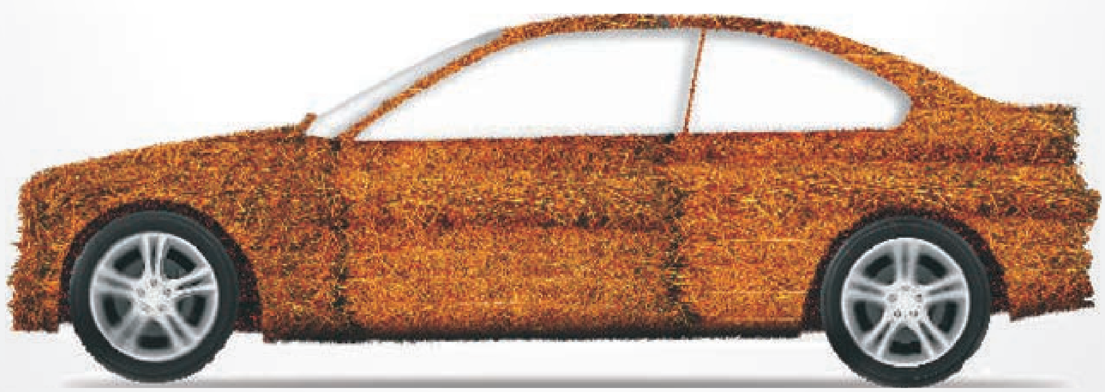
PRAJ

Transformation

Annual Report 2012-13

PRAJ

Setting the PACE* for 2nd Gen Biorefinery



Praj Advanced Cellulosic Ethanol*

Contents

Company Information

PRAJ INDUSTRIES LIMITED

Board of Directors	**Executive Directors:** Pramod Chaudhari, Executive Chairman Gajanan Nabar, CEO & MD **Non-Executive Directors:** Berjis Desai Kishor Chaukar Parimal Chaudhari Prakash Kulkarni Rajiv Maliwal Sivaramakrishnan Iyer Utpal Sheth
Company Secretary	Dattatraya Nimbolkar
Auditors	B. K. Khare & Co.
Cost Auditors	Dhananjay V. Joshi & Associates
Internal Auditors	Khare Deshmukh & Co.
Bankers	Bank of Maharashtra The Royal Bank of Scotland HSBC Ltd.
Solicitors	J. Sagar Associates, Mumbai
Registered Office	"PRAJ 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 Plot No. E-20 & E-21 additional MIDC Area, Jejuri Tal. Purandar, Dist. Pune – 412 303.
Export Oriented Unit	Kandla SEZ Unit I Plot No 307 to 314, Sector IV,Gandhidham, Kutch, 370230, Gujarat. India Kandla SEZ Unit II, Plot No 282 to 286 and 294 to 298, Sector IV,Gandhidham, Kutch, 370230, Gujarat. India
Presence in	India, Thailand, The Netherlands, USA, South Africa, Tanzania, Sierra Leone, Philippines and UAE

Praj at Glance

	UOM	12-13	11-12	10-11	09-10	08-09	07-08	06-07	05-06	04-05
SALES	₹ Mln	7264.678	8804.441	5529.310	6022.840	7718.813	7016.267	6074.744	2674.985	2352.573
OTHER INCOME	₹ Mln	291.763	432.295	247.739	424.517	241.797	386.827	89.328	25.326	30.658
TOTAL INCOME	₹ Mln	7556.441	9236.736	5777.049	6447.357	7960.610	7403.094	6164.072	2700.311	2383.231
TOTAL EXPENDITURE EXCLUDING DEPRECIATION	₹ Mln	6620.336	7975.777	5066.273	5111.594	6270.875	5603.961	5028.815	2349.938	2084.557
DEPRECIATION	₹ Mln	128.902	141.730	111.356	105.110	81.713	55.349	31.608	26.502	19.550
EBIDTA (EXCLUDING OTHER INCOME)	₹ Mln	647.617	830.112	463.096	914.546	1451.808	1412.599	1048.446	330.356	269.809
PBT	₹ Mln	807.203	1119.229	599.420	1230.653	1608.022	1743.784	1103.649	323.871	279.124
PAT	₹ Mln	661.815	658.245	534.725	1138.847	1297.479	1535.437	865.293	244.125	217.577
NET BLOCK OF FIXED ASSETS + CWIP	₹ Mln	2219.552	1829.211	1595.950	1441.252	1471.597	1059.683	454.528	279.022	210.783
SHARE CAPITAL	₹ Mln	354.930	359.096	369.557	369.477	366.862	366.324	167.800	162.225	81.113
RESERVES AND SURPLUS	₹ Mln	5325.495	5148.677	5219.931	4953.857	4067.745	3142.041	1405.061	387.292	340.813
NET WORTH	₹ Mln	5680.425	5507.773	5589.488	5323.334	4434.607	3508.365	1572.861	549.517	421.926
EPS BASIC	₹	3.73	3.58	2.89	6.18	7.08	8.55	5.19	3.01	2.68
RATIOS										
EBIDTA TO SALES	%	9%	9%	8%	15%	19%	20%	17%	12%	11%
PBT TO SALES	%	11%	13%	11%	20%	21%	25%	18%	12%	12%
PAT TO SALES	%	9%	7%	10%	19%	17%	22%	14%	9%	9%
RONW	%	12%	12%	10%	23%	33%	60%	82%	50%	60%
ROCE	%	14%	20%	11%	24%	39%	67%	101%	64%	69%
NO. OF SHARES	Nos.	177,465,079	179,548,092	184,778,723	184,738,492	183,431,082	183,161,810	83,900,066	81,112,520	8,111,252
DIVIDEND	%	81%	81%	63%	72%	90%	99%	135%	63%	108%
BOOK VALUE PER SHARE	₹	32.01	30.68	30.25	28.82	24.18	19.15	9.43	6.77	5.20
CASH EPS	₹	4.45	4.35	3.50	6.76	7.52	8.86	5.38	3.34	2.92

Transforming Praj

Every organization has a core which makes it unique and differentiates it from other organizations. I believe your Company has the core competency of being an innovative, integrated solutions provider. And, it is not a mere rhetoric. We have proven, time and again, our ability to resolve challenging situations by translating them into profits for our customers.

Be it our low steam distillation technology* for ethanol production; or the recycle, reduce and reuse of water in process plants; reduction of carbon footprints; turnkey plant construction in remote Africa; expanding the Colombian Fuel Ethanol Program; getting certified by a global chemical giant for lethal application equipment; developing technology for ethanol from agri-residue. And, there are many that precede this.

We have a lot going for us. An engaged team, an experienced leadership, an involved Board of Directors and an enviable global client base. Add to that the robust infrastructure, the R & D facility and a brand name that spells reliability.

But, we must not rest on our laurels. A lot has to be done before we can say that we have achieved the milestones we set for ourselves when we embarked on our turnaround plans in 2010. Ranging from scaling up of the emerging businesses to globalizing Neela Systems to taking brewery business overseas to successfully setting up the 2nd Gen Cellulosic Ethanol Plant, we cannot say it is business as usual. Each element will require 'out-of-box' thinking. Especially given the economic environment.

Going forth, we need to transform ourselves. From being predominantly a project led company to a products and services Company, as well. From being a single vertical business to being a solutions provider to multiple industries; connecting with the masses, touching lives through our many offerings; from being a Global Indian Company to a true-blue Global Organization.

People and sustainable community development will be another watchword. Our commitment to environment is stronger than ever. Equitable development can only happen with environmental balance and community development. Some of our initiatives towards this effort have been captured in the **Sustainability Report**.

As we move into our 30th year since inception, the process of transformation will help us get into the new trajectory we have been aiming for. Without changing the core, we would like to embrace new paradigms which will enable us to scale new heights.

Pramod Chaudhari
Executive Chairman

Pune, May 2013

*Patent pending

Managing Transformation,

We have come through another year of challenges and headwinds. At the same time we have much to feel good, safe and secure about. Your company will soon be completing 3 decades since inception- Three decades of Entrepreneurship, Sustainability, of 'never say die' spirit and above all putting 'customers First'.

Over the years, the belief of a few has become an Organizational DNA. This DNA has taken your company places – in more than Fifty Countries with over Five Hundred Successful projects. This DNA has also motivated us to be more sustainable. It has helped us transform ourselves several times over in the past 29 years. And now we are poised to shift to yet another Orbit.

Last year we said we will focus on a few things and I am glad to report that we have stayed on course on most of them. Our second generation demonstration plant wherein we plan to break ground by second quarter FY14. Integration with Neela is progressing well. The Neela Systems acquisition has not just opened the market for High Purity Water but it also enables us to provide integrated solutions to the hygienic sector. Your company has signed its first International brewery contract. Critical Process Equipments and Systems Business has caught on steam and your Company has become supplier of choice to several International Companies. We launched the Livestock Health and Nutrition (LHN) Business this year which has emanated from our R&D center Praj Matrix. We successfully commissioned and completed several plants worldwide.

