Yes	Nil	Nil	1
Mr. Prakash Kulkarni ⁵	ID, NED	1	N. A.	1	Nil	1
Mr. Rajiv Maliwal	ID, NED	3	Yes	3	Nil	1
Mr. Sivaramakrishnan S. Iyer	ID, NED	5	Yes	4	4	2
Mr. Utpal Sheth	NED	4	Yes	7	Nil	Nil

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

¹ Appointed as an Additional Director & Managing Director of the Company with effect from 15th November, 2010.

² Resigned w.e.f. 15th November, 2010 as Executive Director and w.e.f. 3rd February, 2011 as Director.

³ Resigned w.e.f. 11th October, 2010.

⁴ Ms. Parimal Chaudhari is wife of the Executive Chairman, Mr. Pramod Chaudhari. None of the other directors is related to any other director.

⁵ Appointed as a Director in casual vacancy on 11th October, 2010.

⁶ Excludes private, foreign and Section 25 companies.

⁷ 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 & Managing Director 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, 2011, 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 five times during the year i.e. on 26th April, 29th May, 23rd July, 11th October, in the calendar year 2010 and 21st January in the calendar year 2011.

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

Name of Director	No. of Meetings	Meetings attended
Mr. Anil Joshi ¹	5	3
Mr. Berjis Desai	5	4
Mr. Prakash Kulkarni ²	5	1
Mr. Sivaramakrishnan S. Iyer	5	5

¹ Member upto 11th October, 2010.

² Member w.e.f. 11th October, 2010.

In addition to the members of Audit Committee, Executives of Accounts Department, Secretarial Department and Representatives of the Statutory and Internal Auditors attend 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:

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, 2011, the Remuneration Committee of the Company comprises of three Non-Executive Directors namely Mr. Berjis Desai (Chairman of the Committee), Mr. Sivaramakrishnan S. Iyer and Mr. Utpal Sheth.

Meetings: This Committee has met three times during the year ended 31st March, 2011. The dates are – 25th May, 23rd July and 29th October in the calendar year 2010.

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

Name of Director	No. of Meetings	Meetings attended
Mr. Anil Joshi ¹	3	2
Mr. Berjis Desai	3	3
Mr. Sivaramakrishnan S. Iyer	3	3
Mr. Utpal Sheth ²	3	1

¹ Member upto 11th October, 2010.

² Member w.e.f. 11th October, 2010.

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, 2011 to the Executive Directors is as follows :

Mr. Pramod Chaudhari, Executive Chairman ₹ 43.70 Mn. (Salary ₹ 13.50 Mn., Perquisites ₹ 17.60 Mn. and Commission ₹ 12.60 Mn.), Mr. Gajanan Nabar, CEO & Managing Director ₹ 21.83 Mn. (Salary ₹ 2.72 Mn., Perquisites ₹ 19.11 Mn.) and Mr. Shashank Inamdar, erstwhile CEO & Managing Director ₹ 6.50 Mn. (Salary ₹ 3.16 Mn., Perquisites ₹ 3.34 Mn.). Besides this the Executive Directors are also entitled to provident fund, superannuation, gratuity and encashment of leave, as per the rules of the Company.

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

The tenure of office of the Executive Chairman is for a period of 5 years from the date of appointment. As per agreement Severance Fees is restricted to 36 months salary.

The tenure of office of the CEO & Managing Director is for a period of 44.5 months from the date of appointment. As per agreement Severance Fees 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, the recipients for such payment.

The Commission to Non-Executive Directors for 2010-11 is ₹ 4.50 Mn. The details are as follows:

Mr. Berjis Desai ₹ 0.630 Mn., Mr. Kishor Chaukar ₹ 0.630 Mn., Ms. Parimal Chaudhari ₹ 0.630 Mn., Mr. Prakash Kulkarni ₹ 0.450 Mn., Mr. Rajiv Maliwal ₹ 0.360 Mn., Mr. Sivaramakrishnan S. Iyer ₹ 1.440 Mn. and Mr. Utpal Sheth ₹ 0.360 Mn.

Shares held and Options granted to Non-Executive Directors as on 31/03/2011:

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	11,520,000	Nil	N. A.	N. A.
Mr. Prakash Kulkarni	5,000	Nil	N. A.	N. A.
Mr. Rajiv Maliwal	20,000	Nil	N. A.	N. A.
Mr. Sivaramakrishnan S. Iyer	180,000	Nil	N. A.	N. A.
Mr. Utpal Sheth	75,000	Nil	N. A.	N. A.

c) Shareholders'/Investors' Grievance Committee:

Composition: As on 31st March, 2011, 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, 2011. The dates are – 29th May, 23rd July, 11th October, in the calendar year 2010 and 21st January in the calendar year 2011.

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

Name of Director	No. of Meetings	Meetings attended
Mr. Anil Joshi ¹	4	3
Ms. Parimal Chaudhari	4	4
Mr. Sivaramakrishnan S. Iyer	4	4

¹ Member upto 11th October, 2010.

During the year the Company has received 9 complaints which were attended to. No investors' complaint is pending as on 31st March, 2011.

Mr. Yogesh Kandalgaonkar, Asst. Company Secretary is the Compliance Officer for complying with the requirements of SEBI Regulations and the Listing Agreements with the Stock Exchanges.

d) Compensation & Share Allotment Committee:

Composition: As on 31st March, 2011, the Compensation & Share Allotment Committee of the Board comprises of three Directors namely Mr. Berjis Desai, Mr. Pramod Chaudhari and Mr. Sivaramakrishnan S. Iyer (Chairman of the Committee).

Meetings: This Committee has met four times during the year ended 31st March, 2011. The dates are – 29th May, 11th October, 16th November in the calendar year 2010 and 21st January in the calendar year 2011.

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

Name of Director	No. of Meetings	Meetings attended
Mr. Berjis Desai	4	3
Mr. Pramod Chaudhari ¹	4	1
Mr. Shashank Inamdar ²	4	2
Mr. Sivaramakrishnan S. Iyer	4	4

¹ Member w.e.f. 11th October, 2010.

² Member upto 11th October, 2010.

General Body Meetings:

Details of last three annual general meetings (AGMs) are given in table below:

Year	Venue	Date & Time	Special Resolutions passed
2007-08	“PRAJ HOUSE”, Bavdhan, Pune 411 021	27th June, 2008 10.30 a.m.	a) Alteration of Articles of Association
2008-09	“PRAJ HOUSE”, Bavdhan, Pune 411 021	9th July, 2009 10.30 a.m.	a) Alteration of Articles of Association b) Payment of commission to Non-Executive Directors of the Company at enhanced rate.
2009-10	“PRAJ HOUSE”, Bavdhan, Pune 411 021	23rd July, 2010 10.00 a.m.	Nil

4. Disclosures:

a) Related Party Transactions:

Please refer to Schedule No. 17.4 of Notes to Accounts for materially 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 behaviour, financial impropriety etc. There is inherent assurance about non victimisation of employees using this mechanism.

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 Investors' Grievance Committee of Praj Industries Ltd.

Shareholding in the Company :

She holds 11,520,000 (6.23%) shares of the Company in her name as on 31st March, 2011.

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 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., IRB Infrastructure Developers Ltd., Man Infraconstruction Ltd., Phoenix Mills 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 – Investors' Grievance Committee
Phoenix Mills Ltd.	Chairman – Audit Committee
Praj Industries Ltd.	Member – Audit Committee
Praj Industries Ltd.	Chairman – Investors' Grievance Committee
IRB Infrastructure Developers Ltd.	Member – Audit Committee

Shareholding in the Company:

He holds 180,000 (0.1%) shares of the Company in his name as on 31st March, 2011.

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 vast experience of general management in capital goods industry and in the energy and environment sector. He combines technical knowledge with business acumen.

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

Currently, Mr. Prakash Kulkarni acts as Executive Director on the Board of Gabriel India Ltd.

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

Mr. Prakash Kulkarni is a member of Investors'/Shareholders' Grievance Committee of Gabriel India Ltd.

Shareholding in the Company:

He holds 5,000 (0.003%) shares of the Company in his name as on 31st March, 2011.

Mr. Gajanan Nabar:

Date of birth : 16/11/1963

Date of Appointment : 15/11/2010

Qualification : Master's degree in Organic Chemistry and in Management from Bombay University

Expertise in specific functional area:

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

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): Nil

Shareholding in the Company : Nil

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 Registrar and Transfer Agents, Link Intime India Private Limited. The share transfers are processed within a period of 15 days from the date of receipt of the transfer documents by Link Intime India Private Limited.

b) Investor Help-desk

Share transfers and all other investors related activities are attended to and processed at the office of our Registrar and Transfer Agents viz. Link Intime India Private Limited. Their address is given in the section on Shareholders Information.

c) Dividends

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

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 24th May, 2011.

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 requirement 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 will retire at the age of 70 years. However, the Board is at liberty to grant extensions.

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 : 22nd July, 2011 at 10.00 a.m.
Venue : "PRAJ HOUSE", Bavdhan, Pune 411 021

Financial Year : 1st April to 31st March

Financial Calendar

For the year ended 31st March, 2011 quarterly results were announced on:

Results for the quarter ended June 2010	23rd July, 2010
Results for the quarter ended September 2010	11th October, 2010
Results for the quarter ended December 2010	21st January, 2011
Results for financial year ended March 2011	24th May, 2011

For the year ended 31st March, 2012, the tentative announcement dates are:

Results for the quarter ending June 2011	Third week of July 2011
Results for the quarter ending September 2011	Third week of October 2011
Results for the quarter ending December 2011	Third week of January 2012
Results for the last quarter ending March 2012	Third week of April 2012

Date of Book Closure : 18th July, 2011 to 22nd July, 2011 (both days inclusive)

Dividend Payment Date : On or after 9th August, 2011

Stock/Scrip Code/ISIN/CIN

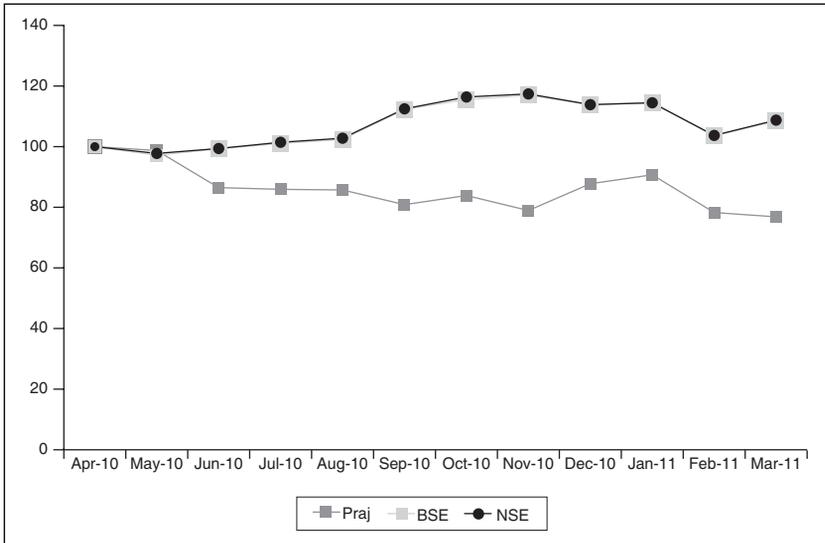
National Stock Exchange Ltd. (NSE)	PRAJIND
Bombay Stock Exchange Ltd. (BSE)	522205
ISIN with NSDL & CDSL	INE074A01025
Company Identification Number (CIN)	L27101PN1985PLC038031

The Annual Listing Fees for 2011-2012 have been paid to both the Stock Exchanges.

Stock Market Data

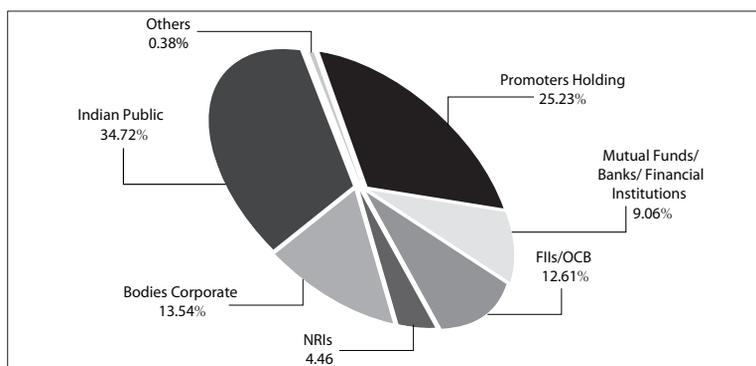
Monthly high/low during the year 2010-2011 on BSE & NSE:

Month	BSE		NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April 2010	98.00	84.50	98.00	84.35
May 2010	96.90	75.05	96.75	75.20
June 2010	84.75	75.90	84.75	75.85
July 2010	84.25	76.00	84.20	76.10
August 2010	84.00	73.30	84.00	73.05
September 2010	79.30	73.65	79.25	73.60
October 2010	82.35	68.40	82.20	68.40
November 2010	77.25	61.45	77.35	63.90
December 2010	86.00	67.00	86.00	66.25
January 2011	88.90	73.25	88.90	73.20
February 2011	76.80	61.80	76.70	61.55
March 2011	75.25	64.25	75.30	64.60



Shareholding Pattern as on 31st March, 2011:

Category	No. of shares of ₹ 2/- each	% of holding	Shares pledged	
			No. of Shares	%
Promoters Holding	46620000	25.23	0	0
Total (A)	46620000	25.23	0	0
Non-Promoter Holding				
Mutual Funds / Banks	8079153	4.37		
Financial Institutions / Banks	8663184	4.69		
Foreign Institutional Investors	21674293	11.73		
Bodies Corporate	25017284	13.54		
Indian Public	64154321	34.72		
Clearing Members	642253	0.35		
Non-Resident Indians	8245685	4.46		
Overseas Corporate Bodies	1622250	0.88		
Trusts	60300	0.03		
Total (B)	138158723	74.77		
Total (A) + (B)	184778723	100.00	0	0



Distribution of shareholding as on 31st March, 2011:

Holdings	Shareholders		Shares	
	Number	% to total	Number	% to total
Upto 500	124103	90.23	15391844	8.33
501 to 1000	7185	5.22	5790524	3.13
1001 to 2000	3478	2.53	5482043	2.97
2001 to 3000	932	0.68	2397593	1.30
3001 to 4000	477	0.35	1739387	0.94
4001 to 5000	331	0.24	1559582	0.85
5001 to 10000	518	0.37	3868278	2.09
10001 and above	524	0.38	148549472	80.39
Total	137548	100.00	184778723	100.00

Dematerialization of Shares and Liquidity:

As on 31st March, 2011, 99.73% 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 31/03/2011	%
No. of Shares held by NSDL	118765105	64.27
No. of Shares held by CDSL	65531496	35.46
Physical Shares	482122	0.27
Total	184778723	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
2003-04	Final Dividend 03-04	27/08/2004	02/10/2011
2004-05	Interim Dividend 04-05	30/10/2004	05/12/2011
2004-05	2nd Interim Dividend 04-05	23/04/2005	28/05/2012
2005-06	Interim Dividend 05-06	09/04/2006	14/05/2013
2006-07	Interim Dividend 06-07	14/10/2006	18/11/2013
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

Investor Services:

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

The Company has constituted Investors' Grievance Committee for redressing shareholders and investors complaints. Mr. Yogesh Kandalgaoonkar, Asst. 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 Indian Express, Loksatta, Economic Times, Pune & Mumbai, and Business Standard all editions.
- 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 separate dedicated section "Investor Lounge" where information for shareholders is available. The Annual Report of the Company is also available on the website in a downloadable form.
- Annual Report: Annual Report containing, inter alia, Audited Annual Accounts, Consolidated Financial Statements, Directors' Report, Auditors' Report and other important information is circulated to members and others entitled thereto. The Management Discussion and Analysis (MDA) Report forms part of the Annual Report. The quarterly/half-yearly un-audited financial results and official news releases were displayed on the Company's website.

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.