What does this mean? It means that we are now dealing with very different types of customer profiles in addition to Praj's traditional customer base. We are dealing with varied customer expectations on process optimization, Engineering norms, Fabrication quality, Delivery schedules, etc. In short, we are dealing with multiple opportunities while building varied competencies within Praj. This has a huge positive impact on the Organization's fabric. It is stretching everyone to learn additional new skills. It is making us push ourselves to run simultaneously on multiple tracks. We call it Praj Next .

We believe it is going to be an exciting journey, full of challenges and opportunities. Our challenge is to keep multiple businesses growing with the same entrepreneurial spirit while managing operational discipline, balancing different project cycles and sharing core competencies across the board. We will emerge with agility in each of our business verticals while remaining connected by the same DNA at the core. I am very confident that this DNA will motivate us in transforming ourselves into a truly Global Company, driving shareholder value.

Gajanan Nabar
CEO & Managing Director

Pune, May 2013

To The Members of Praj Industries Limited,

Your Directors are pleased to present the 27th Annual Report and the Audited Statements of Account for the year ended 31st March, 2013.

Financial Results

In the year under review, your Company has recorded a total income of ₹ 7556 Mn (previous year ₹ 9237 Mn). While the total income decreased by 18%, Profit before Tax decreased by 28% to ₹ 807 Mn (previous year ₹ 1119 Mn). Considering very turbulent economic environment, your Company's performance has been stable. The performance summary is presented herewith:

(₹ in Mn)

	2012-13	2011-12
Turnover	**7264**	8805
Other Income	**292**	432
Total Income	**7556**	9237
Total Expenses	**6749**	8118
PBT	**807**	1119
PAT	**662**	658
(+) Balance in Profit and Loss account	**3720**	3462
Profit Available for Appropriations	**4382**	4120
Appropriations		
- Dividend		
Final (Proposed)	**287**	287
- Dividend Tax	**49**	47
- Transfer to General Reserve	**66**	66
Balance in Statement of Profit and Loss	**3980**	3720

Praj and Local Execution Companies:

The execution related responsibility is borne by the execution arm of your Company also known as Local Execution Companies (LEC). Each LEC is a subsidiary/step down subsidiary of your Company. These comprise of Praj Industries (Sierra Leone) Limited, Praj Industries (Tanzania) Limited, Pacecon Engineering Projects Limited, Praj Far East Philippines Limited Inc. and Praj Far East Co. Limited. Considering the combined results of Praj and LECs, the total income for FY 2012-13 receded by 10% while profit before tax has reduced by 26%, as summarized below:

(₹ in Mn)

	2012-13	2011-12
Operating Income	**8282**	9118
Other Income	**267**	411
Total Income	**8549**	9529
Total Expenses	**7714**	8394
PBT	**835**	1135
PAT	**678**	669

Dividend

The Board of Directors of your Company has recommended a dividend of ₹ 1.62 per equity share (81%) of face value of ₹ 2/- each for the Financial Year ended 31st March, 2013. The dividend is payable subject to shareholders' approval at the ensuing AGM. The dividend payout will be ₹ 336 Mn including dividend distribution tax.

Credit Rating

a) 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.**

b) CRISIL has also reaffirmed its rating of the Company's long-term bank facilities to **'AA/Stable'.** The "AA" rating signifies **high safety** with regard to timely payment of long-term financial obligations.

Subsidiaries

Your Company has formed a subsidiary by name Praj Far East Philippines Ltd. Inc., in Philippines on 17th August, 2012.

Your Company has divested its stake in Praj Jaragua Bioenergia S.A., Brazil, on 22nd October, 2012. The Company had already provided for the divestment in earlier years.

Apart from the above, Pacecon Engineering Projects Ltd., BioCnergy Europa B. V., Netherlands, Praj Americas Inc., Texas, Houston, U.S.A., Praj Far East Co. Ltd., Thailand, Praj Industries (Africa) Pty. Ltd., South Africa and Neela Systems Ltd. continue to be the subsidiaries of your Company.

The Central Government has granted exemption under Section 212(8) of the Companies Act, 1956, from attaching to the Balance sheet of the Company, the Accounts and the other documents of its Subsidiary Companies. In view of this, Consolidated Financial Statements of the Company, which include the results of the said Subsidiary Companies, are included in this Annual Report. Further, a statement containing the particulars prescribed under the terms of the said exemption for each of the Company's subsidiaries is also enclosed. Copies of Annual Accounts and related detailed information of all the subsidiaries can also be sought by any investor of the Company or its Subsidiaries on making a written request to the Company Secretary at the Registered Office of the Company in this regard. The Annual Accounts of the Subsidiary Companies are also available for inspection at the Company's and/or the concerned Subsidiary's Registered Office.

Proceedings under Section 132 of the Income Tax Act, 1961

In April 2012 the Income Tax Department initiated proceedings against the Company under Section 132 of the Income Tax Act, 1961. Currently, the proceedings are pending before the Settlement Commission. As per Company's estimate, adequate provision for liability arising out of this has already been made in the books of account.

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

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

Auditors

a) Internal Auditors

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

b) Statutory Auditors

The Statutory Auditors, 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.

c) Cost Auditors

The Compliance Report under The Companies (Cost Accounting Records) Rules, 2011 for the year 2011-12 was duly filed with the Ministry of Corporate Affairs on 28th December, 2012.

The Central Government had approved appointment of M/s. Dhananjay V. Joshi & Associates, Cost Accountants as Cost Auditors of the Company under Section 233B of the Companies Act, 1956 for the year 2012-13. The Cost Audit Report for the year 2012-13 is due for filing with the Ministry of Corporate Affairs on 27th September, 2013.

Your Company has reappointed them as Cost Auditors of the Company for the year 2013-14.

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 2012-13 and of the profit of the Company for that period;
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The annual accounts have been prepared on a going concern basis.

Employee Stock Option Plan

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

Additional Statutory Information

Particulars of Employees:

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

"Group" for SEBI Takeover Regulations:

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

Energy Conservation, Technology Absorption, Adaptation, Innovation:

Your Company's operations are not energy or water intensive. However, as part of its sustainability focus, it provides solutions which focus on reducing energy, water and carbon footprints.

Your Company has intensified its innovation program. It has enhanced its focus on application of patents to monetize technology development and discovery. During the year, the Company has applied for 9 patents.

The discovery based innovation is focused on development of new products and processes. The Company has chalked out a program to develop different biochemicals and human health and wellness products. These are high value products which can be produced at the factory at Jejuri, which was commissioned during the fiscal.

Your Company has:

- Successfully commercialized the ECOSMART technology which was developed in the previous fiscal.
- Successfully commissioned a ZLD system for Textile Wastewater Management at a Dyeing Unit in Southern India.
- Installed a 'low-water', 'low-steam' distillation technology that has ensured that intake of water is reduced significantly (see sustainability report)
- Commenced commercial production of livestock health and nutrition product, which was developed at Praj Matrix – the innovation center.

Foreign Exchange Earnings and Outgo

(₹ in Mn)

	31/3/2013	31/3/2012
Earnings	**3393**	3634
Outgo	**724**	1554
Net Foreign Exchange Earnings	**2669**	2080

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

Acknowledgements

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

For and on behalf of the Board of Directors

Place: Pune
Date: 13th May, 2013

Pramod Chaudhari
Executive Chairman

Management Discussion & Analysis

Overview

Even as the developed economies continue to go through financial troughs and crests, the emerging economies provide interesting opportunities for all business segments of Praj. Your Company expects that these economies will continue to focus upon alternative energy sources as part of their energy basket. Investments in alternate energy seem to be on the rise in these regions.

Factors like environmental protection, water scarcity, pollution (air, land, water), global warming will converge to provide for opportunities for sustainable technology solutions. Throughout this past fiscal, your Company has shown how technology can be put to use for sustainable solutions.

Financial Review

While sales were down by 17.5% compared to previous fiscal, results of specific actions like cost reduction can be seen, with direct cost as percentage of sales down by 5%. For the fiscal 2012-13, EBIDTA level was stable. The Company is executing projects under the Local Execution Companies, termed as LEC. These Companies are subsidiaries/step down subsidiaries of your Company. While the profit margins for Praj and LECs combined receded by 26 % over the previous fiscal, the net margins for Praj and LECs combined improved by 1.35%. Order inflow for Emerging Business improved 83% over previous fiscal. Scale up of these businesses will see improvement in margins.