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 & Managing Director

Place : Pune

Date : 24th May, 2011

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, 2011.

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 : 24th May, 2011

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

Sr. No.	Particulars	ESOP 2005 Grant I - 12th Oct., 2005	ESOP 2005 Grant II - 28th Dec., 2006	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)	2,759,139	2,311,500	3,029,626	1,250,000	700,000
3.	Pricing Formula	At fair market value	At fair market value	At fair market value	At fair market value	At fair market value
4.	Options vested	2,535,003	2,030,300	912,825	Nil	Nil
5.	Options exercised	2,476,617	79,107	4,100	Nil	Nil
6.	The total number of shares arising as a result of exercise of options	2,476,617	79,107	4,100	Nil	Nil
7.	Options lapsed/ cancelled	282,522	2,232,393	598,276	Nil	Nil
8.	Variation of terms of options	Exercise Period increased by 1 year	Nil	Nil	Nil	Nil
9.	Money realized by exercise of options	₹ 16.85 lacs	Nil	₹ 3.35 lacs	Nil	Nil
10.	Total number of options in force	Nil	Nil	2,427,250	1,250,000	700,000
11.	Employee-wise details of options granted to Senior Managerial Personnel:					
	Balu Sarma	-	-	15,000	-	30,000
	Gajanan Nabar	-	-	-	1,250,000	-
12.	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	-
13.	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.	-	-	NA	NA	NA

14. Proforma adjusted net income and earnings per share:

Particulars	₹
Net income as reported (in millions)	534.73
Add: Intrinsic Value Compensation Cost	Nil
Less: Fair Value Compensation Cost (in millions)	44.93
Adjusted Proforma Net Income (in millions)	489.80
Basic Earnings Per Share –	
As Reported	2.89
Adjusted Proforma	2.65
Diluted Earnings Per Share –	
As Reported	2.89
Adjusted Proforma	2.65

15. 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

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

Sr. No.	Particulars	₹
1.	Exercise price equals market price	72.70
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	36.14
2.	Exercise price is greater than market price	NA
3.	Exercise price is less than market price	NA

Auditor's Report

To the Members, Praj Industries Limited,

We have audited the attached Balance Sheet of Praj Industries Limited, as at 31st March, 2011 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003 ('the Order') issued by the Central Government of India, in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, ('the Act') we enclose in the Annexure a statement on the matters specified in the paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 above, 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 purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books;
 - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - e) On the basis of the written representations received from the Directors as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 from being appointed as Director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 on the said date;
 - f) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts, read together with the Company's Accounting Policies and the Notes thereto, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i. in case of the Balance Sheet, of the state of affairs of the Company as on 31st March, 2011
 - ii. in the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
 - iii. in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For and on behalf of

B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Place: Pune
Date : 24th May, 2011

Padmini Khare Kaicker
Partner
Membership No. 044784

Annexure to the Auditors' Report

Referred to in paragraph 1 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) The Company has a regular programme of physical verification of fixed assets by which major fixed assets are verified by the management at reasonable intervals. In our opinion, this periodicity of physical verification is reasonable having regards to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) Fixed assets disposed off during the year were not substantial and therefore do not affect the going concern assumption.
- ii. (a) The inventory, except goods-in-transit and stocks lying with the third parties, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. For stocks lying with the third parties at the year end, written confirmations have been obtained.
- (b) The procedures for the physical verification of inventories 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 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. The Company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the registered maintained under Section 301 of the Companies Act, 1956 ('the Act'). Therefore, the provisions of sub-clause (b), (c), (d), (e), (f) and (g) of sub-para (iii) of para 4 of the Order are not applicable.
- iv. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and with regard to the sale of goods and services. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weakness in internal control system.
- v. In our opinion and according to information and explanations given to us, there are no contracts and arrangements the particulars of which need to be entered into the register maintained under Section 301 of the Act.
- 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 of the Company and nature of its business.
- viii. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 209(1) (d) of the Act for any of the products manufactured / services rendered by the Company.
- ix. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been regular in depositing amounts deducted / accrued in the books of account in respect of 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 with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of 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 were in arrears as at 31st March, 2011 for the period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty and Excise Duty, which have not been deposited with the appropriate authorities on account of disputes other than those mentioned below:

Name of statute	Nature of dues	Amount (in millions)	Period to which the amount relates	Forum where pending
Central Sales Tax Act, 1956	Demand on account of non-submission of statutory declaration forms	1.19	F.Y. 2003-04	Deputy Commissioner (Appeals)

- x. The Company does not have accumulated losses at the end of the financial year and has not incurred any cash losses in the financial year and the immediately preceding financial year.
- xi. In our opinion and according to the information and explanations given to us, the Company has not defaulted in payment of dues to its bankers or to any financial institutions. The Company did not have any outstanding debentures during the year.
- xii. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any Special Statute applicable to Chit Fund, Nidhi or Mutual Benefit Fund / Society.
- xiv. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. However, in respect of transactions relating to investment in securities, the Company has maintained proper records of transactions and contracts during the year and timely entries have been made therein. Further, such securities have been held by the Company in its own name.
- xv. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi. The Company did not have any term loans outstanding during the year.
- xvii. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that funds raised on short-term basis have not been used for long-term investment.
- xviii. According to the information and explanations given to us, during the year, the Company has not made preferential allotment of shares to parties covered in the register maintained under Section 301 of the Act.
- xix. The Company did not have any outstanding debentures during the year.
- xx. The Company has not raised any money by public issues.
- xxi. Based on the audit procedures performed 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 year.

For and on behalf of

B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No. 044784

Place: Pune
Date : 24th May, 2011

Balance Sheet as at 31/03/2011

(Currency : Indian rupees millions, except share data)

	Schedule	31/03/2011	31/03/2010
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	2	369.557	369.477
Reserves and surplus	3	5219.931	4953.857
		5589.488	5323.334
Deferred tax liability (net)	4	143.167	153.421
		5732.655	5476.755
APPLICATION OF FUNDS			
Fixed and intangible assets			
Gross block	5	1885.715	1737.129
Less: Accumulated depreciation and amortisation		466.852	362.890
Net book value		1418.863	1374.239
Capital work-in-progress (including capital advances)		177.087	67.013
		1595.950	1441.252
Investments	6	2640.418	2771.124
Current assets, loans and advances			
Inventories	7	628.542	282.948
Contracts in progress	17.2	253.505	411.932
Sundry debtors	8	1987.232	1124.849
Cash and bank balances	9	1371.070	1261.064
Loans and advances	10	1206.967	1220.454
		5447.316	4301.247
Less: Current liabilities and provisions			
Current liabilities	11	2935.310	2206.824
Provisions	12	1015.719	830.044
		3951.029	3036.868
Net current assets			
		1496.287	1264.379
		5732.655	5476.755
Significant accounting policies	1		
Notes to the financial statements	17		

The schedules referred to above form an integral part of the Balance sheet.

As per our report attached.

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

For and on behalf of the Board

Padmini Khare Kaicker
Partner
Membership No. 044784

Pramod Chaudhari
Executive Chairman

Gajanan Nabar
CEO & Managing Director

Place: Pune
Date: 24th May, 2011

Deepak Mogal
Company Secretary

Sivaramakrishnan S. Iyer
Director

Profit and Loss Account for the year ended 31/03/2011

(Currency : Indian rupees millions, except share data)

	Schedule	31/03/2011	31/03/2010
Income			
Gross sales and services		5767.187	6193.915
Less: excise duty		237.877	171.075
Net sales and services		5529.310	6022.840
Other income	13	290.255	424.517
		5819.565	6447.357
Expenditure			
Cost of materials consumed	14	3273.387	3433.738
Personnel costs	15	718.858	615.394
Manufacturing, selling and other costs	16	1116.485	999.552
Depreciation and amortisation	5	111.356	105.110
Interest costs		0.059	3.300
		5220.145	5157.094
Profit before tax and prior period items			
		599.420	1290.263
Less: Prior period items (net)	17.7	-	59.610
Profit before tax			
		599.420	1230.653
Less: Provision for tax			
- Current tax [Includes utilisation of MAT credit pertaining to earlier years ₹ 18.626 (2010: Nil)]		74.953	69.885
- Deferred tax		(10.258)	21.921
Profit after tax			
		534.725	1138.847
Balance in Profit and loss account brought forward		3251.936	2538.234
Amounts available for appropriation			
		3786.661	3677.081
Appropriations			
Dividend		232.821	265.947
Tax on dividend		37.769	45.198
Transfer to general reserve		53.500	114.000
Balance in Profit and Loss Account carried forward			
		3462.571	3251.936
Basic earnings per share of face value of ₹ 2 each	17.6	2.89	6.18
Diluted earnings per share of face value of ₹ 2 each	17.6	2.89	6.16
Significant accounting policies	1		
Notes to the financial statements	17		

The schedules referred to above form an integral part of the Profit and Loss Account.

As per our report attached.

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

For and on behalf of the Board

Padmini Khare Kaicker
Partner
Membership No. 044784

Pramod Chaudhari
Executive Chairman

Gajanan Nabar
CEO & Managing Director

Place: Pune
Date: 24th May, 2011

Deepak Mogal
Company Secretary

Sivaramakrishnan S. Iyer
Director

Cash Flow Statement for the year ended 31/03/2011

(Currency : Indian rupees millions, except share data)

	31/03/2011	31/03/2010
A. Cash flow from operating activities		
Net profit before tax	599.420	1230.653
Adjustments for:		
Loss on sale of fixed assets	2.459	0.957
Gain on redemption of mutual fund investments	(27.700)	(47.789)
Provision for doubtful debts and advances	29.846	10.085
Provision for diminution in investments	72.029	0.728
Unrealised foreign exchange (gain) (net)	(14.226)	(165.265)
Depreciation and amortisation	111.356	105.110
Interest earned	(73.535)	(72.474)
Dividend from mutual fund investments	(65.429)	(77.121)
Interest charged	0.059	3.300
Operating profit before working capital changes	634.279	988.184
Changes in working capital:		
(Increase) / decrease in sundry debtors	(892.229)	612.599
(Increase)/ decrease in inventories (including contracts in progress)	(187.167)	778.395
(Increase) / decrease in loans and advances	(114.180)	69.007
Increase / (decrease) in advances received from customers	177.631	(980.563)
Increase / (decrease) in current liabilities	521.892	(2.564)
Increase / (decrease) in provisions	38.972	(56.640)
Cash generated from operations	179.198	1408.418
Direct and fringe benefit taxes paid (including taxes deducted at source), net of refunds	(60.014)	(314.003)
NET CASH FROM OPERATING ACTIVITIES	119.184	1094.415
B. Cash flow from investing activities		
Purchase of fixed assets and intangibles	(249.561)	(84.011)
Purchase of investments:		
- in subsidiaries	(9.324)	(10.795)
- in mutual funds	(7677.328)	(7554.980)
- in debentures and bonds	(49.967)	(50.000)
Sale of investments		
- in mutual funds	7827.501	7001.915
Proceeds from sale of fixed assets	9.391	0.809
Interest received on investments	72.926	38.538
Dividend received on investments	65.429	77.121
Investment in fixed deposits	233.400	(246.475)
NET CASH FROM / (USED IN) INVESTING ACTIVITIES	222.467	(827.878)

Cash Flow Statement for the year ended 31/03/2011

(Currency : Indian rupees millions, except share data)

	31/03/2011	31/03/2010
C. Cash flow from financing activities		
Proceeds from exercise of employee stock options	2.019	61.024
Dividend paid including dividend distribution tax	-	(311.145)
(Decrease) / Increase in short-term borrowings and bank overdraft	-	(127.435)
Interest paid	(0.059)	(3.300)
NET CASH FROM / (USED IN) FINANCING ACTIVITIES	1.960	(380.856)
Net increase / (decrease) in cash and cash equivalents (A+B+C)	343.611	(114.319)
Cash and cash equivalents at the beginning of the year (Refer Schedule 17.8)	167.549	280.738
Add: effect of exchange rate changes on cash and cash equivalents	(0.205)	1.130
Cash and cash equivalents at the end of the year (Refer Schedule 17.8)	510.955	167.549

The schedules referred to above form an integral part of the Cash flow statement.

As per our report attached.

For B. K. Khare & Co.

Chartered Accountants

Firm Registration No. 105102W

Padmini Khare Kaicker

Partner

Membership No. 044784

Place: Pune

Date: 24th May, 2011

For and on behalf of the Board

Pramod Chaudhari

Executive Chairman

Deepak Mogal

Company Secretary

Gajanan Nabar

CEO & Managing Director

Sivaramakrishnan S. Iyer

Director

Schedules to the Financial Statements for the year ended 31/03/2011

(Currency : Indian rupees millions, except share data)

1. Significant accounting policies

1.1 Basis of preparation of financial statements

The financial statements 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 and with the relevant provisions of the Companies Act, 1956, to the extent applicable.

1.2 Use of estimates

The preparation of 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.

1.3 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.

Schedules to the Financial Statements for the year ended 31/03/2011

(Currency : Indian rupees millions, except share data)

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.

1.4 Fixed assets and depreciation

Fixed assets are stated at cost of acquisition less accumulated depreciation. The cost of acquisition includes inward freight, duties, taxes and other directly attributable expenses.

Depreciation on fixed assets is provided on the straight-line method pro-rata to the period of use. The rates of depreciation prescribed in Schedule XIV to the Companies Act, 1956 have been adopted by the Company, which in the view of the management reflects the useful life of the related fixed asset.

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. Items of fixed assets that have been retired from active use and are held for disposal are stated at the lower of their net book value and estimated net realisable value and are disclosed separately in the financial statements.

Capital work-in-progress includes the cost of fixed assets that are not ready for intended use at the Balance sheet date and advances paid to acquire capital assets before the Balance sheet date.

1.5 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 know how	5-10 years
Software	5 years

1.6 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.

1.7 Investments

Investments that are readily realisable and intended to be held for not more than one year from the date on which such investment is made are classified as current investments. Current

Schedules to the Financial Statements for the year ended 31/03/2011

(Currency : Indian rupees millions, except share data)

investments are carried at lower of cost and fair value, which is determined for each individual investment. Cost includes related expenses such as commission / brokerages etc.

Long-term investments are carried at cost less any other than temporary diminution in value, determined separately for each individual investment.

Profit or loss on sale of investments is determined on the basis of weighted average carrying amount of investments disposed off.

1.8 Inventories

Inventories are stated at lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The cost is determined on the basis of the weighted average method and includes expenditure in acquiring the inventories and bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of labour and overheads.

1.9 Foreign currency transactions

Transactions denominated in foreign currency are recorded at rates that approximate the exchange rate prevailing on the date of the respective transaction.

Exchange differences arising on foreign exchange transactions settled during the year are recognized in the Profit and loss account of the year. Monetary assets and liabilities in foreign currency, which are outstanding as at the year-end, are translated at the year end closing exchange rate and the resultant exchange differences are recognized in the Profit and loss account.

The premium or discount arising at the inception of the forward exchange contracts related to underlying receivables and payables are amortised as an expense or income recognised over the period of the contracts. Gains or losses on renewal or cancellation of foreign exchange forward contracts are recognised as income or expense for the period.

1.10 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.

1.11 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.

Schedules to the Financial Statements for the year ended 31/03/2011

(Currency : Indian rupees millions, except share data)

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.

1.12 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.

1.13 Income taxes

Income-tax comprises of current tax and fringe benefit tax (i.e. amount of tax for the period determined in accordance with the income-tax law) and deferred tax (reflecting the tax effects of timing differences between accounting income and taxable income for the year). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantially enacted by the Balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that they will be realised in future; however, where there is unabsorbed depreciation and carry forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed at each Balance sheet date and written down or written up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realised.

Timing differences, which reverse within the tax holiday period, do not result in tax consequence and therefore no deferred taxes are recognised in respect of the same. For this purpose, the timing differences, which originate first, are considered to reverse first.

Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay income tax higher than that computed under MAT, during the period that MAT is permitted to be set-off under the Income Tax Act, 1961 (specified period). In the year in which the MAT credit becomes eligible to be recognised as an asset in accordance with the Guidance Note issued by ICAI, the said asset is created by way of credit to the Profit and Loss account and known as MAT entitlement. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay income tax higher than MAT during the specified period.