Industry Overview

Alcohol/Ethanol Industry

The year 2012-13 has seen some new developments in the ethanol space. Almost every country in the world is concerned about energy security leading to implementation of ethanol blending program. This is evident from the fact that Thailand has moved to E20 whereas Colombia has achieved E8 and is moving to E10. Brazil has moved to E25 and Australia has begun blending in certain provinces. India too has mandated E5 blending starting June, 2013. The production of ethanol continues unabated because of the sheer benefits – environmental, social and economic.

Apart from India, pockets of growth in the beverage alcohol market are also observed. Especially in South East Asia and Africa.

Development in 2nd generation ethanol is also catching pace. As many as eleven demo plants are at various stages of implementation all around the world, including that of your company.

Similar to a petroleum refinery, the 2nd generation ethanol manufacturing plant has the potential to be a “Biorefinery” for production of high value products like specialty chemicals, medicines, food and ofcourse energy in the form of transport fuel i.e. ethanol, heat and electricity and even bioplastics.

Your company has been paving the way to bioeconomy since 2006 and is the very first company in the tropics to take steps in this direction. It is in the process of installing a 2nd Generation commercial sized demo plant for cellulosic ethanol production, which will be set up in India and will be operational in mid CY 2014.

Brewery/Beer Projects

Recently, your company made breakthrough in the international market with an order from South East Asia as part of its efforts to internationalize the brewery segment. The beer markets in South East Asia, Africa and South America are expected to clock a volume CAGR of between 3.5-5% by 2017. Given the size of these markets, the opportunity for new capacity is encouraging. These are also markets where your Company has a good foothold and strong delivery mechanism.

Water & Wastewater Systems

Industrial water demand in India could surge 57% by 2025. While industrial growth in many developed economies has stalled or slowed, there are many new pockets of growth in different geographies where prudent water management practices are being implemented. Challenges in manufacturing processes in various industries call for technologies that can Reduce, Recycle, Reuse and also achieve ‘Zero Liquid Discharge’. Your Company possesses key technologies in this segment and is continually demonstrating its ability to address this demand. To mention a few achievements, your company has won a repeat order from the Tirupur textile belt for a critical wastewater treatment process which has helped re-start the textile operation in the belt. It has bagged several prestigious orders from clients in the chemical and pharmaceutical space.

Critical Process Equipment & Systems

Your Company’s ‘capability streams’ in the Critical Process Equipment and Systems are ‘built to print’, ‘design to build’ and ‘systems & skids’. This three year old business segment has now significantly moved from the first stream of ‘built to print’ to ‘design to build’ and ‘skids & systems’. The latter two streams involve high skill engineering and fabrication capability with better value addition.

Your company has been certified as the Preferred Lethal Equipment Supplier by a global health care and high tech materials company. Your company has also received an order from a global engineering company for critical equipment.

Biotech Products

During the fiscal, your Company launched the Livestock Health and Nutrition product. While your Company’s entry into this field is led by its experience and expertise in microbiology related to its existing businesses of distillery and brewery co-products, this segment is a definite growth area with increasing focus on livestock nutrition. Your Company’s LHN products are under testing which is a first step towards gaining business.

A GMP compliant manufacturing facility at Jejuri, near Pune is in operation.

Biochemicals & Biorefinery

Praj Matrix - the innovation center has been working on areas other than biofuels. This includes biochemicals, nutraceuticals, livestock health & nutrition. While LHN has already progressed to commercialization stage, we are now looking at a set of interesting biochemicals which are at a pre-commercial evaluation stage. These biochemicals production can be bolted on to the 2nd generation bioethanol facility converting it into a biorefinery. Praj Matrix is keenly building up skill set and expertise which will ensure that there is always a strong pipeline as also time-to-market is minimized leading to the lowest cost of discovery. A separate business group has been created to address this vertical.

Strategy

In the existing business of ethanol and brewery, your Company will be leveraging its vast client base. For brewery, the Company will also explore newer growth markets overseas. The Company has experience of executing turnkey projects in specific geographies.

For Critical Process Equipment & Systems, the Company will move to the next levels of expertise leading to better value addition. There have been some early wins in this area. Simultaneously, it is exploring newer geographies.

Integrated Solutions for High Purity Applications

Pharmaceuticals, Food & Beverages, Biotech and Cosmetics industries comprise what can be called the “HiPurity Space”. Praj and Neela Systems together are offering solutions that will help Companies reduce the project installation timelines and draw benefits from a well structured plant with energy and water integration. Praj and Neela Systems will also explore opportunities in the global market thus building on each-other’s marketing synergies. The High Purity sector in India is estimated to be ₹ 25,000 Mn by the 2018. Your Company is focused on creating a niche as an Integrated Solution Supplier in the Hygienic Space and the result of these efforts will be visible in the coming period.

Human Resources

While talent acquisition, development and retention is an important aspect of your Company's human resource strategy, your Company is also exploring new grounds in people management.

Your Company strongly believes in 'affirmative actions'. The Company is also making specific efforts to provide opportunity to differently abled persons.

Your Company undertook organization restructuring for integration of functions across different business groups for greater flexibility. This integration is expected to enable talent mobility across different businesses as well as result in substantial personnel cost saving in times to come.

Your Company is mindful of productivity of human capital. In line with this, many productivity enhancement tools including automation are continually being upgraded. Your Company employs 960 nos. of highly skilled personnel. More than 90% are engineers and technologists.

Organizational Initiatives

Your Company has been practicing lean manufacturing practices such as Kaizen. During the year, there has been an improvement by way of release of capacity; reduction in logistics cost; increased utilization of equipment; enhanced productivity; recycle and reuse of material. The impact of this has contributed to the reduced direct cost. Your Company will continue efforts to enhance the impact.

Awards, Certifications and Recognition

- Your Company received R stamp certification for its Sanaswadi manufacturing facility. This certification is required for repairs and alterations of pressure vessels.
- The ISO 9001-2008 cetificate has been renewed.
- ASME U and H stamps has been renewed for Sanaswadi manufacturing facility.
- Your company received the ABLE 10th Anniversary Award under Bio-Industrial category for contribution to industrial biotechnology.
- Your company received the prestigious B. G. Deshmukh Corporate Social Responsibility Award 2012, conferred by MCCIA, Pune for its innovative approach to social responsibility projects.
- The Army Institute of Technology, Pune conferred the Lifetime Achievement Award on Mr. Pramod Chaudhari.
- The Lifetime Achievement Award was bestowed upon Mr. Chaudhari by Maxell Foundation.

Subsidiaries

Neela Systems Limited

Within a period of one year, significant progress is made on integration of Neela Systems (NSL) into Praj Group. Maintaining the individual identity and its core strengths, Praj is adding value to NSL's processes so as to make them more effective. NSL is also enhancing its focus on global markets and utilizing Praj's existing network for this purpose. NSL has gained several prestigious clients in the Pharma sector. This in cludes Asia's largest Parenteral manufacturing Company. NSL penetrated into global markets and contracted an order from South Asian region. The fiscal 2012-13 posed challenges to growth as a result of slower capex formation in the Indian Pharma sector. NSL is also diversifying into F & B and Cosmetics applications. A small beginning has been made in these sectors. The sales of NSL during FY 2012-13 ₹ 846.003 Mn as compared to ₹ 928.106 Mn in the previous fiscal. The EBIDTA is at ₹ 218.042 Mn at 26% and PBT at ₹ 169.065 Mn and PAT at ₹ 114.301 Mn.

The other subsidiaries of your Company include local execution Companies in India, Tanzania, Sierra Leone, Thailand, Philippines. Apart from this, Praj also has subsidiaries in USA, South Africa and in The Netherlands.

Future Outlook

You Company is on the verge of transforming itself. Not only in terms of businesses, but also business models, geographies, client profiles and applications. Your Company aims to diversify its business with 30% coming from emerging businesses in the FY 2013-14 and increasing share of the growth coming from newer businesses. Your Company is also setting up a 2nd Gen Cellulosic Ethanol demo plant which will open up new opportunities in advance biofuels as well biochemicals. Sustainable Solutions will always be a part of your Company's focus, as also Innovation. Your Company is aggressively pursuing innovation in many different areas leading to higher competitiveness. Even as markets are slow to take off, your Company's strong balance sheet as well as its highly skilled and experienced leadership will help overcome tough times.

Risks and concerns

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

Economic and Political situation in key markets of your Company is seen as an essential risk element.

Your Company has no current exposure to any high risk markets.

As 30-50% of the company's business comes from overseas markets, the company has put in place a forex risk management system.

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

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

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

The Company has adequate geographical spread.

Internal control systems

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

Forward looking statements

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

Sustainability Report

Being a large part of organizational initiative, in business and beyond, we have decided to create a separate report on our Sustainable Practices which will demonstrate your Company's drive to develop solutions that will set new standards in the industry and social paradigms. Our effort is to bring the element of innovation and integration of knowledge from different areas for **Energy, Water and Waste Reduction.**

A detailed report can be sent to you by writing in at investorsfeedback@praj.net

Business Solutions

Sustainable, environment friendly solutions is a mission at Praj. All our offerings integrate energy, water and carbon neutral technologies. In the year under review, your Company has successfully commissioned several projects or introduced technologies where we have demonstrated our ability to do so.

Processes & Systems

Many regions in India are facing acute water shortage. Some states have resorted to reduced water supply to industrial units. Your Company has risen to this challenge and developed a low energy technology for distilleries which results in reduction of fresh water intake by upto 50%.

The Company has launched and applied for a patent for a technology which will ensure superior quality beverage alcohol with reduced steam consumption, called ECOSMART, this technology has already been offered in the international market.

The increasing cost of beer production has forced breweries to explore possibilities of reducing energy cost. We explored the possibility of utilizing the latent heat of the discharged vapors from the Wort Kettle. Praj designed and implemented a Heat Recovery System (HRS) for preheating the wort. More than 25% savings have been reported in the total steam consumption per brew in the brewhouses where Praj has installed this system.

Reduced carbon footprints in one of our projects in South America has contributed to one of our clients achieving the Roundtable for Sustainable Biofuels (RSB) certification which qualifies him to supply fuel ethanol to the European Union (EU).

Yet another project in Western Africa is under construction which adheres to the EU RED criteria (environmental) and IFC performance standards (social and land rights). The ethanol and power produced by this project are sustainable and low carbon source of energy. Praj is proud to be associated with this project. Our contribution is by way of integrating the ethanol plant and use of Vapor Absorption Machines (VAM) in the fermentation system. This leads to surplus energy being made available for supply to the grid. The power serves the requirement of the neighboring community.

The Tirupur textile belt faced severe issues regarding pollution of water bodies due to discharge of effluents from the dyeing & bleaching units . Praj designed a unique Zero Liquid Discharge technology based on its multi effect evaporation system for Textile CETP of last year. The provision of unique concept of treatment, recycle & reuse of water from evaporation along with recovery of Salt has been a big relief to Textile Industry. The successful demonstration & operation of the Zero Liquid discharge plant, by Praj has helped build confidence in the members of the Textile Dyeing & Bleaching units for resumption of operations in the textile belt.

Safe Solutions through Safe Practices - Health, Safety & Environment

Your Company has a strong Health, Safety and Environment Policy. As part of our mission to enhance quality of living, the Company believes that the Employees should lead a safe and healthy life. This should stretch beyond their workplace. A number of initiatives are taken up for awareness and compliance to the norms. The HSE Policy is the guiding thought behind this effort. In addition, the Company is also certified for ISO 14001:2004 and BS OHSAS 18001:2007 by TUV which ensures safe and hygienic and environmentally sound work practices.

Safety First

Various locations including the engineering office, manufacturing, R&D Center and project sites keep a vigilant eye on safety practices being followed. Right from regular awareness sessions, training of manpower, safety week observation to safety gear and documentation, the facilities have ensured that accidents are reduced or completely eliminated and productivity is enhanced.

The health of the employee has a bearing on the health of the Company. This belief has led the Company to undertake annual health check up of its employees and provide preventive healthcare consultation. Virtually 100% employees have undergone annual health check up during the year.

Employee Engagement

Praj Corporate Social Responsibility initiatives have made substantial contribution towards socioeconomic development of communities, particularly in the vicinity of our operations. To widen the horizon of our activities, a Prajiites Social Repsonsibility Forum was created with active participation from Praj Employees.

Under this initiative, a group of Prajiites have taken up a project for treating and supplying 'potable drinking water' at Nanegaon in Kolvan valley near Pune. The Praj team evaluated the requirement and selected suitable system and has installed and commissioned this system, benefiting 850 villagers.

Another group of Prajiites is working towards creating computer literacy amongst underprivileged. At Shree Sankalp Samajik Pratishthan, Pune, Praj volunteers are training women from underprivileged section of the society the basics of computer which can help them start a small scale business and become independent.

One group of Prajiites has dedicated their time towards helping blind students at Niwant Andh Mukta Vikasalay and Poona School and Home for blind girls. They convert academic books into Braille, recording the books, creating scribes for exams, helping the students with academic subjects like English, Maths and Science, etc. Till now they have successfully converted 9 books into Braille for School and College curriculum.

Capacity Building - Employee Development

Training is a large part of how we develop good citizens. We undertook a number of training programs internally that help build capacity among our own employees to handle their functions better as well as prepare for future. Additionally, we give them awareness and formal training programs on social responsibility and good citizenship.

Community Engagement

Embracing Green at MES Girls Sainiki School, Mulshi (near Pune)

The first step towards action is awareness. What we learn in our formative years stays with us forever. Environment and Sustainability are not necessarily on top of the list in our school curriculum. Realizing this and the impact of a strong environmental grounding on students in their later life, we engaged with MES' Girls Sainiki School, Mulshi, near our R & D Center.

We have trained the students and teachers to adopt the vermicomposting practice in disposal of kitchen waste from the residential school mess and further growing vegetables organically using the vermicompost Annual Green Scholarship and Awards which promotes environmental learning has also been instituted.

This project is in its fifth year and has met with resounding success.

Capacity Building in Rural India - Public Private Partnership with ITI Velhe

In 2009, Praj partnered with Directorate of Vocational Education & Training, Government of India and agreed to mentor the ITI at Velhe, near Pune. The idea was to make the courses more focused on employability, in line with industry requirements. We also sought involvement of like-minded industry partners.

Many initiatives have been taken during the fiscal, including,

- Active assistance of the Indian Plumbing Association to upgrade the plumbing course.
- Infrastructure support for welding, designing courses and sourcing of faculty for the same
- Infrastructure support for packaging, designing courses and sourcing of faculty with the help from Nichrome Industries (partners in the program)
- Soft skills training to students and exposure visits to various industries

Given the growing needs of the industry, a special course is being planned for water facility operators with the help of Neela Systems and Praj.

Vocational training at Vigyan Ashram, Pabal

Vigyan Ashram at Pabal began as a unique experiment of 'Learning while doing in real life situation' for school dropouts. It has been imparting training in various areas like Engineering, Energy, Environment, Agriculture-Animal husbandry, Home-science and Basic health.

Our association began with creating a semi-commercial food processing and testing facility for imparting training, with requisite hygienic conditions and safety standards.

During the fiscal 2012-13, we have upgraded the Animal Husbandry facility. The activities include complete renovation of goat shed with stall feeding system and adding fresh goat stock of known breeds. We have also renovated the cattle shed. A new poultry unit has been established. The upgraded animal husbandry facility will be used for training farmers and trainees.

INORA - Decentralized solid waste management through Satellite Centers.

INORA & Praj Foundation strongly believe that 'waste' is a resource and also means of creating livelihood. Through a project of 'Decentralized Solid Waste Management' through 'Satellite Centers' we are demonstrating it. The project is in operation for the last 5 years. Daily, 15 tons of waste is converted into compost through individual and common projects in housing societies in Pune. The Foundation has also instituted annual award for 'Best Kitchen Garden using compost' for citizens , schools & institutions to spread awareness of this technology and concept of waste is a resource.

To create visibility for the Satellite Centers and to reach out to more citizens, mass meetings are conducted with the involvement of Municipal Corporation officials and Corporators. This has helped Corporators understand the importance of composting technique. Citizens were also sensitized at these meetings. This was followed by handholding for installation of individual & common projects. This year, we have involved schools in the program.

A very innovative concept of training youth to be 'Social entrepreneurs' in waste management has been implemented by your company. Presently we have 5 trained 'Social entrepreneurs', providing services of establishing composting projects at housing societies located in 5 wards of Pune city. So far they have established 137 Projects in housing societies. We are confident that all the initiatives would help in strongly embedding the concept of considering 'waste as resource'.

Organic Farming - Paddy Cultivation

Organic farming was a dying science in some parts of the world. For sustainable farming, it was essential we revive this practice and popularize it. We decided to promote organic farming practice for Paddy crop through 20 farmers in Kalbhorwadi village in vicinity of our R& D centre. Introducing Improved Paddy Nursery technique (IPN) has resulted in net saving in cultivation cost by 40 %. In addition the farmers were able to get assured & healthy paddy saplings in spite of erratic rainfall.

Organic farming practices include use of vermicompost, use of green manuring crops and growing Azolla, a floating water fern with blue green algae which helps in fixing atmospheric nitrogen & making it available to the paddy crop. Average yield of Paddy with traditional methods of farming is 2.5 to 3.0 tons/ha. Due to adoption of various organic farming practices, the average yield of Paddy has gone up by 10-12%.