1.14 Earnings per share

In determining earnings per share, the Company considers the net profit after tax and includes the post tax effect of any extra-ordinary / exceptional item. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the year. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable, had the shares been actually issued at fair value (i.e. the average market value of the outstanding shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. The number of shares and potentially dilutive equity shares are adjusted for any stock splits and issues of bonus shares effected prior to the approval of the financial statements by the Board of Directors.

Schedules to the Financial Statements for the year ended 31/03/2011

(Currency : Indian rupees millions, except share data)

	31/03/2011	31/03/2010
2. Share capital		
Authorised capital		
450,000,000 equity shares of ₹ 2 each (2010: 450,000,000 equity shares of ₹ 2 each)	900.000	900.000
Issued, subscribed and paid-up capital		
184,778,723 equity shares of ₹ 2 each fully paid up (2010: 184,738,492 equity shares of ₹ 2 each fully paid up)	369.557	369.477
Of the above:		
40,231 equity shares of ₹ 2 each were allotted during the financial year 2010-11 pursuant to the exercise of stock options.		
1,307,410 equity shares of ₹ 2 each were allotted during the financial year 2009-10 pursuant to the exercise of stock options.		
269,272 equity shares of ₹ 2 each were allotted during the financial year 2008-09 pursuant to the exercise of stock options.		
91,372,879 equity shares of ₹ 2 each issued as bonus shares during the financial year 2007-08 by capitalisation of securities premium account.		
7,300,125 equity shares of ₹ 2 each were allotted during the financial year 2007-08 pursuant to the conversion of warrants.		
588,740 equity shares of ₹ 2 each were allotted during the financial year 2007-08 pursuant to the exercise of stock options.		
40,556,260 equity shares of ₹ 2 each issued as bonus shares during the financial year 2005-06 by capitalisation of securities premium account.		
4,320,000 equity shares of ₹ 10 each were allotted to share holders of Praj Engineering Limited, during the financial year 2002-03 pursuant to a scheme of amalgamation without payment being received in cash. (*)		
896,652 equity shares of ₹ 10 each (converted were allotted to shares holders of Praj Finance Limited, during the financial year 1997-98 pursuant to a scheme of amalgamation without payment being received in cash. (*)		
1,350,000 equity shares of ₹ 10 each issued as bonus shares during the financial year 1993-94 capitalisation of reserves. (*)		
21,491 equity shares of ₹ 10 each were allotted during the financial year 1989-90 pursuant to contracts without payment having been received in cash. (*)		
(*) During the financial year 2005-06 the Company subdivided the equity shares of ₹ 10 each in to five shares of ₹ 2 each. Consequently these shares were converted into 32,940,715 equity shares of ₹ 2 each.		

Schedules to the Financial Statements for the year ended 31/03/2011

(Currency : Indian rupees millions, except share data)

	31/03/2011	31/03/2010
3. Reserves and surplus		
Capital reserve	0.033	0.033
Amalgamation reserve	3.063	3.063
Securities premium account		
Balance at the beginning of the year	1126.714	1068.304
Add: additions on account of:		
- exercise of employee stock options	1.939	58.410
Balance at the end of the year	1128.653	1126.714
General reserve		
Balance at the beginning of the year	572.111	458.111
Add: Transferred from Profit and loss account	53.500	114.000
Balance at the end of the year	625.611	572.111
Profit and loss account	3462.571	3251.936
	5219.931	4953.857
4. Deferred tax liability (net)		
Deferred tax liability		
Arising out of timing differences in depreciation	259.455	259.845
Deferred tax asset		
Arising out of timing differences in		
- employee benefits	(15.576)	(11.015)
- provision for doubtful debts and advances	(17.656)	(23.877)
- provision for diminution in investments	(15.951)	-
- others	(15.912)	(14.350)
- Long-term capital loss	(51.193)	(57.182)
Net deferred tax liability	143.167	153.421

Schedules to the Financial Statements for the year ended 31/03/2011

(Currency : Indian rupees millions, except share data)

	Intangible assets		Tangible Assets					Total	Previous period		
	Technical Knowhow	Softwares	Praj Brand	Land Buildings* (Freehold)	Plant and Machinery	Computers and Office Equipment	Vehicles			Furniture and Fixtures	
Gross Block											
At 01/04/2010	64,800	67,842	56,923	231,408	485,984	541,170	127,539	26,165	1,737,129	1,595,885	
Additions during the year	-	5,366	-	-	87,038	39,012	10,310	7,879	17,707	167,312	1,46,926
Deletions during the year	-	-	-	-	-	-	11,243	4,211	3,272	18,726	5,682
At 31/03/2011	64,800	73,208	56,923	231,408	573,022	580,182	126,606	29,833	149,733	1,885,715	1,737,129
Accumulated depreciation and amortisation											
At 01/04/2010	33,458	33,371	45,539	-	44,127	112,492	53,995	9,480	30,428	362,890	261,685
Charge for the year	8,492	13,326	5,692	-	13,454	46,889	11,032	2,555	9,916	111,356	105,110
Depreciation on deletions	-	-	-	-	-	-	5,193	1,401	0,800	7,394	3,905
At 31/03/2011	41,950	46,697	51,231	-	57,581	159,381	59,834	10,634	39,544	466,852	362,890
Net Block											
At 31/03/2011	22,850	26,511	5,692	231,408	515,441	420,801	66,772	19,199	110,189	1,418,863	1,374,239
At 31/03/2010	31,342	34,471	11,385	231,408	441,850	428,678	73,544	16,685	104,876	1,374,239	1,334,200

* Includes improvements to Leasehold Buildings

Schedules to the Financial Statements for the year ended 31/03/2011

(Currency : Indian rupees millions, except share data)

	31/03/2011	31/03/2010
6. Investments		
Long-term, trade, unquoted		
Subsidiaries		
Pacecon Engineering Projects Limited	5.355	5.355
308,350 (2010: 308,350) equity shares of ₹ 10 each fully paid		
Praj Far East Co., Limited	2.453	2.453
19,598 (2010: 19,598) equity shares of Thai Baht 100 each fully paid		
BioCnergy Europa B.V.	35.262	35.262
300,000 (2010: 300,000) equity shares of Euro 1 each fully paid		
Praj Jaragua Bioenergia S.A.	72.029	67.481
2,839,451 (2010: 1,646,267) equity shares of Brazil Rial 1 each fully paid		
Praj Americas Inc.	9.281	-
40,000 (2010: Nil) equity shares of US Dollar 5 each fully paid		
Sub-Total (a)	124.380	110.551
Long term, non-trade, quoted		
AXIS FMP – Series 1 – Retail Growth – 5,000,000 Units, (2010: 5,000,000)	50.000	50.000
BSL Fixed Term Plan – SR CF – Growth-15,000,000 Units, (2010: Nil)	150.000	-
BSL FT Plan SR CI – Growth – 15,000,000 Units, (2010: Nil)	150.000	-
BSL FT Plan SR CM-Growth – 10,000,000 Units, (2010: Nil)	100.000	-
BSL Govt.Securities Long-Term Growth – 721,144.312 Units, (2010: Nil)	20.000	-
DSPBR FMP 12M S6 Growth – 15,000,000 Units, (2010: Nil)	150.000	-
HDFC GILT Fund Long-Term – Growth – 5,209,300.478 Units, (2010: Nil)	100.250	-
ICICI PRU GILT Fund PF Option – 2,661,754.842 Units, (2010: Nil)	50.000	-
IDFC Fixed Maturity Yearly SR – 33 – 20,000,000 Units, (2010: Nil)	200.000	-
IDFC Fixed Maturity Yearly SR – 34 – 15,000,000 Units, (2010: Nil)	150.000	-
KOTAK FMP SR 30 – 366 Days – 5,000,000 Units, (2010: Nil)	50.000	-
KOTAK FMP SR 34 – 366 Days – 15,000,000 Units, (2010: Nil)	150.000	-
KOTAK FMP SR 43 – 5,000,000 Units, (2010: Nil)	50.000	-
Reliance FHF XVI Series 2 – 10,000,000 Units, (2010: Nil)	100.000	-
Reliance FHF XVII Series 1 – 15,000,000 Units, (2010: Nil)	150.000	-
Religare 13 MONTHS FMP – Nil Units, (2010 : 2,000,000)	-	20.000
Religare FMP SR V Plan A – 10,000,000 Units, (2010: Nil)	100.000	-
SBI DEBT Fund Series 13 Months – Nil Units, (2010: 10,000,000)	-	100.000
SBI DEBT Fund SR 15 Months – 10,000,000 Units, (2010: 10,000,000)	100.000	100.000
SBNPP FTP 367 Days Series P – Nil Units, (2010: 10,000,000)	-	100.000
Sundaram FTP 367 Days S8 – Nil Units, (2010: 5,000,000)	-	50.000
Sundaram BNP FTP AN 367 Days – Growth-15,000,000 Units, (2010: Nil)	150.000	-
Sundaram BNP FTP AP 367 Days – Growth – 10,000,000 Units, (2010: Nil)	100.000	-
Sundaram BNP FTP AW 366 Days – Growth – 15,000,000 Units, (2010: Nil)	150.000	-

Schedules to the Financial Statements for the year ended 31/03/2011

(Currency : Indian rupees millions, except share data)

	31/03/2011	31/03/2010
6. Investments (Contd.)		
Tata Fixed Maturity Plan SR 27 Scheme A – 10,000,000 Units, (2010: Nil)	100.000	-
Tata Fixed Maturity Plan SR 29 Scheme C – 5,000,000 Units, (2010: Nil)	50.000	-
Redeemable Non-Convertible Secured Debentures Issued by Citifinancial Consumer Finance (India) Limited – 1500 Units, (2010: 1500)	150.000	150.000
Redeemable Non-Convertible Unsecured Zero Coupon Bond Issued by Rural Electrification Corp. Ltd. – 3680 Units, (2010: Nil)	49.967	-
Sub-Total (b)	2570.217	570.000
Current, non-trade, quoted		
Birla Sun Life Short-Term Opportunity – Nil Units, (2010: 10,049,002)	-	100.514
Birla Sunlife Sweep Fund Dividend – Nil Units, (2010: 6,138,640)	-	61.555
BSL Dynamic Bond Fund – M - Nil Units, (2010: 10,050,142)	-	105.374
Birla Sun Life Dymanic Bond Fund – Nil Units, (2010: 5,637,775)	-	62.135
BSL Interval IF Qrtly. SR 1 – Nil Units, (2010: 5,000,000)	-	50.000
DWS Cash Opportunity Fund – Nil Units, (2010: 9,728,384)	-	100.000
DSPBR Liquidity Fund – 17,844.494 Units, (2010: Nil)	17.850	-
IDFC Money Manager – Plan B – Nil Units, (2010: 30,141,165)	-	302.049
Kotak Quarterly Interval Plan SR 3 – Nil Units, (2010: 10,040,777)	-	100.408
LICMF Floating Rate – Nil Units, (2010: 29,856,645)	-	302.976
LICMF Saving PLS-WKLY – Nil Units, (2010: 10,113,911)	-	101.165
Principal Money Manager Fund – Nil Units, (2010: 9,617,135)	-	100.024
Reliance Monthly INTVL S – II – Nil Units, (2010: 4,997,252)	-	50.000
Religare Active Income Fund – Nil Units, (2010: 10,006,525)	-	100.065
Religare Credit Opportunities Fund – Nil Units, (2010: 20,058,737)	-	201.202
Templeton Floating Rate Income – Nil Units, (2010: 35,348,051)	-	353.834
Sub-Total (c)	17.850	2091.301
Total (a) + (b) + (c)	2712.447	2771.852
Less: Diminution in value of investments*	72.029	0.728
Sub-Total (d)	72.029	0.728
Grand Total (a) + (b) + (c) - (d)	2640.418	2771.124
Note:		
* Includes Diminution for Long-term investment in subsidiary Praj Jaragua Bioenergia	72.029	-
* Includes Diminution in current investments	-	0.728
Total	72.029	0.728
Aggregate amount of quoted investments	2588.067	2660.573
Market value of quoted investments	2606.069	2673.570

Schedules to the Financial Statements for the year ended 31/03/2011

(Currency : Indian rupees millions, except share data)

Investments purchased and sold during the year	Units (Nos.)	Value
6. Investments (Contd.)		
Name of the scheme		
AXIS FMP – Series 1 – Retail Growth	10,051,042	100.706
BIRLA SL Cash Plus Daily Div	20,344,430	203.569
BIRLA Sun Life Short-Term Opportunity-WKLY DIVD	23,782,938	240.636
BIRLA Sweep Fund Dividend	47,147	0.491
BSL Dynamic Bond Fund – M	15,105,117	169.635
BSL Interval IF Qrtly SR 1 – Divd. Pay Out	10,035,966	100.415
BSL FT Plan SR CM-Growth	15,128,142	152.472
DWS Cash Opportunities	30,859	0.317
DWS Cash Opportunity Fund – Monthly	14,945,599	150.016
DWS Insta Cash Plus Fund	19,893,322	200.623
DSPBR FMP 12M S6 Growth	10,000,000	100.000
DSPBR FMP 3M S18 Dividend	94,114	94.143
DSPBR Liquidity Fund	10,000,000	100.000
FORTIS Fixed Term SR 18C	4,339,351	45.871
HDFC High INT Fund STP DI	9,993,512	100.250
HDFC Cash Mgmt Treasury ADV	10,000,000	100.000
HDFC Gilt Fund Long Term – Growth	10,269,551	102.753
ICICI Pru LTFR Plan C	20,164,693	202.538
ICICI Pru USTP Super Prem	1,999,760	200.020
ICICI Pru GILT Fund PF Option	29,995,826	300.033
IDFC Cash Fund	10,266,697	102.891
IDFC Money Manager – Plan B-Wkly	302,377	302.925
IDFC Fixed Maturity Yearly SR – 34	20,382,847	205.221
JP Morgan India Treasury	9,846,439	100.320
Kotak Flexi Debt – Weekly	10,075,615	100.756
Kotak Quarterly Interval Plan SR 3/SR 10	9,998,600	99.990
Kotak Qtly. Int. Plan S7	10,000,000	100.000
Kotak FMP SR 43	30,183,687	301.976
LIC Income Plus	9,276,423	101.856
LIC Liquid Fund	174,627	1.772
LICMF Floating Rate – STP Wkly	64,152	0.642
LICMF Saving PLS – WKLY	10,004,879	100.127
Lotus India Liquid Fund D	36,893	0.384
Principal Money Manager Fund – Monthly	15,000,000	150.000
Reliance FHF XV Series 1	10,000,000	100.000
Reliance FHF XVII Series 1	2,931,535	50.157
Reliance Medium Term Fund	10,196,313	101.982
Reliance Mntly Intvl S – II	39,679	50.000
Religare 13 Months FMP	107,684	1.077

Schedules to the Financial Statements for the year ended 31/03/2011

(Currency : Indian rupees millions, except share data)

Investments purchased and sold during the year	Units (Nos.)	Value
6. Investments (Contd.)		
Religare Active Income Fund Monthly Divd	70,075	0.702
Religare Credit Opportunities Fund – Monthly	19,772,848	200.655
Religare STP Weekly DIC	9,990,047	100.076
Religare FMP SR V Plan A	10,000,000	100.000
Sundaram BNP 367 Days S8	14,860,121	150.017
Sundaram BNP FTP AW 366 Days – Growth	10,000,000	100.000
Tata Fixed Maturity Plan SR 29 Scheme C	10,520,537	105.387
Templeton Floating Rate Income	40,794	45.708

Schedules to the Financial Statements for the year ended 31/03/2011

(Currency : Indian rupees millions, except share data)