Rachana - Health Awareness Program for rural women

A healthy woman means a healthy family. Praj Foundation has been working in 3 villages near the Praj R & D Center since last 4 years. Objective of the project is to create awareness about preventive health and overcome Anemia & Nutritional deficiency among women. Activities such as health awareness sessions, growing vegetables through kitchen gardens and use of iron vessels were regularly undertaken.

Involvement of family members during the year has helped in garnering support for this initiative.

To assess the impact of the interventions, Haemoglobin(Hb) testing of the beneficiaries is done periodically. The beneficiaries are showing positive trend in rise in Hb Levels due to these interventions. Only 20% beneficiaries have Hb level below 10.5 g/dL., while 49% of beneficiaries have maintained Hb level above 12 g/dL.

ELLARU - PALAKNEETI PARIWAR - Building Confidence among slum dwellers

Adolescent girls from a slum in Pune who drop out of school are given "Life Skill Education" to equip them to live their life confidently. Regular sessions with the girls has resulted in enhancing their confidence & self esteem. Similarly this has helped in improving their knowledge level. They are now able to read, write & communicate well. Their approach to life has changed. Many girls have switched from their menial to more skilled work like house keeping and helping in day care centers.

Mandede Village - Journey to Nirmal Gram

Our tryst with Mandede village near Pune began with the solar lantern project. But we saw the need to deliver more. We also saw the commitment of the villagers for a better living condition. This included simple needs like 'toilets'. This would not only mean cleaner village but this was one of the pre-requisites towards attaining Nirmal Gram (clean village program)status promoted by Ministry of Water Resources and Sanitation. The construction of the toilets was undertaken by the villagers under the guidance & partial financial support from Praj Foundation. This ensured that the expenditure was kept to the minimum. With this, 95% of inhabitants have access to their own toilets.

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, 2013, 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, 2013. The dates are – 11th May, 29th May, 20th July, 18th October in the calendar year 2012 and 21st January in the calendar year 2013.

c) Attendance of Directors at Board Meetings, last Annual General Meeting (AGM) and number of other Directorships and Chairmanships/Memberships of Committees of each Director:

Name of Director	Nature of Directorship	Board Meetings attended during the year	Whether attended last AGM	No. of other Directorships[2]	No. of Committee Memberships [3]	
					Chairman	Member
Mr. Pramod Chaudhari	PD, ED	5	Yes	2	1	Nil
Mr. Gajanan Nabar	ED	5	Yes	1	Nil	1
Mr. Berjis Desai	ID, NED	5	Yes	9	1	8
Mr. Kishor Chaukar	ID, NED	3	No	12	1	7
Ms. Parimal Chaudhari[1]	PD, NED	4	Yes	Nil	Nil	1
Mr. Prakash Kulkarni	ID, NED	5	Yes	Nil	Nil	1
Mr. Rajiv Maliwal	ID, NED	4	Yes	3	Nil	Nil
Mr. Sivaramakrishnan S. Iyer	ID, NED	4	Yes	5	4	3
Mr. Utpal Sheth	NED	3	No	11	Nil	1

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

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

[2] Excludes private, foreign and Section 25 companies.

[3] Memberships/Chairmanship of only Audit Committee and Investors' Grievance Committee have been considered for this purpose.

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

Code of conduct:

The Board has introduced a Code of Conduct for Directors and members of Senior Management. The Code is posted on Company's website www.praj.net

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

3. Committees of the Directors :

a) Audit Committee

Terms of reference: The terms of reference of Audit Committee include overseeing the Company's financial reporting process and disclosure of financial information, reviewing with the management, the quarterly and annual financial statements before submission to the Board for approval; reviewing with the management, the performance of Statutory and Internal Auditors and adequacy of internal control systems and all other matters specified under Clause 49 of the Listing Agreement with Stock Exchanges.

Composition: As on 31st March, 2013, 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 11th May, 29th May, 20th July, 18th October, in the calendar year 2012 and 21st January in the calendar year 2013.

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

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

In addition to the members of Audit Committee, Executives of Accounts Department, Secretarial Department and Representatives of the Statutory, Cost 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, 2013, the Remuneration Committee of the Company comprises of four Non-Executive Directors namely Mr. Berjis Desai (Chairman of the Committee), Mr. Rajiv Maliwal, Mr. Sivaramakrishnan S. Iyer and Mr. Utpal Sheth.

Meetings: This Committee met on 29th May, 2012 during the year ended 31st March, 2013.

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

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

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 and Perquisites including commission for the year ended 31st March, 2013 to the Executive Directors is as follows:

Mr. Pramod Chaudhari, Executive Chairman ₹ 49.963 Mn. (Salary ₹ 47.487 Mn., Perquisites ₹ 2.476 Mn., Commission ₹ Nil), Mr. Gajanan Nabar, CEO & MD ₹ 25.438 Mn. (Salary ₹ 21.000 Mn., Perquisites ₹ 2.188 Mn. and Commission ₹ 2.250 Mn). Besides this, the Executive Directors are also entitled to gratuity and encashment of leave, as per the rules of the Company.

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

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

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

ii) Compensation to Non-Executive Directors:

As a policy, the Company does not pay any sitting fees to Directors for attendance of the Meetings. The shareholders of the Company had, in the 23rd Annual General Meeting held on 9th July, 2009, approved payment of commission on profits to Non-Executive Directors for a period of five years up to a limit of 3% of the net profit of the Company calculated in accordance with the provisions of the Companies Act, 1956. The Board of Directors is authorized, within this limit, to decide the quantum and the recipients for such payment.

The Commission to Non-Executive Directors for 2012-13 is ₹ 5.900 Mn. The details are as follows:

Mr. Berjis Desai ₹ 0.990 Mn., Mr. Kishor Chaukar ₹ 0.600 Mn., Ms. Parimal Chaudhari ₹ 0.900 Mn., Mr. Prakash Kulkarni ₹ 1.120 Mn., Mr. Rajiv Maliwal ₹ 0.425 Mn., Mr. Sivaramakrishnan S. Iyer ₹ 1.440 Mn. and Mr. Utpal Sheth ₹ 0.425 Mn.

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

Shares held and Options granted to Non-Executive Directors as on 31/03/2013:

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	13,500,000	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	120,100	Nil	N. A.	N. A.

c) Shareholders'/Investors' Grievance Committee:

Composition : As on 31st March, 2013, 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 three times during the year ended 31st March, 2013. The dates are – 29th May, 20th July and 18th October, in the calendar year 2012.

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

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

During the year the Company has received 15 complaints which were attended to. No investors' complaint is pending as on 31st March, 2013.

Mr. Dattatraya Nimbolkar, VP - Finance & Accounts and Company Secretary is the Compliance Officer for complying with the requirements of SEBI Regulations and the Listing Agreements with the Stock Exchanges.

(d) Share Buy-back Committee :

The Committee comprises of three Directors namely, Mr. Pramod Chaudhari (Chairman of the Committee), Mr. Gajanan Nabar and Mr. Sivaramakrishnan Iyer. The Committee met on 24th April, 2012 during the year ended 31st March, 2013 to formally close the buy-back, post which the Committee was dissolved.

General Body Meetings:

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

Year	Venue	Date & Time	Special Resolutions passed
2009-10	"PRAJ HOUSE", Bavdhan, Pune 411 021	23rd July, 2010 10.00 a.m.	Nil
2010-11	"PRAJ HOUSE", Bavdhan, Pune 411 021	22nd July, 2011 10.00 a.m.	a) Issue of shares under Employee Stock Option Plan 2011 to employees of the Company. b) Issue of shares under Employee Stock Option Plan 2011 to employees of the subsidiaries of the Company.
2011-12	"PRAJ HOUSE", Bavdhan, Pune 411 021	20th July, 2012 10.00 a.m.	Nil

4. Disclosures:

a. Related Party Transactions:

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

b. Statutory compliance, Penalties and Strictures:

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

c. Listing Agreement Compliance:

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

d. **Whistle Blower Policy:**

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

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

Mr. Kishor Chaukar

Date of birth : 01/08/1947

Date of Appointment : 17/06/2007

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

Expertise in specific functional area:

Mr. Kishor Chaukar oversees the function of the Department of Economics & Statistics (DES) at the Group Tata. He is also actively involved in CSR activities of TATA Group. He is also a member of the Board of several national and international organizations in the Corporate Sustainability and Human Rights space including Shell Foundation.

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

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

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

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

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

Shareholding in the Company:

He holds Nil (0.00%) shares of the Company in his name as on 31st March, 2013.

Mr. Prakash Kulkarni

Date of birth : 09/06/1947

Date of Appointment : 11/10/2010

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

Expertise in specific functional area:

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

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

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

Nil

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

Praj Industries Ltd.	Member - Audit Committee

Shareholding in the Company:

He holds 5,000 (0.003%) shares of the Company in his name as on 31st March, 2013.

6. Investor Services:

a. Share Transfer Process

The Company's shares, which are in compulsory dematerialised (demat) list, are transferable through the depository system. Shares in physical form are processed by R & T Agents, Link Intime India Private Limited (formerly known as Intime Spectrum Registry Limited). The share transfers are processed within a period of 15 days from the date of receipt of the transfer documents by Link Intime India Private Limited.

b. Investor Help – desk

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

c. Dividend

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

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

As per the requirement of Clause 49 of the Listing Agreement, a Certificate duly signed by CEO and CFO of the Company was placed at the Board Meeting of the Company held on 13th May, 2013.

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

Non-Mandatory requirements:

Chairman's Office:

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

Retirement Guidelines:

Executive Directors will retire at the age of 65 years and Non-Executive Directors at the age of 70 years. However, the Board is at liberty to grant extensions.

Shareholders' Rights:

The financial results are published in the Indian Express, Loksatta, Financial Express and The Hindu Business Line and are also displayed on the Company's website and therefore, have not been separately circulated to the shareholders.

Training of Board Members:

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

Mechanism for evaluating Non-Executive Board Members:

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

Prevention of Sexual Harassment Policy:

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

8. Certificate on Corporate Governance:

The Company has obtained a Certificate from Dr. K. R. Chandratre, Practising Company Secretary regarding Compliance of conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement and the same is annexed.

9. Additional Information for Shareholders

Annual General Meeting:

Date & Time : Monday, 22nd July, 2013

Venue : "PRAJ HOUSE", Bavdhan, Pune 411 021

Financial Year : 1st April to 31st March

Financial Calendar

For the year ended 31st March, 2013 quarterly results were announced on:

Results for the quarter ended June 2012	20th July, 2012
Results for the quarter ended September 2012	18th October, 2012
Results for the quarter ended December 2012	21st January, 2013
Results for financial year ended March 2013	13th May, 2013

For the year ended 31st March, 2014, the tentative announcement dates are:

Results for the quarter ending June 2013	Third week of July 2013
Results for the quarter ending September 2013	Third week of October 2013
Results for the quarter ending December 2013	Third week of January 2014
Results for last quarter ending March 2014	Third week of May 2014

Date of Book Closure : 18th July, 2013 to 22nd July, 2013 (both days inclusive)

Dividend payment Date : On or after 3rd August, 2013.

Stock/ Scrip Code/ ISIN/ CIN

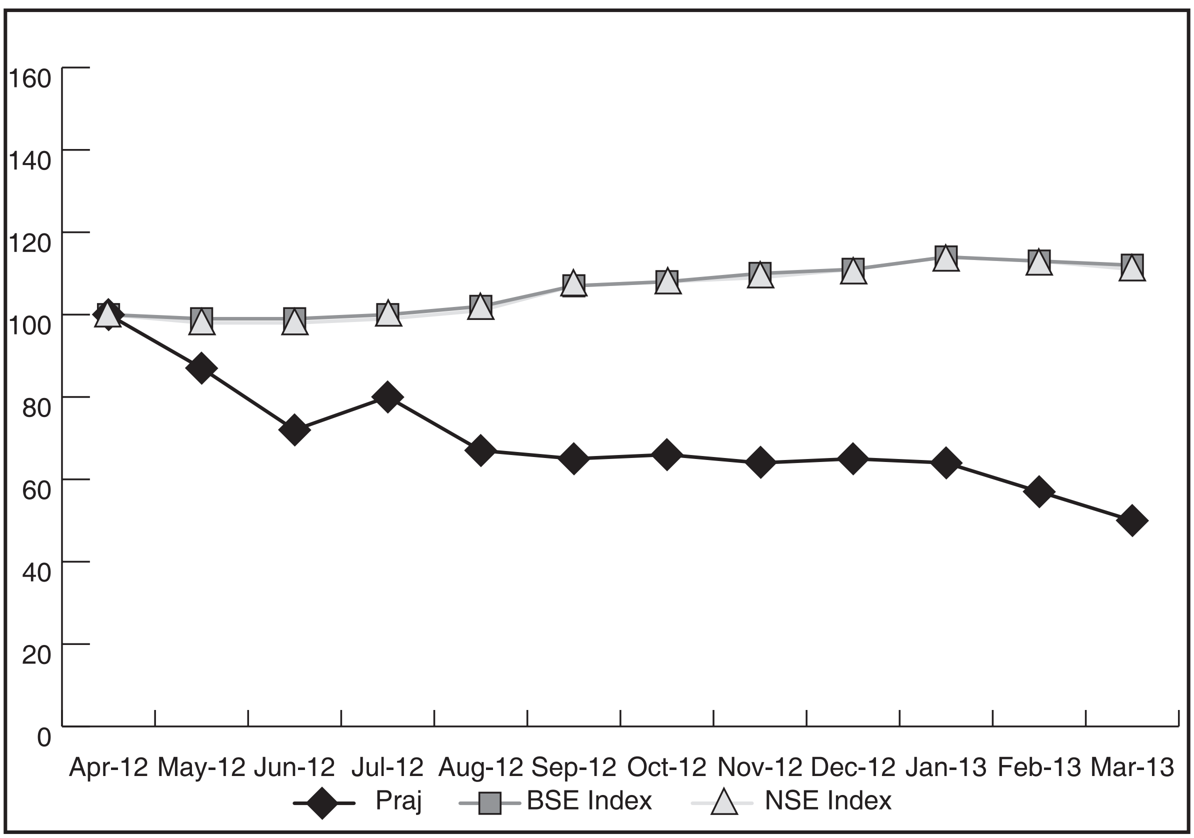
National Stock Exchange Ltd. (NSE)	PRAJIND
Bombay Stock Exchange Ltd. (BSE)	522205
ISIN with NSDL & CDSL	INE074A01025
Company Identification Number (CIN)	L27101PN1985PLC038031

The Annual Listing Fees for 2013-2014 have been paid to both the Stock Exchanges.

Stock Market Data

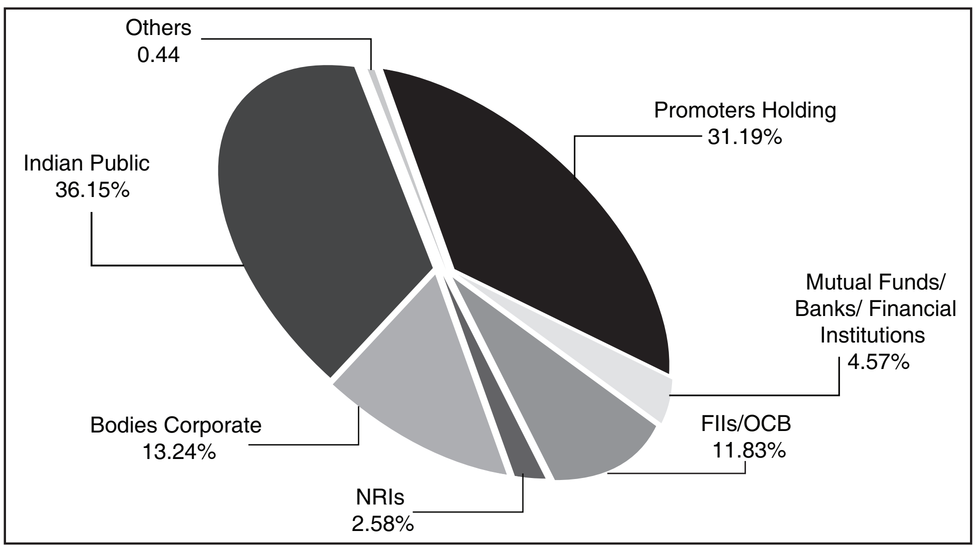
Monthly high/low during the year 2012-2013 on BSE & NSE:

Month	BSE		NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April 2012	81.95	66.50	81.80	66.50
May 2012	71.50	50.10	71.50	50.10
June 2012	59.00	52.80	59.15	52.80
July 2012	65.45	50.00	65.50	50.10
August 2012	54.25	45.55	54.40	45.65
September 2012	50.50	40.40	53.05	40.40
October 2012	54.50	43.50	54.35	43.50
November 2012	52.05	44.50	52.15	44.60
December 2012	53.15	47.50	53.15	47.30
January 2013	52.35	45.80	52.35	45.75
February 2013	46.60	39.50	46.95	39.25
March 2013	40.95	34.00	41.30	34.15