	31/03/2011	31/03/2010
7. Inventories		
Raw materials and stores	628.542	282.148
Work-in-progress	-	-
Finished goods	-	-
Goods in transit	-	0.800
	628.542	282.948
8. Sundry debtors		
Unsecured		
Over six months		
- Considered good (*)	261.499	152.096
- Considered doubtful	42.249	58.085
Others, considered good	1725.733	972.753
	2029.481	1182.934
Less: Provision for doubtful debts	42.249	58.085
	1987.232	1124.849
(*) includes receivable from Bioenergy Europa B.V. (Refer Schedule 17.4)	4.296	3.052
9. Cash and bank balances		
Cash in hand	2.603	2.671
Cheques in hand	51.336	-
Balances with scheduled banks		
- in current accounts	456.917	164.814
- in deposit accounts	860.115	1093.515
Balances with non-scheduled banks in current accounts (*)		
- Absa International Banking, South African Rand Account	0.099	0.064
	1371.070	1261.064
(*) Maximum amount outstanding at any time during the year		
- Absa International Banking, South African Rand Account	0.099	0.165
10. Loans and advances		
Unsecured, considered good unless otherwise stated		
Advances recoverable in cash or in kind or for value to be received (*)	279.485	104.027
Less: Considered doubtful	13.150	14.756
	266.335	89.271
Advance income tax and tax deducted at source	822.504	962.499
Deposits	29.136	35.057
Less: Considered doubtful	1.823	1.465
	27.313	33.592
Balances with excise and customs	34.239	74.620
Advance towards share application money (*)	-	4.505
Accrued interest on deposit	56.576	55.967
	1206.967	1220.454
(*) includes advances receivable from subsidiaries - (Refer Schedule 17.4)		
Praj Jaragua Bioenergia S.A.	-	4.505
Maximum amount outstanding at any time during the year	4.505	30.671
Pacecon Engineering Projects Limited	-	-
Maximum amount outstanding at any time during the year	17.825	16.500

Schedules to the Financial Statements for the year ended 31/03/2011

(Currency : Indian rupees millions, except share data)

	31/03/2011	31/03/2010
11. Current liabilities		
Creditors for goods and services:		
- Dues to Micro and Small enterprises under MSMED Act, 2006.(*)	3.462	4.937
- Dues to other parties (**)	1109.290	657.754
	1112.752	662.691
Advances from customers(***)	1401.796	1224.165
Dues to customers relating to contracts in progress (Refer Schedule 17.2)	206.279	98.687
Provident and other funds payable	7.294	4.251
Bonus and exgratia payable	14.147	12.451
Other payables	187.939	198.536
Unclaimed dividend (****)	5.103	6.043
	2935.310	2206.824
(*) No interest is due/payable to parties under the MSMED Act, 2006		
(**) includes payables to subsidiary company Biocnergy Europa B.V., Praj Far East Co. & Praj Americas Inc.	11.384	3.575
(***) includes advance received from subsidiary company Biocnergy Europa B.V.	-	0.754
(****) There is no amount due and outstanding to be credited to Investor Education and Protection Fund.		
12. Provisions		
Compensated absences	45.695	36.243
Gratuity	36.777	34.258
Performance incentives	50.501	23.500
Dividend and dividend tax	270.591	-
Taxation	612.155	736.043
	1015.719	830.044
13. Other income		
Foreign exchange fluctuation gain (net)	42.515	95.484
Dividend from mutual fund investments	65.429	77.121
Gain on redemption of mutual fund investments (net)	27.700	47.789
Bad debt / Provision for doubtful debts recovered	11.365	109.682
Interest		
- on fixed deposits [tax deducted at source (₹ 6.884, 2010: ₹ 16.334)]	68.935	72.474
- others [(tax deducted at source ₹ 0.016, 2010: ₹ Nil)]	4.600	-
Miscellaneous income	69.711	21.967
	290.255	424.517

Schedules to the Financial Statements for the year ended 31/03/2011

(Currency : Indian rupees millions, except share data)

	31/03/2011	31/03/2010
14. Cost of materials consumed		
Raw material consumed	3208.900	3375.813
Stores and spares consumed	64.487	57.925
	3273.387	3433.738
15. Personnel costs		
Salaries, wages and bonus	655.212	560.497
Contributions to provident and other funds	27.882	24.038
Staff welfare	35.764	30.859
	718.858	615.394
16. Manufacturing, selling and other costs		
Site expenses and labour charges	187.858	215.073
Freight and transport	154.892	127.443
Bad debts written off / Provision for doubtful debts and advances	29.846	10.085
Sales commission	106.240	105.387
Travel and conveyance	116.092	114.685
Professional consultancy charges	125.542	56.318
Insurance	15.088	17.290
Rent	28.389	28.662
Power and fuel	33.075	34.234
Advertising and exhibition expenses	26.744	16.588
Communication expenses	16.842	20.229
Testing charges	10.790	11.182
Repairs and maintenance:		
- Building	2.988	0.988
- Plant and Machinery	11.015	7.624
- Others	29.951	21.129
Auditors' remuneration		
- for audit services	2.295	2.000
- for taxation services	0.400	0.400
- for other services	0.155	0.155
- out of pocket expenses	0.020	0.031
Loss on sale of fixed assets (net)	2.459	0.957
Loss on Sale / Provision for diminution in value of investment	72.029	75.445
Rates and taxes	1.405	1.610
Miscellaneous expenses	142.370	132.037
	1116.485	999.552

Schedules to the Financial Statements for the year ended 31/03/2011

(Currency : Indian rupees millions, except share data)

17. Notes to the financial statements

17.1 Capital commitments, contingent liabilities and secured loans

	31/03/2011	31/03/2010
Capital commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	141.128	73.998
Contingent liabilities		
Claims against Company not acknowledged as debts (primarily relating to performance related claims filed by customers)	35.831	20.639
Disputed demands in appeal towards income tax, Service tax and sales tax	39.090	8.704
Guarantee issued in respect of obligations of a subsidiary	-	-
Unfulfilled Export Obligations under EPCG scheme to be fulfilled over 8 years	292.064	313.170
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.		

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

	31/03/2011	31/03/2010
Contract revenue recognised during the year	4944.175	5477.971
Aggregate amount of contract costs incurred and recognised profits (less recognised losses)	4944.175	5477.971
Customer advances outstanding for contracts in progress	1001.633	892.395
Retention money due from customers for contracts in progress	292.727	134.746
Gross amount due from customers for contract work (presented as Contracts in progress)	253.505	411.932
Gross amount due to customers for contract work (presented as Dues to customers relating to contracts in progress)	(206.279)	(98.687)

17.3 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.

Schedules to the Financial Statements for the year ended 31/03/2011

(Currency : Indian rupees millions, except share data)

17.3 Segment reporting (Contd.)

Secondary segmental information

Particulars	India		Rest of the world		Total	
	31/03/2011	31/03/2010	31/03/2011	31/03/2010	31/03/2011	31/03/2010
Segment sales	3821.563	3556.014	1707.747	2466.826	5529.310	6022.840
Segment assets	1361.883	906.925	625.349	217.924	1987.232	1124.849

17.4 Related party transactions

a) Parties where control exists

Subsidiaries

Pacecon Engineering Projects Limited
Praj Far East Co. Limited
Praj Schneider Inc. (upto 28/02/2010)
BioEnergy Europa B.V.
Praj Jaragua Bioenergia S.A.
Praj Americas Inc. (from June 2009)

b) Key management personnel and their relatives

Executive Chairman Mr. Pramod Chaudhari
CEO & Managing Director Mr. Gajanan Nabar (From 15/11/2010)
CEO & Managing Director Mr. Shashank Inamdar (Upto 14/11/2010)
Relative of key management personnel Mrs. Parimal Chaudhari

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

Particulars	31/03/2011	31/03/2010
Pacecon Engineering Projects Limited		
Advances provided and recovered during the year	10.000	16.500
Expenses incurred and reimbursed thereof	19.489	18.182
Note: The Company renders certain services such as use of office space, communication etc. to the subsidiary for which no charges are recovered.		
Praj Schneider Inc.		
Sales commission (*)	-	48.000
Payable	-	-
Sale of Services	-	-
Expenses incurred and reimbursed thereof (*)	-	29.188
(*) Includes prior period expenditure 2011 Nil, (2010: 59.610)		
BioEnergy Europa B.V.		
Sales Commission	-	8.437
Sale of Goods and Services	5.651	401.368
Payable	2.258	2.697
Expenses incurred and reimbursed thereof	5.656	2.966
Receivable	4.296	3.052

Schedules to the Financial Statements for the year ended 31/03/2011

(Currency : Indian rupees millions, except share data)

17.4 Related party transactions (Contd.)

Particulars	31/03/2011	31/03/2010
Praj Far East Co. Limited		
Sales commission	49.138	7.618
Payable	2.793	1.632
Expenses incurred and reimbursed thereof	1.619	-
Purchase of goods	-	2.093
Praj Jaragua Bioenergia S.A.		
Capital contribution	4.548	25.966
Advance towards share application money	-	4.505
Praj Americas Inc.		
Sales Commission	6.167	-
Payable	6.333	-
Expenses incurred and reimbursed thereof	8.866	3.362
Capital contribution	9.281	-
Pramod Chaudhari		
Remuneration including commission on profit	45.993	60.364
Dividend	-	42.062
Gajanan Nabar (From 15/11/2010)		
Remuneration including commission on profit	22.566	-
Shashank Inamdar (Upto 14/11/2010)		
Remuneration including commission on profit	6.878	22.239
Dividend	-	2.193
Parimal Chaudhari		
Commission on profit and sitting fees	0.630	0.945
Dividend	-	13.656

17.5 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:

	31/03/2011	31/03/2010
Future minimum lease payments in respect of non cancellable leases		
- amount due within one year from the Balance sheet date	21.469	13.908
- amount due in the period between one year and five years	21.387	17.387
- amount due after five years	4.206	2.274
Lease payments debited to the Profit and loss account		
- cancellable leases	6.158	7.685
- non-cancellable leases	22.231	20.977

Schedules to the Financial Statements for the year ended 31/03/2011

(Currency : Indian rupees millions, except share data)

17.6 Earnings per share

	31/03/2011	31/03/2010
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	184,756,383	184,136,528
Add: effect of dilutive issue of shares / options	122,856	670,172
Number of shares considered as weighted average shares and potential shares outstanding for computing diluted earnings per share	184,879,239	184,806,700
Computation of basic and diluted earnings per share		
Net profit after tax attributable to equity shareholders	534.725	1138.847
Basic earnings per equity share of ₹ 2 each	2.89	6.18
Diluted earnings per equity share of ₹ 2 each	2.89	6.16

17.7 Prior period items (net)

Prior period items comprise the following:

Particulars	31/03/2011	31/03/2010
Sales commission	-	48.000
Others	-	11.610
Total	-	59.610

17.8 Cash and cash equivalents

	31/03/2011	31/03/2010
At the beginning of the year		
Cash and Cheques in hand	2.671	0.586
Balances with banks	164.878	280.152
	167.549	280.738
At the end of the year		
Cash and cheques in hand	53.939	2.671
Balances with banks	457.016	164.878
	510.955	167.549

Notes:

- 1 Deposits with banks having maturity of more than three months aggregating to ₹ 860.115 (2010: 1093.515) are not readily liquid and have been excluded from cash and cash equivalents.
- 2 Cash and cash equivalents include bank balances in relation to unclaimed dividends ₹ 5.257 (2010: 6.201).

Schedules to the Financial Statements for the year ended 31/03/2011

(Currency : Indian rupees millions, except share data)

17.9 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 20.850 millions and GBP Nil (2010: USD 1.750 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	31/03/2011	31/03/2010
Balances in foreign currency bank accounts	68.561	56.019
Foreign currency advances (*)	44.731	36.281
Foreign currency payables representing creditors and other payables	248.644	103.316
Foreign currency payables representing advances from customers	527.840	466.768
Foreign currency receivables	3.876	153.929

(*) includes advance towards share application money to Praj Jaragua Bioenergia S.A. ₹ Nil (2010: 4.505)

17.10 Employee benefits

a) Defined contribution plans

The Company has recognised ₹ 27.882 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	31/03/2011	31/03/2010
Liability at the beginning of the year	66.758	58.998
Current service cost	8.009	7.199
Interest cost	5.011	4.130
Benefits paid	(8.250)	(1.671)
Actuarial (gain) / loss on obligations	0.365	(1.898)
Liability at the end of the year	71.893	66.758

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

Particulars	31/03/2011	31/03/2010
Fair value of plan assets at the beginning of the year	32.500	19.619
Expected return on plan assets	3.006	2.323
Contributions by the employer	-	11.000
Benefits paid	-	(0.010)
Actuarial gain / (loss) on plan assets	(0.390)	(0.432)
Fair value of plan assets at the end of the year	35.116	32.500

Schedules to the Financial Statements for the year ended 31/03/2011

(Currency : Indian rupees millions, except share data)

17.10 Employee benefits (Contd.)

Expense recognised in Profit and Loss Account

Particulars	31/03/2011	31/03/2010
Current service cost	8.009	7.199
Interest cost	5.011	4.130
Expected return on plan assets	(3.006)	(2.323)
Total actuarial (gain) / loss	0.755	(1.466)
Total expenses included in Schedule 15	10.769	7.540

Amount recognised in the Balance sheet

Particulars	31/03/2011	31/03/2010
Defined benefit obligation as at end of the year	71.893	66.758
Fair value of plan assets at the end of the year	(35.116)	(32.500)
Net liability	36.777	34.258

Actual return on plan assets

Particulars	31/03/2011	31/03/2010
Expected return on plan assets	3.006	2.323
Actuarial gain / (loss) on plan assets	(0.390)	(0.432)
Actual return on plan assets	2.616	1.891

Principal actuarial assumptions

Particulars	31/03/2011 (%)	31/03/2010 (%)
Discount rate	8.20%	8.00%
Expected rate of return on plan assets	9.25%	9.25%
Salary increment rate	8.00%	8.00%

Composition of plan assets

Particulars	31/03/2011 (%)	31/03/2010 (%)
Central government securities	53.04%	56.00%
State government securities	0.00%	0.00%
Approved marketable securities	0.00%	0.00%
Bonds / debentures etc.	42.77%	36.00%
Loans	0.00%	0.00%
Equity	4.00%	6.00%
Liquid fund / money market instruments	0.19%	2.00%
Total	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.

Schedules to the Financial Statements for the year ended 31/03/2011

(Currency : Indian rupees millions, except share data)

17.11 Employee stock options

The Compensation Committee of the Company established the Employee Stock Option Plan on 23rd 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 23rd July, 2005, of which the employees have been granted 2,759,139 stock options on 12th October, 2005 ('Grant I'), 2,311,500 stock options on 28th December, 2006 ('Grant II') and 3,029,626 stock options on 9th 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	31/03/2011	31/03/2010
Options outstanding at the beginning of the year (*)	53,902	1,380,774
Granted during the year	-	-
Less: exercised	36,131	1,306,710
Less: cancelled	17,771	20,162
Options outstanding at the end of the year	-	53,902
Options exercisable at the end of the year	-	53,902

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

Grant II

Particulars	31/03/2011	31/03/2010
Options outstanding at the beginning of the year	1,860,359	1,944,709
Granted during the year	-	-
Less: exercised	-	700
Less: cancelled	1,860,359	83,650
Options outstanding at the end of the year	-	1,860,359
Options exercisable at the end of the year	-	1,204,671

Schedules to the Financial Statements for the year ended 31/03/2011

(Currency : Indian rupees millions, except share data)

17.11 Employee stock options (Contd.)

Grant III

Particulars	31/03/2011	31/03/2010
Options outstanding at the beginning of the year	2,848,876	-
Granted during the year	-	3,029,626
Less: exercised	4,100	-
Less: cancelled	417,526	180,750
Options outstanding at the end of the year	2,427,250	2,848,876
Options exercisable at the end of the year	310,449	-

Grant IV(*)

Particulars	31/03/2011	31/03/2010
Options outstanding at the beginning of the year	-	-
Granted during the year	1,950,000	-
Less: exercised	-	-
Less: cancelled	-	-
Options outstanding at the end of the year	1,950,000	-
Options exercisable at the end of the year	-	-

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

17.12 Expenditure on research and 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	31/03/2011	31/03/2010
Capital expenditure (excluding advances)	58.473	49.538
Revenue expenditure	129.575	95.471

17.13 Dividends remitted in foreign currency:

Particulars	31/03/2011	31/03/2010
Number of shareholders	-	2
Number of shares held	-	9,151,895
Year to which dividend relates	2010-11	2009-10
Amount remitted	-	13.179

17.14 Managerial remuneration

Particulars	31/03/2011	31/03/2010
Salary and allowances and perquisites	59.428	39.981
Contribution to provident and other funds	3.409	3.023
Commission to executive directors	12.600	39.600
	75.437	82.604

Information relating to managerial remuneration does not include provision for gratuity and leave encashment, which is provided on an overall basis. Perquisites are valued by management at cost / fair values.