Shareholding Pattern as on 31st March, 2013

Category	31/03/2013 No. of shares of ₹ 2/- each	31/03/2013 % of holding	31/03/2012 No. of shares of ₹ 2/- each	31/03/2012 % of holding
Promoters Holding	55350000	31.19	47700000	26.22
Total (A)	**55350000**	**31.19**	**47700000**	**26.22**
Mutual Funds	132275	0.07	5469661	3.01
Financial Institutions / Banks	7985701	4.50	7743026	4.25
Foreign Institutional Investors	19352625	10.91	32807679	18.03
Bodies Corporate	23486978	13.24	23430515	12.87
Indian Public	64165384	36.15	57199714	31.44
Clearing Members	734504	0.41	1465514	0.81
Non-Resident Indians	4577362	2.58	4451835	2.45
Overseas Corporate Bodies	1622250	0.92	1622250	0.89
Trusts	58000	0.03	60300	0.03
Total (B)	**94644478**	**68.81**	**134250494**	**73.78**
Total (A) + (B)	**177465079**	**100.00**	**181950494**	**100.00**



Distribution of shareholding as on 31st March, 2013

Shareholding of nominal value	Shareholders	Percentage	Nominal Value of Equity Shares in ₹	Percentage
1 - 5000	121104	97.9639	54956934	15.4839
5001 - 10000	1416	1.1454	10473656	2.9509
10001 - 20000	592	0.4789	8809892	2.4821
20001 - 30000	153	0.1238	3864542	1.0888
30001 - 40000	89	0.0720	3183212	0.8969
40001 - 50000	44	0.0356	1995968	0.5624
50001 - 100000	93	0.0752	6725350	1.8948
100001 and above	130	0.1052	264920604	74.6402
Total	**123621**	**100.0000**	**354930158**	**100.0000**

Dematerialisation of Shares and Liquidity:

As on 31st March, 2013, 99.77% of shareholding was held in dematerialised 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 dematerialised form w.e.f. 15th March, 2000.

Physical and Demat Shares:

	As on 31st March, 2013	%
No. of Shares held by NSDL	90396049	50.94
No. of Shares held by CDSL	86657388	48.83
Physical Shares	411642	0.23
Total	**177465079**	**100.00**

Unclaimed Dividend:

Members may please note that pursuant to Section 205C of the Companies (Amendment) Act, 1999, the dividend remaining unpaid or unclaimed for a period of seven years from the date of transfer to Unpaid Dividend Account of the Company will be transferred to the Investor Education and Protection Fund (IEPF) set up by Government of India and no payments shall be made in respect of any such claims.

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

Financial Year	Type	Date of Declaration	Due date of transfer to IEPF
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
2010-11	Dividend 2010-11	22/07/2011	26/08/2018
2011-12	Dividend 2011-12	20/07/2012	25/08/2019

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

Investor Services:

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

The Company has constituted Investor Grievances Committee for redressing shareholders and investors complaints. Mr. Dattatraya Nimbolkar, VP - Finance & Accounts and 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, Financial Express and The Hindu Business Line.**
- News Release, Presentations etc.: Official news release, detailed presentations made to media, analysts etc. are displayed on the Company's website www.praj.net. Official Media Releases are sent to the Stock Exchanges.
- Website: The Company's website www.praj.net contains a 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.

Declaration for Compliance with Code of Conduct

To the members of **PRAJ INDUSTRIES LIMITED**

Pursuant to Clause 49 I (D) (ii) of the Listing Agreement, I hereby declare that all Board members and senior management personnel are aware of the provisions of the Code of Conduct laid down by the Board and made effective from 28th January, 2006. All Board members and senior management personnel have affirmed compliance with the Code of Conduct.

For **Praj Industries Limited**

GAJANAN NABAR
CEO & MD

Place : Pune
Date : 13th May, 2013

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, 2013.

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 : 13th May, 2013

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

Sr. No.	Particulars	ESOP 2005 Grant III – 9th July, 2009	ESOP 2005 Grant IV – Plan A – 16th Nov., 2010	ESOP 2005 Grant IV – Plan B – 16th Nov., 2010
1.	Details of meeting	Annual General Meeting held on 23rd July 2005.		
2.	Options Granted (including impact of bonus)	3,029,626	1,250,000	700,000
3.	Pricing Formula	At fair market value	At fair market value	At fair market value
4.	Options vested	2,361,825	250,000	333,500
5.	Options exercised	4,100	Nil	Nil
6.	Options exercised during 2012-13	Nil	Nil	Nil
7.	The total number of shares arising as a result of exercise of options.	4,100	Nil	Nil
8.	Options lapsed/cancelled	1,058,526	Nil	38,000
9.	Variation of terms of options	Nil	Nil	Nil
10.	Money realised by exercise of options during the year	Nil	Nil	Nil
11.	Total number of options in force	1,967,000	1,250,000	662,000
12.	Employee-wise details of options granted to Senior Managerial Personnel:			
	Gajanan Nabar	-	1,250,000	-
	Balu Sarma	15,000	-	30,000
13.	Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year:–			
	Gajanan Nabar	-	1,250,000	-
14.	Identified employee who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	-	-	-

15. **Proforma adjusted net income and earnings per share:**

Particulars	₹
Net income as reported (in millions)	661.815
Add: Intrinsic Value Compensation Cost	Nil
Less: Fair Value Compensation Cost (in millions)	17.570
Adjusted Proforma Net Income (in millions)	644.245
Basic Earning Per Share –	
– As Reported	3.73
– Adjusted Proforma	3.63
Diluted Earning Per Share –	
– As Reported	3.73
– Adjusted Proforma	3.63

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

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

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

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

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

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

To the Members of Praj Industries Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Praj Industries Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;

(b) in the case of the statement of Profit and Loss, of the profit for the year ended on that date; and

(c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by 'the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004', issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by Section 227(3) of the Act, we report that:

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

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

c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;

e) On the basis of written representations received from the directors as on 31st March, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under Section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration No.: 105102W

R. D. Onkar
Partner
Membership No.: 045716

Place: Pune
Date: 13th May, 2013

Annexure referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date

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

(b) Fixed assets were physically verified by the management in the previous year in accordance with a planned programme of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.

(c) There was no substantial disposal of fixed assets during the year.

(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.

(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) In our opinion and according to information and explanations given to us and on the basis of our examination of the records of the inventory, the Company is maintaining proper records of inventory. Discrepancies noticed on verification between the physical stocks and the book records were not material and have been appropriately dealt with in the books of account.

(iii) (a) As informed, the Company has not taken or granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, provisions of the Clause 4 (iii) (b), (c), (d), (e), (f) and (g) of the Companies (Auditor's Report) Order, 2003 are not applicable and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system of the Company.

(v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act that need to be entered into the register maintained under Section 301 have been so entered.

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees Five Lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.

(vi) The Company has not accepted any deposits from the public. Therefore, the provisions of Sections 58A and 58AA and any other relevant provisions of the Companies Act, 1956 and rules framed thereunder are not applicable.

(vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

(ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.

(b) 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, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Rupees in Million	Period to which the amount relates	Forum where dispute is pending
Central Sales Tax Act, 1956	Demand on account of non-submission of statutory declaration forms	1.19	F.Y. 2003-2004	Deputy Commissioner (Appeals)
The Finance Act, 1994	Demand on account of non-submission of statutory returns in stipulated time	2.20	F.Y. 2012-2013	CESTAT Mumbai (Appeals)
The Income Tax Act, 1961	Dues determined as per assessment	4.64	F.Y. 2008-2009	I.T.A.T (Appeals)

(x) The Company does not have accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.

(xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.

(xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Therefore, the provisions of Clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.

(xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

(xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.

(xix) The Company did not have any outstanding debentures during the year.

(xx) The Company has not raised any money through public issue during the year.

(xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For **B. K. Khare & Co.**
Chartered Accountants
Firm registration No.: 105102W

R .D. Onkar
Partner
Membership No.:045716

Place: Pune
Date: 13th May, 2013

Balance Sheet

as at 31st March, 2013

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

	Notes	31/03/2013	31/03/2012
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	**354.930**	359.096
Reserves and Surplus	4	**5325.495**	5148.677
Non-Current Liabilities			
Long-Term Borrowings	5	**1.463**	-
Deferred Tax Liabilities (Net)	6	**116.301**	131.903
Long-Term Provisions	7	**89.678**	55.202
Current liabilities			
Trade Payables	8	**1210.730**	1397.677
Other Current Liabilities	8	**1639.384**	2094.800
Short-Term Provisions	9	**1655.040**	1577.709
TOTAL		**10393.021**	10765.064
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	10	**1712.905**	1618.935
Intangible Assets	10	**15.837**	27.111
Capital Work-in-Progress		**478.083**	98.086
Non-Current Investments	11	**1011.432**	899.341
Long-Term Loans and Advances	12	**97.496**	108.255
Other Non-Current Assets	13	**100.020**	100.020
Current Assets			
Current Investments	14	**1479.330**	1350.000
Inventories	15	**755.669**	740.835
Contracts in Progress	27	**331.025**	689.020
Trade Receivables	16	**2180.111**	2576.110
Cash and Bank Balances	17	**285.352**	1087.887
Short-Term Loans and Advances	18	**1945.761**	1469.464
TOTAL		**10393.021**	10765.064
Summary of Significant accounting policies	2		

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

As per our report of even date.