Schedules to the Financial Statements for the year ended 31/03/2011

(Currency : Indian rupees millions, except share data)

17.14 Managerial remuneration (Contd.)

Computation of net profit in accordance with Section 198 and Section 309(5) of the Companies Act, 1956

Particulars		31/03/2011	31/03/2010
Profit as per Profit and Loss Account	A	599.420	1230.653
Add:			
Directors remuneration		62.837	43.004
Depreciation and amortisation		111.356	105.110
Commission		17.100	45.000
Provision for doubtful debts and advances		29.845	10.085
Exceptional item Loss / Provision for diminution in value of investments		72.029	74.717
Loss on sale of fixed assets		2.459	0.957
Sub-Total	B	295.626	278.873
Less:			
Depreciation and amortisation		111.356	105.110
Gain on redemption of mutual funds (net)		27.700	47.789
Sub-Total	C	139.056	152.899
Net profit as per Section 309(5)	A + B - C	755.990	1356.627
Maximum remuneration payable to Whole-time Directors @ 10% above as per Companies Act, 1956		75.599	135.663
Actual remuneration paid / payable to Whole-time Directors		75.437	82.604
Maximum Commission payable to Non-Executive directors @ 1% of profits above		7.560	13.566
Actual Commission payable to Non-Executive Directors		4.500	5.400

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

Particulars	31/03/2011		31/03/2010	
	₹	%	₹	%
Raw materials, spares and consumables				
Indigenous	2702.288	83	2891.786	84
Imported	571.099	17	541.952	16
	3273.387	100	3433.738	100

17.16 Value of imports on CIF basis:

Particulars	31/03/2011	31/03/2010
Raw materials	316.621	166.906
Capital goods	50.904	5.617
Components and spare parts	284.035	326.721

Schedules to the Financial Statements for the year ended 31/03/2011

(Currency : Indian rupees millions, except share data)

17.17 Earnings in foreign currency:

Particulars	31/03/2011	31/03/2010
FOB value of exports	1,625.624	2,403.867
Design and engineering services, software and consultancy	212.428	272.069

17.18 Expenditure in foreign currency:

Particulars	31/03/2011	31/03/2010
Sales commission (*)	97.987	145.919
Professional consultancy	29.187	34.285
Travelling	16.789	22.419
Others (*)	54.254	60.276

(*) Includes expenditure for prior period aggregating ₹ Nil (2010: 59.610)

17.19 Insurance Claim

On 16th May, 2011 the Company has received in-principle proposal for project related claim from Insurance Company. The Company has recognised ₹ 59.413 as claim receivable from insurer as of 31st March, 2011.

17.20 Taxes

The Company has not recognised MAT credit entitlement to the extent of ₹ 41.145 in respect of Income Tax paid in view of uncertainty of its utilisation for payment of tax in foreseeable future.

17.21 Provision for diminution

Investment in Subsidiary viz. Praj Jaragua Bioenergia S.A., of ₹ 72.029 has been fully provided for during the year in view of continuing losses and complete erosion in its net worth.

17.22 Major Events

- During the year, flash floods at the Head office of the Company caused damage to certain assets in the building for which claim was lodged with the insurer for losses incurred. The carrying value of assets lost / damaged ₹ 0.517 is charged to Profit and Loss Account (net of insurance claim received ₹ 12.947).
- During the year the Company discontinued its activities of the Export Oriented Unit at Alandi in Pune. The inventories lying at EOU were debonded after payment of duty & the same was transferred to manufacturing facility at Sanaswadi Pune.

17.23 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

Pramod Chaudhari
Executive Chairman

Gajanan Nabar
CEO & Managing Director

Place: Pune
Date: 24th May, 2011

Deepak Mogal
Company Secretary

Sivaramakrishnan S. Iyer
Director

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No.

L	2	7	1	0	1	P	N	1	9	8	5	P	L	C	0	3	8	0	3	1
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Date

3	1
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 Month

0	3
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 Year

2	0	1	1
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Balance Sheet Date

II. Capital Raised during the year (Amounts in ₹ Thousands)

Public Issue <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>N</td><td>I</td><td>L</td><td> </td></tr></table>		N	I	L		Right Issue <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td></tr></table>			N	I	L									
	N	I	L																	
		N	I	L																
Bonus Issue <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>N</td><td>I</td><td>L</td><td> </td></tr></table>		N	I	L		Private Placement <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td></tr></table>			N	I	L		Other <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>0</td><td>0</td><td>8</td><td>0</td><td>0</td></tr></table>			0	0	8	0	0
	N	I	L																	
		N	I	L																
		0	0	8	0	0														

III. Position of Mobilisation and Deployment of Funds (Amounts in ₹ Thousands)

Total Liabilities <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>5</td><td>7</td><td>3</td><td>2</td><td>6</td><td>5</td><td>5</td></tr></table>	5	7	3	2	6	5	5	Total Assets <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>5</td><td>7</td><td>3</td><td>2</td><td>6</td><td>5</td><td>5</td></tr></table>	5	7	3	2	6	5	5
5	7	3	2	6	5	5									
5	7	3	2	6	5	5									

Sources of Funds

Paid-up Capital <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>3</td><td>6</td><td>9</td><td>5</td><td>5</td><td>7</td></tr></table>	3	6	9	5	5	7	Reserves and Surplus <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>5</td><td>2</td><td>1</td><td>9</td><td>9</td><td>3</td><td>1</td></tr></table>	5	2	1	9	9	3	1
3	6	9	5	5	7									
5	2	1	9	9	3	1								
Secured Loan <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>N</td><td>I</td><td>L</td><td> </td></tr></table>		N	I	L		Unsecured Loan <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>N</td><td>I</td><td>L</td><td> </td></tr></table>		N	I	L				
	N	I	L											
	N	I	L											
Deferred Tax Liability (Net) <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>1</td><td>4</td><td>3</td><td>1</td><td>6</td><td>7</td></tr></table>		1	4	3	1	6	7							
	1	4	3	1	6	7								

Application of Funds

Net Fixed Assets <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>1</td><td>5</td><td>9</td><td>5</td><td>9</td><td>5</td><td>0</td></tr></table>	1	5	9	5	9	5	0	Investments <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>2</td><td>6</td><td>4</td><td>0</td><td>4</td><td>1</td><td>8</td></tr></table>	2	6	4	0	4	1	8
1	5	9	5	9	5	0									
2	6	4	0	4	1	8									
Net Current Assets <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>1</td><td>4</td><td>9</td><td>6</td><td>2</td><td>8</td><td>7</td></tr></table>	1	4	9	6	2	8	7	Miscellaneous Expenditure <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>N</td><td>I</td><td>L</td><td> </td></tr></table>		N	I	L			
1	4	9	6	2	8	7									
	N	I	L												
Accumulated Losses <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>N</td><td>I</td><td>L</td><td> </td></tr></table>		N	I	L											
	N	I	L												

IV. Performance of the Company

Total Income <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>5</td><td>8</td><td>1</td><td>9</td><td>5</td><td>6</td><td>5</td></tr></table>	5	8	1	9	5	6	5	Total Expenditure <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>5</td><td>2</td><td>2</td><td>0</td><td>1</td><td>4</td><td>5</td></tr></table>	5	2	2	0	1	4	5
5	8	1	9	5	6	5									
5	2	2	0	1	4	5									
Profit Before Tax <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>0</td><td>5</td><td>9</td><td>9</td><td>4</td><td>2</td><td>0</td></tr></table>	0	5	9	9	4	2	0	Profit After Tax <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>0</td><td>5</td><td>3</td><td>4</td><td>7</td><td>2</td><td>5</td></tr></table>	0	5	3	4	7	2	5
0	5	9	9	4	2	0									
0	5	3	4	7	2	5									
Earning per Share <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>0</td><td>2</td><td>.</td><td>8</td><td>9</td></tr></table>		0	2	.	8	9	Dividend Rate% <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td>6</td><td>3</td></tr></table>						6	3	
	0	2	.	8	9										
					6	3									

V. Generic Names of Three Principal Products / Services of Company (as per monetary terms)

Item Code

8	4	1	9	4	0	2	0
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D I S T I L L E R Y P L A N T S
E Q U I P M E N T

8	4	3	8	4	0	4	0
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B R E W E R Y M A C H I N E R Y

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I T S O F T W A R E A N D
I T E N A B L E D S E R V I C E S

For and on behalf of the Board

Pramod Chaudhari
Executive Chairman

Gajanan Nabar
CEO & Managing Director

Place: Pune
Date: 24th May, 2011

Deepak Mogal
Company Secretary

Sivaramakrishnan S. Iyer
Director

Auditor's Report on Consolidated Financial Statements

To the Board of Directors of Praj Industries Limited,

We have audited the attached Consolidated Balance Sheet of Praj Industries Limited ("the Company" or "the Parent Company") and its subsidiaries (as per list appearing in Schedule 1.3 of the consolidated financial statements) [collectively referred to as "the Group"], as at 31st March, 2011, and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto.

These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. We did not audit the financial statements of Praj Far East Co. Ltd. whose financial statements reflect total assets of ₹ 7.059 million as at 31st March, 2011, total revenues of ₹ 59.019 million and net cash outflows of ₹ 12.278 million for the year ended on that date. The financial statement and other financial information have been audited by other auditors whose reports have been furnished to us. Our opinion, in so far as it relates to the amounts included in respect of these subsidiaries, is based solely on the reports of the other auditors.
3. The consolidated financial statements include unaudited financial statements of subsidiaries Praj Americas Inc., BioCnergy Europa B.V. and Praj Jaragua Bioenergia S.A. whose financial statements reflect total assets of ₹ 389.003 million as at 31st March, 2011, total revenues of ₹ 883.714 million and net cash inflow of ₹ 41.253 million for the year ended on that date and on which we have relied upon, based solely on certification by the Company's management.
4. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard-21, Consolidated Financial Statements, prescribed in the Companies (Accounting Standards) Rules, 2006.
5. Based on our audit and on consideration of the reports of the other auditors on separate financial statements of subsidiaries and on the financial information of the components and read with Para 3 above, in our opinion and to the best of our information and according to the explanations given to us, the attached consolidated financial statements, read with the notes thereon, 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 31st March, 2011;
 - b) In the case of the consolidated Profit and Loss Account, of the Profit for the year ended on that date; and
 - c) In the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For and on behalf of

B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Place: Pune
Date : 24th May, 2011

Padmini Khare Kaicker
Partner
Membership No. 044784

Consolidated Balance Sheet as at 31/03/2011

(Currency : Indian rupees millions, except share data)

	Schedule	31/03/2011	31/03/2010
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	2	369.557	369.477
Reserves and surplus	3	5219.567	4908.717
		5589.124	5278.194
Deferred tax liability (net)	4	127.076	119.022
Minority Interest		31.553	36.960
		5747.753	5434.176
APPLICATION OF FUNDS			
Fixed and Intangible assets			
Goodwill			
		2.269	2.269
Gross block	5	1888.357	1743.766
Less: Accumulated depreciation and amortisation		467.905	365.049
Net book value		1420.452	1378.717
Capital work-in-progress (including capital advances)		177.087	67.013
		1599.808	1447.999
Investments	6	2588.177	2660.683
Current Assets, Loans and Advances			
Inventories	7	630.855	331.465
Contracts in progress	17.2	269.893	419.852
Sundry debtors	8	2243.385	1185.158
Cash and bank balances	9	1675.250	1535.378
Loans and advances	10	1259.573	1261.275
		6078.956	4733.128
Less: Current liabilities and provisions			
Current liabilities	11	3494.341	2562.595
Provisions	12	1024.847	845.039
		4519.188	3407.634
Net current assets		1559.768	1325.494
		5747.753	5434.176
Significant accounting policies	1		
Notes to the Consolidated financial statements	17		

The schedules referred to above form an integral part of the Consolidated Balance sheet.

As per our report attached.

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

For and on behalf of the Board

Padmini Khare Kaicker
Partner
Membership No. 044784

Pramod Chaudhari
Executive Chairman

Gajanan Nabar
CEO & Managing Director

Place: Pune
Date: 24th May, 2011

Deepak Mogal
Company Secretary

Sivaramakrishnan S. Iyer
Director

Consolidated Profit and Loss Account for the year ended 31/03/2011

(Currency : Indian rupees millions, except share data)

	Schedule	31/03/2011	31/03/2010
Income			
Gross sales and services		6887.167	7515.473
Less: excise duty		237.877	171.075
Net sales and services		6649.290	7344.398
Other income	13	295.156	456.695
		6944.446	7801.093
Expenditure			
Cost of materials consumed	14	3946.850	3555.241
Personnel costs	15	755.831	697.966
Manufacturing, selling and other costs	16	1472.737	2156.041
Depreciation and amortisation	5	111.989	107.350
Interest costs		0.059	3.590
		6287.466	6520.188
Profit before tax			
		656.980	1280.905
Less: Provision for tax			
- Current tax		78.376	70.218
- Deferred tax		8.622	12.364
Profit after tax before Minority Interest			
		569.982	1198.323
Minority interest			
		(7.531)	2.467
Net profit after Minority interest			
		577.513	1195.856
Balance in Profit and Loss Account brought forward		3205.195	2434.484
Amounts available for appropriation			
		3782.708	3630.340
Appropriations			
Dividend		232.821	265.947
Tax on dividend		37.769	45.198
Transfer to general reserve		53.500	114.000
Balance in Profit and Loss Account carried forward			
		3458.618	3205.195
Basic earnings per share of face value of ₹ 2 each	17.6	3.13	6.49
Diluted earnings per share of face value of ₹ 2 each	17.6	3.12	6.47
Significant accounting policies	1		
Notes to the Consolidated financial statements	17		

The schedules referred to above form an integral part of the Consolidated Profit and Loss Account.

As per our report attached.

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

For and on behalf of the Board

Padmini Khare Kaicker
Partner
Membership No. 044784

Pramod Chaudhari
Executive Chairman

Gajanan Nabar
CEO & Managing Director

Place: Pune
Date: 24th May, 2011

Deepak Mogal
Company Secretary

Sivaramakrishnan S. Iyer
Director

Consolidated Cash Flow Statement for the year ended 31/03/2011

(Currency : Indian rupees millions, except share data)

	31/03/2011	31/03/2010
A. Cash flow from operating activities		
Net profit before tax	656.980	1280.905
Adjustments for:		
Loss on sale of fixed assets	2.457	1.028
Gain on redemption of mutual fund investments	(27.700)	(47.789)
Provision for doubtful debts and advances	34.403	13.701
Provision for diminution in investments	-	40.912
Unrealised foreign exchange (gain) (net)	(14.226)	(165.265)
Depreciation and amortisation	111.989	107.350
Interest earned	(76.675)	(76.005)
Dividend from mutual fund investments	(65.445)	(77.136)
Interest charged	0.059	3.590
Operating profit before working capital changes	621.842	1081.291
Changes in working capital:		
(Increase) / decrease in sundry debtors	(1092.630)	681.611
(Increase) / decrease in inventories (including contracts in progress)	(149.431)	1019.959
(Increase) / decrease in loans and advances	(129.608)	70.477
Increase / (decrease) in advances received from customers	133.449	(871.322)
Increase / (decrease) in current liabilities	769.334	(281.801)
Increase / (decrease) in provisions	38.972	(70.012)
Cash generated from operations	191.928	1630.203
Direct and fringe benefit taxes paid (including taxes deducted at source), net of refunds	(60.622)	(321.038)
NET CASH FROM OPERATING ACTIVITIES	131.306	1309.165
B. Cash flow from investing activities		
Purchase of fixed assets and intangibles	(250.221)	(86.684)
Purchase of investments:		
- in mutual funds	(7677.328)	(7616.978)
- in debentures	(49.967)	(50.000)
Sale of investments		
- in mutual funds	7827.501	7001.950
Proceeds from sale of fixed assets	14.008	0.809
Interest received on investments	75.854	41.027
Dividend received on investments	65.445	77.136
Investment in fixed deposits	244.326	(248.670)
NET CASH FROM / (USED IN) INVESTING ACTIVITIES	249.618	(881.410)

Consolidated Cash Flow Statement for the year ended 31/03/2011

(Currency : Indian rupees millions, except share data)

	31/03/2011	31/03/2010
C. Cash flow from financing activities		
Proceeds from exercise of employee stock options	1.939	61.025
Dividend paid including dividend distribution tax	-	(311.145)
(Decrease)/Increase in short term borrowings and bank overdraft	-	(181.638)
Interest paid	(0.059)	(3.590)
NET CASH FROM / (USED IN) FINANCING ACTIVITIES	1.880	(435.348)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	382.804	(7.593)
Cash and cash equivalents at the beginning of the year (Refer Schedule 17.7)	394.363	400.826
Add: effect of exchange rate changes on cash and cash equivalents	(0.205)	1.130
Cash and cash equivalents at the end of the year (Refer Schedule 17.7)	776.962	394.363

The schedules referred to above form an integral part of the Consolidated Cash Flow Statement.

As per our report attached.

For B. K. Khare & Co.

Chartered Accountants

Firm Registration No. 105102W

Padmini Khare Kaicker

Partner

Membership No. 044784

Place: Pune

Date: 24th May, 2011

For and on behalf of the Board

Pramod Chaudhari

Executive Chairman

Deepak Mogal

Company Secretary

Gajanan Nabar

CEO & Managing Director

Sivaramakrishnan S. Iyer

Director

Schedules forming part of the Consolidated Financial Statements for the year ended 31/03/2011

(Currency : Indian rupees millions, except share data)

1. Significant accounting policies:

1.1 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.

1.2 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.

1.3 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 summarised below:

Name of the subsidiary	Country of incorporation	Percentage shareholding in equity shares
Pacecon Engineering Projects Ltd.	India	99.53%
Praj Far East Co. Ltd.	Thailand	100.00%
Praj Americas Inc.	United States of America	100.00%
BioCnergy Europa B.V.	Netherlands	60.00%
Praj Jaragua Bioenergia S.A.	Brazil	54.00%

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.

Schedules forming part of the Consolidated Financial Statements for the year ended 31/03/2011

(Currency : Indian rupees millions, except share data)

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.

1.4 Goodwill arising on consolidation

The goodwill recorded in these Consolidated financial statements has not been amortised, but instead evaluated for impairment. 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.

1.5 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.

Schedules forming part of the Consolidated Financial Statements for the year ended 31/03/2011

(Currency : Indian rupees millions, except share data)

1.6 Fixed assets and depreciation

Fixed assets are stated at cost of acquisition less accumulated depreciation. The cost of acquisition includes inward freight, duties, taxes and other directly attributable expenses.

Depreciation on fixed assets is provided on the straight-line method based on useful lives of assets estimated by the management.

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. Items of fixed assets that have been retired from active use and are held for disposal are stated at the lower of their net book value and estimated net realisable value and are disclosed separately in the Consolidated financial statements.

Capital work-in-progress includes the cost of fixed assets that are not ready for intended use at the Balance Sheet date and advances paid to acquire capital assets before the Balance Sheet date.

1.7 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.

1.8 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.

1.9 Investments

Investments that are readily realisable and intended to be held for not more than one year from the date on which such investment is made are classified as current investments. Current investments are carried at lower of cost and fair value, which is determined for each individual investment. Cost includes related expenses such as commission / brokerages etc.

Long-term investments are carried at cost less any other than temporary diminution in value, determined separately for each individual investment.

Profit or loss on sale of investments is determined on the basis of weighted average carrying amount of investments disposed off.

1.10 Inventories

Inventories are stated at lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The cost is determined on the basis of the weighted average method and includes expenditure in acquiring the inventories and bringing them to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of labour and overheads.

Schedules forming part of the Consolidated Financial Statements for the year ended 31/03/2011

(Currency : Indian rupees millions, except share data)

1.11 Foreign currency transactions

Transactions denominated in foreign currency are recorded at rates that approximate the exchange rate prevailing on the date of the respective transaction.

Exchange differences arising on foreign exchange transactions settled during the year are recognized in the Profit and Loss Account of the year. Monetary assets and liabilities in foreign currency, which are outstanding as at the year-end, are translated at the year end closing exchange rate and the resultant exchange differences are recognized in the Profit and Loss Account.

The premium or discount arising at the inception of the forward exchange contracts related to underlying receivables and payables are amortised as an expense or income recognised over the period of the contracts. Gains or losses on renewal or cancellation of foreign exchange forward contracts are recognised as income or expense for the period.

1.12 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:

- a) Income and expense items are translated by using a monthly simple average exchange rate for the period.
- b) Assets and liabilities, both monetary and non-monetary are translated at the closing rate.
- c) All resulting exchange differences are accumulated in a foreign currency translation reserve which is reflected under Reserves and surplus.

1.13 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.

1.14 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.

Schedules forming part of the Consolidated Financial Statements for the year ended 31/03/2011

(Currency : Indian rupees millions, except share data)

1.15 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.

1.16 Income taxes

Income-tax comprises of current tax and fringe benefit tax (i.e. amount of tax for the period determined in accordance with the respective income-tax laws of each country) and deferred tax (reflecting the tax effects of timing differences between accounting income and taxable income for the period). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantially enacted by the Balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that they will be realised in future; however, where there is unabsorbed depreciation and carry forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed at each Balance Sheet date and written down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised.

Timing differences, which reverse within the tax holiday period, do not result in tax consequence and therefore no deferred taxes are recognised in respect of the same. For this purpose, the timing differences, which originate first, are considered to reverse first.

Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Group will pay income tax higher than that computed under MAT, during the period that MAT is permitted to be set-off under the Income Tax Act, 1961 (specified period). In the year in which the MAT credit becomes eligible to be recognised as an asset in accordance with the Guidance Note issued by ICAI, the said asset is created by way of credit to the Profit and Loss Account and known as MAT entitlement. The Group reviews the same at each Balance Sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that the Group will pay income tax higher than MAT during the specified period.

1.17 Earnings per share

In determining earnings per share, the Group considers the net profit after tax and includes the post tax effect of any extraordinary / exceptional item. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the year. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable, had the shares been actually issued at fair value (i.e. the average market value of the outstanding shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. The number of shares and potentially dilutive equity shares are adjusted for any stock splits and issues of bonus shares effected prior to the approval of the financial statements by the Board of Directors.

Schedules forming part of the Consolidated Financial Statements for the year ended 31/03/2011

(Currency : Indian rupees millions, except share data)

	31/03/2011	31/03/2010
2. Share capital		
Authorised capital		
450,000,000 equity shares of ₹ 2 each	900.000	900.000
(2010: 450,000,000 equity shares of ₹ 2 each)		
Issued, subscribed and paid-up capital		
184,778,723 equity shares of ₹ 2 each fully paid-up	369.557	369.477
(2010: 184,738,492 equity shares of ₹ 2 each fully paid-up)		
Of the above:		
40,231 equity shares of ₹ 2 each were allotted during the financial year 2010-11 pursuant to the exercise of stock options.		
1,307,410 equity shares of ₹ 2 each were allotted during the financial year 2009-10 pursuant to the exercise of stock options.		
269,272 equity shares of ₹ 2 each were allotted during the financial year 2008-09 pursuant to the exercise of stock options.		
91,372,879 equity shares of ₹ 2 each issued as bonus shares during the financial year 2007-08 by capitalisation of securities premium account.		
7,300,125 equity shares of ₹ 2 each were allotted during the financial year 2007-08 pursuant to the conversion of warrants.		
588,740 equity shares of ₹ 2 each were allotted during the financial year 2007-08 pursuant to the exercise of stock options.		
40,556,260 equity shares of ₹ 2 each issued as bonus shares during the financial year 2005-06 by capitalisation of securities premium account.		
4,320,000 equity shares of ₹ 10 each were allotted to share holders of Praj Engineering Limited, during the financial year 2002-03 pursuant to a scheme of amalgamation without payment being received in cash. (*)		
896,652 equity shares of ₹ 10 each (converted were allotted to shares holders of Praj Finance Limited, during the financial year 1997-98 pursuant to a scheme of amalgamation without payment being received in cash. (*)		
1,350,000 equity shares of ₹ 10 each issued as bonus shares during the financial year 1993-94 capitalisation of reserves. (*)		
21,491 equity shares of ₹ 10 each were allotted during the financial year 1989-90 pursuant to contracts without payment having been received in cash. (*)		
(*) During the financial year 2005-06 the Company subdivided the equity shares of ₹ 10 each in to five shares of ₹ 2 each. Consequently these shares were converted into 32,940,715 equity shares of ₹ 2 each.		

Schedules forming part of the Consolidated Financial Statements for the year ended 31/03/2011

(Currency : Indian rupees millions, except share data)

	31/03/2011	31/03/2010
3. Reserves and surplus		
Capital reserve	0.033	0.033
Amalgamation reserve	3.063	3.063
Securities premium account		
Balance at the beginning of the year	1126.714	1068.304
Add: additions on account of:		
- exercise of employee stock options	1.939	58.410
Balance at the end of the year	1128.653	1126.714
Foreign currency translation reserve		
Balance at the beginning of the year	(0.388)	14.407
Add: due to transactions during the year	1.988	(14.795)
Balance at the end of the year	1.600	(0.388)
General reserve		
Balance at the beginning of the year	574.100	462.125
Add: transferred from Profit and Loss Account	53.500	114.000
Less: Adjustment related to erstwhile subsidiary	-	(2.025)
Balance at the end of the year	627.600	574.100
Profit and Loss Account	3458.618	3205.195
	5219.567	4908.717
4. Deferred tax liability (net)		
Deferred tax liability		
Arising out of timing differences in depreciation	259.455	259.845
Deferred tax asset		
Arising out of timing differences in		
- employee benefits	(15.875)	(11.015)
- provision for doubtful debts and advances	(17.656)	(23.873)
- provision for diminution in investments	(15.951)	-
- others	(31.704)	(48.753)
- Long-term capital loss	(51.193)	(57.182)
Net deferred tax liability	127.076	119.022

Schedules forming part of the Consolidated Financial Statements for the year ended 31/03/2011

(Currency : Indian rupees millions, except share data)

	Intangible Assets		Tangible Assets					Total	Previous year		
	Technical Knowhow	Software	Praj Brand	Land (Freehold)	Buildings (*)	Plant and machinery	Computers & Office Equipment			Vehicles	Furniture and fixtures
Gross Block											
At 01/04/2010	64,800	68,538	56,923	231,408	485,984	541,170	130,071	29,156	135,716	1743,766	1631,933
Additions/adjustments (**)	-	5,432	-	-	87,038	39,012	10,709	8,159	18,064	168,414	141,051
Deletions	-	0,510	-	-	-	-	12,496	7,482	3,335	23,823	29,218
At 31/03/2011	64,800	73,460	56,923	231,408	573,022	580,182	128,284	29,833	150,445	1888,357	1743,766
Accumulated depreciation and amortisation											
At 01/04/2010	33,458	33,598	45,539	-	44,127	112,492	54,786	10,555	30,493	365,048	290,579
Charge for the year	8,492	13,407	5,692	-	13,454	46,889	11,407	2,667	9,981	111,989	107,350
Deletions/Adjustments (**)	-	0,169	-	-	-	-	5,574	2,588	0,801	9,132	32,880
At 31/03/2011	41,950	46,836	51,231	-	57,581	159,381	60,619	10,634	39,673	467,905	365,049
Net Block											
At 31/03/2011	22,850	26,624	5,692	231,408	515,441	420,801	67,665	19,199	110,772	1420,452	1378,717
At 31/03/2010	31,342	34,940	11,385	231,408	441,857	428,676	75,285	18,601	105,223	1378,717	1341,354

(*) Includes improvements to Leasehold Buildings.

(**) Includes the effect of translation of assets held by foreign subsidiaries which are considered as non-integral in terms of AS 11 (revised 2008).

Schedules forming part of the Consolidated Financial Statements for the year ended 31/03/2011

(Currency : Indian rupees millions, except share data)

	31/03/2011	31/03/2010
6. Investments		
Long-term, non-trade, quoted		
Investment in Mutual Funds	2370.250	420.000
Redeemable Non-Convertible Secured Debentures issued by CitiFinancial Consumer Finance (India) Limited - 1500 Units, (2010: 1500)	150.000	150.000
Redeemable Non-Convertible Unsecured Zero Coupon Bond issued by Rural Electrification Corp Ltd. – 3680 Units, (2010: Nil)	49.967	-
Sub-Total (a)	2570.217	570.000
Current, non-trade, quoted		
Investment in Mutual Funds	17.850	2091.301
Less: Provision for diminution in value of investment	-	0.728
Sub-Total (b)	17.850	2090.573
Current, non-trade, unquoted		
Investment in National Saving Certificates	0.008	0.008
Investment in Shares	0.102	0.102
Sub-Total (c)	0.110	0.110
Grand Total (a) + (b) + (c)	2588.177	2660.683
7. Inventories		
Raw materials and stores	630.855	330.665
Work-in-progress	-	-
Finished goods	-	-
Goods in transit	-	0.800
	630.855	331.465
8. Sundry debtors		
Unsecured		
Over six months		
- Considered good	271.001	148.519
- Considered doubtful	48.802	61.662
Others, considered good	1972.384	1036.639
	2292.187	1246.820
Less: Provision for doubtful debts	48.802	61.662
	2243.385	1185.158
9. Cash and bank balances		
Cash in hand	3.584	3.624
Cheques in hand	51.336	-
Balances with banks		
- in current accounts	720.369	389.140
- in deposit accounts	899.961	1142.614
	1675.250	1535.378

Schedules forming part of the Consolidated Financial Statements for the year ended 31/03/2011

(Currency : Indian rupees millions, except share data)

	31/03/2011	31/03/2010
10. Loans and advances		
Unsecured, considered good unless otherwise stated		
Advances recoverable in cash or in kind or for value to be received	310.782	116.666
Less: Considered doubtful	13.150	14.796
	297.632	101.870
Advance income tax and tax deducted at source	840.919	988.665
Deposits	29.783	35.592
Less: Considered doubtful	1.863	1.465
	27.920	34.127
Balances with excise and customs	34.850	79.182
Accrued interest on deposit	58.252	57.431
	1259.573	1261.275
11. Current liabilities		
Creditors for goods and services:		
- Dues to Micro and Small enterprises under MSMED Act, 2006 (*)	3.462	4.937
- Dues to other parties	1460.078	812.832
	1463.540	817.769
Advances from customers	1502.629	1369.180
Dues to customers relating to contracts in progress (Refer schedule 17.2)	222.107	110.899
Provident and other funds payable	7.294	4.712
Bonus and exgratia payable	14.147	12.451
Other payables	279.521	241.541
Unclaimed dividend (**)	5.103	6.043
	3494.341	2562.595
(*) No interest is due/payable to parties under the MSMED Act, 2006.		
(**) There is no amount due and outstanding to be credited to Investor Education and Protection Fund.		
12. Provisions		
Compensated absences	45.695	36.243
Gratuity	36.777	34.258
Performance incentives	50.501	23.500
Dividend and dividend tax	270.591	-
Income Tax	621.283	751.038
	1024.847	845.039

Schedules forming part of the Consolidated Financial Statements for the year ended 31/03/2011

(Currency : Indian rupees millions, except share data)

	31/03/2011	31/03/2010
13. Other income		
Foreign exchange fluctuation gain (net)	42.104	94.429
Dividend from mutual fund investments	65.445	77.136
Gain on redemption of mutual fund investments (net)	27.700	47.789
Bad debt written off, recovered	12.946	123.664
Interest		
- on fixed deposits	72.075	75.454
- others	4.600	0.551
Miscellaneous income	70.286	37.672
	295.156	456.695
14. Cost of materials consumed		
Raw material consumed	3882.363	3497.314
Stores and spares consumed	64.487	57.927
	3946.850	3555.241
15. Personnel costs		
Salaries, wages and bonus	691.462	647.284
Contributions to provident and other funds	28.605	28.427
Staff welfare	35.764	22.255
	755.831	697.966
16. Manufacturing, selling and other costs		
Site expenses and labour charges	439.792	429.861
Freight and transport	154.921	127.328
Bad debts written off / Provision for doubtful debts and advances	34.403	13.701
Sales commission	50.935	89.333
Travel and conveyance	121.286	117.581
Professional consultancy charges	339.260	1003.928
Insurance	16.521	37.136
Rent	29.802	32.506
Power and fuel	33.202	34.614
Advertising and exhibition expenses	23.639	20.179
Communication expenses	17.882	23.243
Testing charges	10.886	11.192
Repairs and maintenance:		
- Building	2.988	1.224
- Plant and Machinery	11.015	7.624
- Others	30.027	22.335
Auditors' remuneration		
- for audit services	4.086	2.991
- for taxation services	0.448	0.400
- for other services	0.155	0.155
- out of pocket expenses	0.020	0.031
Loss on sale of fixed assets (net)	2.457	1.028
Provision for diminution in value of investment	-	40.912
Rates and taxes	1.405	1.610
Miscellaneous expenses	147.607	137.129
	1472.737	2156.041

Schedules forming part of the Consolidated Financial Statements for the year ended 31/03/2011

17. Notes to the Consolidated financial statements

17.1 Capital commitments and contingent liabilities

(Currency : Indian rupees millions, except share data)

	31/03/2011	31/03/2010
Capital commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	141.128	73.998
Contingent liabilities		
Claims against Company not acknowledged as debts (primarily relating to performance related claims filed by customers)	36.233	21.041
Disputed demands in appeal towards income tax and sales tax	39.090	8.704
Guarantee issued in respect of obligations of a subsidiary	-	-
Unfulfilled Export Obligations under EPCG scheme to be fulfilled over 8 years	292.064	313.170
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.		

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

	31/03/2011	31/03/2010
Contract revenue recognised during the year	5192.864	5675.704
Aggregate amount of contract costs incurred and recognised profits (less recognised losses)	5192.864	5675.704
Customer advances outstanding for contracts in progress	1060.989	915.153
Retention money due from customers for contracts in progress	298.135	138.330
Gross amount due from customers for contract work (presented as Contracts in progress)	269.893	419.852
Gross amount due to customers for contract work (presented as Dues to customers relating to contracts in progress)	(222.107)	(110.899)

17.3 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.

Schedules forming part of the Consolidated Financial Statements for the year ended 31/03/2011

Secondary segmental information

(Currency : Indian rupees millions, except share data)

Particulars	India		Rest of the world		Total	
	31/03/ 2011	31/03/ 2010	31/03/ 2011	31/03/ 2010	31/03/ 2011	31/03/ 2010
Segment sales	4070.252	3753.748	2579.038	3590.650	6649.290	7344.398
Segment assets	1505.404	969.940	737.981	215.218	2243.385	1185.158

17.4 Related party transactions

a) Key management personnel and their relatives

Executive Chairman	Mr. Pramod Chaudhari
CEO & Managing Director	Mr. Gajanan Nabar (From 15/11/2010)
CEO & Managing Director	Mr. Shashank Inamdar (Upto 14/11/2010)
Relative of key management personnel	Mrs. Parimal Chaudhari

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

Particulars	31/03/2011	31/03/2010
Pramod Chaudhari		
Remuneration including commission on profit	45.993	60.364
Dividend	-	42.062
Gajanan Nabar (From 15/11/2010)		
Remuneration including commission on profit	22.566	-
Shashank Inamdar		
Remuneration including commission on profit	6.878	22.239
Dividend	-	2.193
Parimal Chaudhari		
Commission on profit and sitting fees	0.630	0.945
Dividend	-	13.656

17.5 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 and the future minimum lease payments in respect of non-cancellable operating leases are summarised below:

Particulars	31/03/2011	31/03/2010
Future minimum lease payments in respect of non-cancellable leases		
- amount due within one year from the Balance sheet date	21.469	13.908
- amount due in the period between one year and five years	21.387	17.387
- amount due after five years	4.206	2.274
Lease payments debited to the Profit and loss account		
- cancellable leases	7.571	11.580
- non cancellable leases	22.231	20.926

Schedules forming part of the Consolidated Financial Statements for the year ended 31/03/2011

17.6 Earnings per share

(Currency : Indian rupees millions, except share data)

Particulars	31/03/2011	31/03/2010
Reconciliation of basic and diluted shares used in computing earnings per share		
Number of shares considered as basic weighted average shares outstanding	184,756,383	184,136,528
Add: effect of dilutive issue of shares / options	122,856	670,172
Number of shares considered as weighted average shares and potential shares outstanding for computing diluted earnings per share	184,879,239	184,806,700
Computation of basic and diluted earnings per share		
Net profit after tax and minority Interest attributable to equity shareholders	577.513	1195.856
Basic earnings per equity share of ₹ 2 each	3.13	6.49
Diluted earnings per equity share of ₹ 2 each	3.12	6.47

17.7 Cash and cash equivalents

Particulars	31/03/2011	31/03/2010
At the beginning of the year		
Cash in hand	3.624	1.387
Balances with banks	389.140	397.956
Deposits with banks	1.599	1.483
	394.363	400.826
At the end of the year		
Cash in hand & cheques in hand	54.920	3.624
Balances with banks	720.369	389.140
Deposits with banks	1.673	1.599
	776.962	394.363

Notes:

1. Deposits with banks having maturity of more than three months aggregating to ₹ 898,288 (2010: 1141.015) are not readily liquid and have been excluded from cash and cash equivalents.
2. Cash and cash equivalents include bank balances in relation to unclaimed dividends ₹ 5.257 (2010:6.201)

17.8 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 20.850 & GBP Nil (2010 : USD 1.750, GBP Nil).

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

Schedules forming part of the Consolidated Financial Statements for the year ended 31/03/2011

(Currency : Indian rupees millions, except share data)

Nature of exposure	31/03/2011	31/03/2010
Balances in foreign currency bank accounts	68.561	56.019
Foreign currency advances	44.731	31.776
Foreign currency payables representing creditors and other payables	232.965	96.689
Foreign currency payables representing advances from customers	527.840	465.886
Foreign currency receivables	3.876	146.420

17.9 Employee benefits

The disclosures in accordance with the requirements of Accounting Standard 15 (Revised 2005) Employee Benefits are provided below:

a) Defined contribution plans

The Holding company has recognised ₹ 28.605 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 Holding company is required to provide post employment benefit to its employees in the form of gratuity. The Holding 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 Holding company's gratuity plan are provided below:

Reconciliation of opening and closing balance of obligation

Particulars	31/03/2011	31/03/2010
Liability at the beginning of the year	66.758	58.998
Current service cost	8.009	7.199
Interest cost	5.011	4.130
Benefits paid	(8.250)	(1.671)
Actuarial (gain) / loss on obligations	0.365	(1.898)
Liability at the end of the year	71.893	66.758

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

Particulars	31/03/2011	31/03/2010
Fair value of plan assets at the beginning of the year	32.500	19.619
Expected return on plan assets	3.006	2.323
Contributions by the employer	-	11.000
Benefits paid	-	(0.010)
Actuarial gain / (loss) on plan assets	(0.390)	(0.432)
Fair value of plan assets at the end of the year	35.116	32.500

Schedules forming part of the Consolidated Financial Statements for the year ended 31/03/2011

(Currency : Indian rupees millions, except share data)

Expense recognised in Profit and loss account

Particulars	31/03/2011	31/03/2010
Current service cost	8.009	7.199
Interest cost	5.011	4.130
Expected return on plan assets	(3.006)	(2.323)
Total actuarial (gain) / loss	0.755	(1.466)
Total expenses included in Schedule 16	10.769	7.540

Amount recognised in the Balance sheet

Particulars	31/03/2011	31/03/2010
Defined benefit obligation as at end of the year	71.893	66.758
Fair value of plan assets at the end of the year	(35.116)	(32.500)
Net liability	36.777	34.258

Actual return on plan assets

Particulars	31/03/2011	31/03/2010
Expected return on plan assets	3.006	2.323
Actuarial gain / (loss) on plan assets	(0.390)	(0.432)
Actual return on plan assets	2.616	1.891

Principal actuarial assumptions

Particulars	31/03/2011 (%)	31/03/2010 (%)
Discount rate	8.20%	8.00%
Expected rate of return on plan assets	9.25%	9.25%
Salary increment rate	8.00%	8.00%

Composition of plan assets

Particulars	31/03/2011 (%)	31/03/2010 (%)
Central government securities	53.04%	56.00%
State government securities	0.00%	0.00%
Approved marketable securities	0.00%	0.00%
Bonds / debentures etc	42.77%	36.00%
Loans	0.00%	0.00%
Equity	4.00%	6.00%
Liquid fund / money market instruments	0.19%	2.00%
Total	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.

Schedules forming part of the Consolidated Financial Statements for the year ended 31/03/2011

(Currency : Indian rupees millions, except share data)

17.10 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	31/03/2011	31/03/2010
Options outstanding at the beginning of the year (*)	53,902	1,380,774
Granted during the year	-	-
Less: exercised	36,131	1,306,710
Less: cancelled	17,771	20,162
Options outstanding at the end of the year	-	53,902
Options exercisable at the end of the year	-	53,902

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

Grant II

Particulars	31/03/2011	31/03/2010
Options outstanding at the beginning of the year	1,860,359	1,944,709
Granted during the year	-	-
Less: exercised	-	700
Less: cancelled	1,860,359	83,650
Options outstanding at the end of the year	-	1,860,359
Options exercisable at the end of the year	-	1,204,671

Grant III

Particulars	31/03/2011	31/03/2010
Options outstanding at the beginning of the year	2,848,876	-
Granted during the year	-	3,029,626
Less: exercised	4,100	-
Less: cancelled	417,526	180,750
Options outstanding at the end of the year	2,427,250	2,848,876
Options exercisable at the end of the year	310,449	-

Schedules forming part of the Consolidated Financial Statements for the year ended 31/03/2011

(Currency : Indian rupees millions, except share data)

Grant IV(*)

Particulars	31/03/2011	31/03/2010
Options outstanding at the beginning of the year	-	-
Granted during the year	1,950,000	-
Less: exercised	-	-
Less: cancelled	-	-
Options outstanding at the end of the year	1,950,000	-
Options exercisable at the end of the year	-	-

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

17.11 Insurance Claim

On 16 May, 2011 the group has received in-principle proposal of its claim for costs incurred and damages paid to one of its customers for failure of equipment supplied. The group has recognised ₹ 59.413 as claim receivable from insurer as of 31 March, 2011.

17.12 Taxes

The group has not recognised MAT credit entitlement to the extent of ₹ 41.145 in respect of Income Tax paid in view of uncertainty of its utilisation for payment of tax in foreseeable future.

17.13 Major Events

- During the year, flash floods at the Head office of the group caused damage to certain assets in the building for which claim was lodged with the insurer for losses incurred. The carrying value of assets lost / damaged ₹ 0.517 is charged to Profit and Loss Account (net of insurance claim received ₹ 121.947).
- During the year the group discontinued its activities of the Export Oriented Unit at Alandi in Pune. The inventories lying at EOU were debonded after payment of duty and the same was transferred to manufacturing facility at Sanaswadi Pune.

17.14 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

Pramod Chaudhari
Executive Chairman

Gajanan Nabar
CEO & Managing Director

Place: Pune
Date: 24th May, 2011

Deepak Mogal
Company Secretary

Sivaramakrishnan S. Iyer
Director

Schedules forming part of the Consolidated Financial Statements for the year ended 31/03/2011

(Currency : Indian rupees millions, except share data)

Statement Pursuant to Section 212 of the Companies Act, 1956 Relating to Subsidiary Companies as of 31st March, 2011

1. Name of the Subsidiary Company	Pacecon Engineering Projects Limited,India	Praj Americas Inc. USA	Praj Far East Co., Ltd. Thailand	BioEnergy Europa BV, Netherlands	Praj Jaragua Bioenergia S.A. Brazil
2. Financial period of the subsidiary ended on	31/03/2011	31/03/2011	31/03/2011	31/03/2011	31/03/2011
3. Holding Company's interest	99.53% of Equity Capital	100% of Equity Capital	100% of Equity Capital	60% of Equity Capital	54% of Equity Capital
4. Capital	3.098	9.281	5.007	29.385	134.229
5. Reserves	(8.963)	(0.254)	1.919	40.154	(132.577)
6. Total assets	268.754	12.325	7.059	374.942	1.735
7. Total liabilities	268.754	12.325	7.059	374.942	1.735
8. Investments	0.110	NIL	NIL	NIL	NIL
9. Turnover	248.689	18.603	59.019	865.111	NIL
10. Net aggregate profit/(loss) for the current year -(before taxes)	(24.184)	0.153	(2.646)	15.935	(3.726)
11. Provision for taxation (including deferred taxes)	(4.527)	NIL	0.313	1.672	NIL
12. Profit after tax	(19.657)	0.153	(2.959)	14.263	(3.726)
13. Proposed dividend	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
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	(19.565)	0.153	(2.959)	8.559	(15.428)
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

Statement Pursuant to Section 212 of the Companies Act, 1956 Relating to Subsidiary Companies as of 31/03/2011

(Currency : Indian rupees millions, except share data)

1. Name of the Subsidiary Company	Pacecon Engineering Projects Limited, India	Praj Americas Inc. USA	Praj Far East Co., Ltd. Thailand	BioCnergy Europa BV, Netherlands	Praj Jaragua Bioenergia S.A. Brazil
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	10.415	NIL	3.756	(1.336)	(57.809)
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
19. Original currency	INR	US DOLLAR	THAI BAHT	EURO	BRAZILIAN REAL
20. Exchange rate as on 31st March, 2011 in INR-Closing rate	-	44.39	1.49	62.54	27.51
21. Exchange rate from 1st April, 2010 to 31st March, 2011 in INR-Average rate	-	45.62	1.46	60.31	26.33

For and on behalf of the Board

Pramod Chaudhari
Executive Chairman

Gajanan Nabar
CEO & Managing Director

Place: Pune
Date: 24th May, 2011

Deepak Mogal
Company Secretary

Sivaramakrishnan S. Iyer
Director

Notice

Notice is hereby given that the Twenty-Fifth Annual General Meeting of **PRAJ INDUSTRIES LIMITED** will be held on **Friday, 22nd July, 2011 at 10.00 a.m.** at the Registered Office of the Company at "PRAJ HOUSE", Bavdhan, Pune 411 021 to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2011 and the Profit and Loss Account for the year ended on that date together with the reports of Board of Directors and the Auditors thereon.
2. To declare Dividend on Equity Shares.
3. To appoint a Director in place of Ms. Parimal Chaudhari who retires by rotation and being eligible offers herself for re-appointment.
4. To appoint a Director in place of Mr. Sivaramakrishnan Iyer who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint the 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

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT Mr. Prakash Kulkarni, who was, pursuant to the provisions of Section 262 of the Companies Act, 1956, appointed as a director by the Board of Directors on 11th October, 2010, to fill in the casual vacancy caused by the resignation of Mr. Anil Joshi and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing pursuant to Section 257 of the Companies Act, 1956 from a Member signifying his intention to propose Mr. Prakash Kulkarni as a candidate for the office of the Director, be and is hereby appointed as a Director of the Company liable to retirement by rotation."

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT Mr. Gajanan Nabar, who was, pursuant to the provisions of Section 260 of the Companies Act, 1956, appointed as an Additional Director wef. 15th November, 2010 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing pursuant to Section 257 of the Companies Act, 1956 from a Member signifying his intention to propose Mr. Gajanan Nabar as a candidate for the office of the Director, be and is hereby appointed as a Director of the Company."

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 ("the said Act"), read with Schedule XIII to the said Act or any statutory modification(s) or re-enactment thereof and pursuant to Article 115 of the Articles of Association of the Company, consent of the Company be and is hereby accorded to the appointment of Mr. Gajanan Nabar as the Managing Director of the Company, designated as CEO & MD, for a period of 44.5 months with effect from 15th November 2010 till 31st July, 2014 on the terms and conditions including remuneration as set out in the Explanatory Statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) to alter and vary the terms and conditions and / or remuneration, subject to the same not exceeding

the limits specified under Schedule XIII to the said Act or any statutory modification(s) or re-enactment thereof.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this Resolution.”

9. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 81(1A) and all other applicable provisions, if any of the Companies Act, 1956, the relevant Articles of the Articles of Association of the Company and the provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999, (“the Guidelines”) (including any statutory modification(s) or re-enactment of the Act or the Guidelines for the time being in force) and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee including Compensation Committee which the Board may constitute to exercise its powers, including the powers, conferred by this resolution), consent of the Company be and is hereby accorded to the Board to create, offer, issue and allot at any time to or to the benefit of such person(s) who are in permanent employment of the Company, including any Directors of the Company, whether whole time or otherwise under a scheme titled “Praj Employee Stock Option Plan 2011” (hereinafter referred to as the “ESOP” or the “Scheme” or the “Plan”) such number of equity shares and / or equity linked instruments (including options), and/ or any other instruments or securities (hereinafter collectively referred to as “Securities”) of the Company which could give rise to issue of equity shares not exceeding 5% of the issued Equity Share Capital as on 31st March 2011, at such price, in one or more tranches, and on such terms and conditions as may be fixed or determined by the Board in accordance with the guidelines or other provisions of the law or guidelines issued by the relevant Authority or as may be prevailing at that time.

RESOLVED FURTHER THAT the new Equity shares to be issued and allotted by the Company in the manner aforesaid shall rank *pari passu*, in all respects with the then existing fully paid up ordinary equity shares of the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to any creation, offer, issue and allotment of the securities the Compensation Committee of the Board be and is hereby authorized on behalf of the Company to evolve, decide upon and bring in to effect the scheme and make modifications, changes, variations, alterations or revisions in the said scheme from time to time as may be specified by any Board Resolution or with the permission of the Board as the Board may in its absolute discretion deem fit or necessary or desirable for such purpose and with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the members of the Company.”

10. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

“RESOLVED THAT the employees of the subsidiary or holding Company of the Company, now or hereinafter existing, be and are hereby eligible for the proposed stock options to be granted under the Praj Employee Stock Option Plan 2011.”

By Order of the Board of Directors

Place: Pune
Date: 24th May, 2011

Deepak Mogal
Company Secretary

Notes:-

- (a) **A member of the Company 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.**
- (b) The instrument appointing the Proxy should be lodged with the Company at its Registered Office not less than forty-eight hours before the commencement of the Meeting. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
- (c) An Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, relating to the Special Business to be transacted at the Meeting is annexed hereto.
- (d) The brief resumes of the Directors, who are to be appointed / re-appointed, including nature of their expertise, their shareholding in the Company, etc. details are furnished in the report on Corporate Governance, which forms part of the Directors' Report. Members are advised to refer to the same.
- (e) The Register of Members and Share Transfer Books of the Company will remain closed from Monday, 18th July, 2011 to Friday, 22nd July, 2011 (both days inclusive) for determining the names of members eligible for dividend on Equity Shares, if declared at the Meeting.
- (f) (i) Members holding shares in physical form are requested to send certified copy of their Income Tax Permanent Account Number (PAN) card, including for all joint holders, to the Registrar and Transfer Agents of the Company.
- (ii) **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 DP. Members who are holding shares in physical form are requested to send their e-mail address at investorsfeedback@praj.net to update their e-mail address.**
- (g) Relevant documents referred to in the Notice are open for inspection by the members at the Registered Office on working days between 3.00 p.m. and 5.00 p.m. upto the date of the Meeting.

ANNEXURE TO THE NOTICE**Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.****ITEM NO. 6**

The Board of Directors at its meeting held on 11th October, 2010 appointed Mr. Prakash Kulkarni as a Director, to fill in the casual vacancy caused by the resignation of Mr. Anil Joshi, under Section 262 of the Companies Act, 1956 (the 'Act'). The Company has received a notice in writing from a member along with requisite deposit as per Section 257 of the Act signifying his intention to propose the candidature of Mr. Prakash Kulkarni for the office of Director of the Company. A brief resume of Mr. Prakash Kulkarni along with information, as stipulated under Clause 49 of the Listing Agreement, is provided in the Report on Corporate Governance forming part of the Annual Report. The Board of Directors recommends his appointment as a Director of the Company, liable to retire by rotation.

None of the Directors, other than Mr. Prakash Kulkarni himself, is in any way concerned or interested in this resolution.

ITEM NO. 7

Mr. Gajanan Nabar was appointed as an Additional Director of the Company with effect from 15th November 2010. He was also appointed as CEO & Managing Director of the Company effective from that date. In terms of the provisions of Section 260 of the Companies Act, 1956 (the 'Act'), Mr. Nabar would hold office up to the date of the ensuing Annual General Meeting. The Company has received a notice in writing from a member along with requisite deposit as per Section 257 of the Act

signifying his intention to propose the candidature of Mr. Gajanan Nabar for the office of Director of the Company. A brief resume of Mr. Gajanan Nabar along with information, as stipulated under Clause 49 of the Listing Agreement, is provided in the Report on Corporate Governance forming part of the Annual Report.

None of the Directors, other than Mr. Gajanan Nabar himself, is in any way concerned or interested in this resolution.

ITEM NO. 8

Mr. Gajanan Nabar, was appointed, subject to the approval of the members in general meeting, as a Managing Director of the Company, designated as CEO & Managing Director, for a period of 44.5 months with effect from 15th November 2010 till 31st July 2014. Mr. Nabar will not be liable to retire by rotation so long as he continues to hold the office of Managing Director. The approval of members is sought for the appointment of Mr. Nabar as the Managing Director of the Company. Broad terms of appointment and remuneration are as follows –

(a) Salary –

Basic Salary not exceeding ₹ 750,000/- per month. The starting basic salary shall be ₹ 600,000/- per month.

(b) Performance Bonus –

In addition to basic salary, Mr. Nabar will be entitled for the fixed performance bonus. The quantum of performance bonus will be as approved by the Board of Directors within the overall limits prescribed under Schedule XIII to the Companies Act, 1956.

(c) Commission –

In addition to basic salary and performance bonus, Commission on profits shall be paid to Mr. Nabar. The quantum of commission will be as approved by the Board of Directors within the overall limits approved by the shareholders.

(d) Perquisites –

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

- (i) the CEO & Managing Director shall be entitled to perquisites / allowances like accommodation (furnished or otherwise) or house rent allowance in lieu thereof; house maintenance allowance, together with reimbursement of expenses or allowances for utilities such as electricity, water, municipal taxes at actual; medical reimbursement; leave travel concession for himself and his family; club fees, personal accident insurance and such other perquisites and allowances in accordance with the rules of the Company and as agreed mutually from time to time.
- (ii) For the purpose of calculating the above ceiling, the perquisites and allowances shall be evaluated, wherever applicable, as per the provisions of Income-tax Act, 1961 or any rules thereunder or any statutory modification(s) or re-enactment thereto. In the absence of any such Rules, they shall be evaluated at actual cost. Provision for use of the Company's car for official duties and telephone at residence (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.
- (iii) Company's contribution to Provident Fund and Superannuation or Annuity Fund, to the extent these either singly or together are not taxable under the Income Tax Act, Gratuity payable as per the rules of the Company and encashment of leave at the end of his tenure, shall not be included in the computation of limits for the remuneration or perquisites aforesaid.

(e) Other Benefits –

Mr. Gajanan Nabar shall be entitled to such other benefits / allowances, as agreed mutually, under any other schemes, provisions and amenities as are granted / likely to be granted to

the Senior Executives of the Company in accordance with the Company's Practice, Rules and Regulations in force from time to time. He shall be entitled to the stock options subject to the usual terms and conditions under any Employees Stock Option Plan or Scheme of the Company.

(f) Inadequacy or Absence of Profits –

If the Company has no profits or its profits are inadequate, the Company may pay Mr. Nabar by way of salary, perquisites and other allowances, not exceeding the amount based on the effective capital of the Company, subject to the overall ceiling limit prescribed under Section II of Part II of Schedule XIII to the Companies Act, 1956.

Mr. Gajanan Nabar satisfies all the conditions set out in Part-I of Schedule XIII to the Companies Act, 1956 for being eligible for the appointment. A brief resume of Mr. Nabar along with information, as stipulated under Clause 49 of the Listing Agreement, is provided in the Report on Corporate Governance forming part of the Annual Report. This may be treated as an abstract of the terms of appointment of Mr. Gajanan Nabar under Section 302 of the Companies Act, 1956.

None of the Directors, other than Mr. Gajanan Nabar himself, is in any way concerned or interested in this resolution.

ITEM NO. 9

The Board of Directors of the Company realizes the dedicated and committed contribution of its sincere team of employees in pursuing growth with excellence in performance. To motivate the employees and to enable them to participate in the long-term growth and financial success of the Company, with a common objective of maximizing the shareholder value, it is proposed to introduce an Employee Stock Option Plan (ESOP). The ESOP would not only enable the Company to attract and motivate employees by rewarding performance as also to retain best talents. Simultaneously the Management foresees the development of a sense of ownership with the Company among the Employees.

It is proposed to introduce the said stock option scheme for the benefit of the employees of the Company.

The following explanatory statement sets out various disclosures and the Salient features of the ESOP:

1. Total number of options to be granted: Such number of options convertible into Equity Shares of the Company which when converted, shall not exceed in aggregate 5% of the issued equity share capital of the Company as of 31st March 2011 i.e. 9,238,936 Equity Shares of the nominal value of ₹ 2/- each at a price as stated herein below.
2. Identification of classes of employees entitled to participate in the ESOP: Persons who are permanent employees of the Company including Directors (not being part of 'Promoters and Promoter Group') as may be decided by the Compensation Committee / Board, from time to time. Employees may be granted Stock Option based on performance and such other criteria as the Compensation Committee / Board in its absolute discretion decides. The options granted to an employee shall not be transferable to any person and shall not be pledged, hypothecated, mortgaged or otherwise alienated in any manner.
3. Requirements of vesting and period of vesting: Vesting of options shall commence after a period of one year from the date of grant, and may extend upto five years from the date of grant of options. The vesting period may be reduced and/or occur in tranches, subject to the terms and conditions of vesting, as may be stipulated by the Compensation Committee / Board, in its discretion.
4. Exercise Price or Pricing formula: The options shall be issued at such price, which shall not be less than the face value of the share of the Company, as the Compensation Committee / Board may in its absolute discretion decide.
5. Exercise Period and the process of Exercise: The Exercise period may commence from the date of vesting, and will expire at the end of six years from the date of grant of options, or such other time period as may be decided by the Compensation Committee / Board, from time to time.

The options will be exercisable by the Employees by a written application to the Company to exercise the options in such manner, and on execution of such documents, as may be prescribed by the Compensation Committee / Board from time to time.

The options will lapse if not exercised within the specified exercise period.

6. Appraisal Process for determining the eligibility of the employees to ESOP: The appraisal process for determining the eligibility of the employee will be decided by the Compensation Committee / Board, and may be based on criteria such as seniority of employee, length of service, performance record, merit of the employee, future potential contribution by the employee and/or such other criteria that may be determined by the Compensation Committee / Board at its sole discretion.
7. Maximum number of options to be issued per employee and in aggregate: The maximum number of options granted per employee per year will not exceed 1% of the equity capital of the Company, as determined from time to time.
8. Disclosure and Accounting Policies: The Company shall comply with disclosure and the accounting policies specified in the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and / or such other guidelines as may be applicable from time to time.
9. Method to value options: The Company shall use the intrinsic value method for the purpose of calculating value of options. The accounting shall be based on the intrinsic value so calculated.

Since the Company shall be calculating the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed in the Directors' Report. Further the impact of this difference on profits and on EPS of the company shall also be disclosed in the Directors' Report.

As the Scheme provides for issue of shares to be offered to persons other than existing shareholders of the Company, consent of the members is sought pursuant to Section 81(1A) and all other applicable provisions, if any, of the Act and as per Clause 6 of the Guidelines.

None of the Directors of the Company are in any way, concerned or interested in the resolution, except to the extent of the securities that may be offered to them under the scheme.

ITEM NO. 10

The Company heavily draws on the dedicated and committed contribution of its sincere team of employees in subsidiaries of the Company world over in pursuing growth with excellence in performance. The employees of the subsidiary companies also contribute to the growth and prosperity of the Group as a whole. To motivate these employees and to enable them to participate in the long-term growth and financial success of the Group, with a common objective of maximizing the shareholder value, it is proposed to make these employees also eligible for the 'Praj Employees Stock Option Plan 2011'.

As the Scheme provides for issue of shares to be offered to persons other than existing shareholders of the Company, consent of the members is sought pursuant to Section 81(1A) and all other applicable provisions, if any, of the Act and as per Clause 6 of the Guidelines.

None of the Directors of the Company are in any way, concerned or interested in the resolution, except to the extent of the securities that may be offered to them under the scheme.

By Order of the Board of Directors

Place: Pune
Date: 24th May, 2011

Deepak Mogal
Company Secretary

Ethanol Plants



*55 mgpy corn based plant at Keyes,
California for Cilion (AE Biofuels)*



*Biowanze SA (Belgium), 758 m³/day
bioethanol plant*

Sustainability Initiatives



■ *Clean City*



■ *Health Awareness*



■ *Directing Non School going children*

PRAJ INDUSTRIES LIMITED

Registered Office : "PRAJ HOUSE", Bavdhan, Pune 411 021

TWENTY-FIFTH ANNUAL GENERAL MEETING – FRIDAY, 22ND JULY, 2011

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-FIFTH ANNUAL GENERAL MEETING** being held at "PRAJ HOUSE", Bavdhan, Pune 411 021 on **Friday, 22nd July, 2011** 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.

- - - - - Tear Here - - - - -

PRAJ INDUSTRIES LIMITED

Registered Office : "PRAJ HOUSE", Bavdhan, Pune 411 021

PROXY FORM

TWENTY-FIFTH ANNUAL GENERAL MEETING – FRIDAY, 22ND JULY, 2011

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

I/We _____ of _____
in the state of _____ being a member/members of Praj Industries Limited,
hereby appoint _____ of _____ or failing him/her
_____ of _____ as my/our proxy to attend and
vote for me/us on my/our behalf, at the **TWENTY-FIFTH ANNUAL GENERAL MEETING** of the
Company to be held on **Friday, 22nd July, 2011** at "PRAJ HOUSE", Bavdhan, Pune 411 021
at 10.00 a.m. and at any adjournment thereof.

Place: _____

Date: _____

Affix
15 paise
Revenue
Stamp

Signature

Note : This Proxy form duly signed across the Revenue Stamp must be deposited at the Registered Office of the Company, not less than 48 hours before the time of the Meeting.



Environmental Engineering

Through
Water & Wastewater Treatment Solutions



Important Communication to Shareholders

Green Initiative

Kindly register / update your e-mail address and opt for electronic mode of communication. This one is for Planet Earth.

Demat Your Shares

Kindly convert your physical holding to demat form to avoid problems 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

Kindly register your latest Bank Account details with your Depository Participant for prompt credit of dividend amount to the bank account.



Praj Industries Limited

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