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

R. D. Onkar
Partner
Membership No. 045716

Place: Pune
Date: 13th May, 2013

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

Pramod Chaudhari
Executive Chairman

Gajanan Nabar
CEO & Managing Director

Dattatraya Nimbolkar
VP - Finance & Accounts and Company Secretary

Sivaramakrishnan S. Iyer
Director

Statement of Profit and Loss

for the year ended 31st March, 2013

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

	Notes	31/03/2013	31/03/2012
Income:			
Revenue from operations (Gross)	19	**7572.546**	9108.545
Less: Excise Duty		**307.868**	304.104
Revenue from operations (Net)		**7264.678**	8804.441
Other Income	20	**291.763**	432.295
Total Revenue		**7556.441**	9236.736
Expenses:			
Cost of materials consumed	21	**4165.128**	5487.553
(Increase)/Decrease in inventories of Finished Goods, Work-in-Progress	22	**(58.295)**	(30.151)
Employee Benefit Expenses	23	**949.685**	884.587
Finance costs	24	**3.275**	1.448
Depreciation and amortisation expenses	10	**128.902**	141.730
Other Expenses	25	**1560.543**	1632.340
Total Expenses		**6749.238**	8117.507
Profit before tax		**807.203**	1119.229
Tax Expense:			
Current Tax		**160.990**	472.247
Deferred Tax charge/(credit)		**(15.602)**	(11.263)
Profit/(Loss) after tax		**661.815**	658.245
Earning per share			
1. Basic [nominal value of ₹ 2 each (31st March, 2012 ₹ 2)]	31	**3.73**	3.58
2. Diluted [nominal value of ₹ 2 each (31st March, 2012 ₹ 2)]	31	**3.73**	3.57
Summary of Significant accounting policies	2		

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

As per our report of even date.

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

R. D. Onkar
Partner
Membership No. 045716

Place: Pune
Date: 13th May, 2013

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

Pramod Chaudhari
Executive Chairman

Gajanan Nabar
CEO & Managing Director

Dattatraya Nimbolkar
VP - Finance & Accounts and Company Secretary

Sivaramakrishnan S. Iyer
Director

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

		31/03/2013	31/03/2012
A.	**Cash flow from operating activities**		
	Net profit before tax	**807.203**	1119.229
	Adjustments for:		
	Loss on sale of fixed assets	**2.143**	1.244
	Gain on redemption of mutual fund investments	**(92.535)**	(208.735)
	Bad Debts/Provision for doubtful debts and advances	**53.643**	22.741
	Excess provision/creditors written back (including advances)	**(66.017)**	(15.977)
	Unrealised foreign exchange (gain)/loss (net)	**(21.498)**	1.736
	Depreciation and amortisation	**128.902**	141.730
	Interest earned	**(33.363)**	(102.570)
	Dividend from mutual fund investments	**(53.649)**	(28.923)
	Interest charged	**3.275**	1.448
	Operating profit before working capital changes	**728.104**	931.923
	Changes in working capital		
	(Increase)/decrease in trade receivables	**306.696**	(555.700)
	(Increase)/decrease in inventories (including contracts in progress)	**343.162**	(547.815)
	(Increase)/decrease in long-term loans and advances	**(61.593)**	(0.465)
	(Increase)/decrease in short-term loans and advances	**(124.977)**	(111.134)
	(Increase)/decrease in other non-current assets	**-**	(0.005)
	Increase/(decrease) in trade payables	**(103.550)**	90.682
	Increase/(decrease) in other current liabilities	**(418.493)**	385.045
	Increase/(decrease) in long-term provisions	**34.475**	2.342
	Increase/(decrease) in short-term provisions	**(85.879)**	79.063
	Cash generated from operations	**617.945**	273.936
	Direct taxes paid (including taxes deducted at source), net of refunds	**(415.247)**	(169.394)
	NET CASH FROM OPERATING ACTIVITIES	**202.698**	104.542
B.	**Cash flow from investing activities**		
	Purchase of fixed assets and intangibles	**(521.668)**	(359.815)
	Investments:		
	- in subsidiaries	**(162.091)**	(647.022)
	- in mutual funds	**(5065.476)**	(5730.094)
	Sale of investments		
	- in mutual funds	**5078.495**	6826.929
	- in debentures and bonds	**-**	150.000
	Proceeds from sale of fixed assets	**0.283**	2.485
	Interest received on investments	**91.608**	99.015
	Dividend received on investments	**53.649**	28.923
	Investment in fixed deposits	**736.800**	0.100
	NET CASH FROM / (USED) IN INVESTING ACTIVITIES	**211.600**	370.521

for the year ended 31st March, 2013

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

		31/03/2013	31/03/2012
C.	**Cash flow from financing activities**		
	Increase/(Decrease) in Long-term borrowings	**1.463**	-
	Payment towards Buyback of Shares	**(152.810)**	(405.828)
	Dividend paid including dividend distribution tax	**(334.132)**	(270.590)
	Interest paid	**(3.275)**	(1.448)
	NET CASH FROM / (USED) IN FINANCING ACTIVITIES	**(488.754)**	(677.866)
	Net increase/(decrease) in cash and cash equivalents (A+B+C)	**(74.456)**	(202.803)
	Cash and cash equivalents at the beginning of the year	**337.887**	520.857
	Add: Effect of exchange rate changes on cash and cash equivalents	**8.721**	19.833
	Cash and cash equivalents at the end of the year	**272.152**	337.887

The accompanying notes are an integral part of the Cash Flow Statement

As per our report of even date.

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

R. D. Onkar
Partner
Membership No. 045716

Place: Pune
Date: 13th May, 2013

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

Pramod Chaudhari
Executive Chairman

Gajanan Nabar
CEO & Managing Director

Dattatraya Nimbolkar
VP - Finance & Accounts and Company Secretary

Sivaramakrishnan S. Iyer
Director

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

1. Nature of business

Praj Industries Limited (the Company) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The company is engaged in the business of Process and Project Engineering. The Company caters to both domestic and international markets. Further, the Company also provides design and engineering services.

2. Significant accounting policies

2.1 Basis of preparation of financial statements

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

2.2 Use of estimates

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

2.3 Revenue recognition

a) Contract revenue

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

Contract costs include costs that relate directly to the specific contract and costs that are attributable to contract activity and allocable to the contract. Costs that cannot be attributed to contract activity are expensed when incurred.

When the final outcome of a contract cannot be reliably estimated, contract revenue is recognised only to the extent of costs incurred that are expected to be recoverable. Provision for expected loss is recognised immediately when it is probable that the total estimated contract costs will exceed total contract revenue.

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

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

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

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

b) Service revenue

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

c) Product sales

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

d) Interest and dividend income

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

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

e) Export benefits

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

2.4 Tangible assets

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

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

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

2.5 Depreciation:

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

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

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

2.6 Intangible assets and amortisation

Intangible assets are recognised when the asset is identifiable, is within the control of the Company, it is probable that the future economic benefits that are attributable to the asset will flow to the Company and cost of the asset can be reliably measured.

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

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

2.7 Impairment of assets

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

2.8 Investments

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

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

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

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

2.9 Inventories

Raw materials, components, stores and spares are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, components and stores and spares is determined on a weighted average basis.

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

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

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

2.10 Foreign currency transactions

Initial recognition

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

Conversion

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

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

Forward Contracts

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

2.11 Leases

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

2.12 Employee benefits

a) Short-term employee benefits

Employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits and are recognised in the period in which the employee renders the related service.

b) Post employment benefits (defined benefit plans)

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

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.

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

2.13 Provisions and Contingencies

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

2.14 Income taxes

Tax expense comprises current and deferred tax. Current Income Tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961.

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

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

In the situations where the Company is entitled to a tax holiday under the Income Tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognised in respect of timing differences which reverse during the tax holiday period, to the extent the Company’s gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognised in the year in which the timing differences originate. However, the company restricts recognition of deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

At each reporting date, the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

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

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

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

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognises MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the *Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income Tax Act, 1961,* the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

2.15 Earnings per share

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

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

2.16 Cash and cash equivalents

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

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

	31/03/2013	31/03/2012
3. Share capital		
Equity Share Capital		
Authorised shares (No. million)		
450 (31st March, 2012: 450) equity shares of ₹ 2 each	**900.000**	900.000
Issued, subscribed and fully paid-up shares (No. million)		
177.465 (31st March, 2012: 179.548) equity shares of ₹ 2 each	**354.930**	359.096
	354.930	359.096

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

	No. million	Amount	No. million	Amount
At the beginning of the period	**179.548**	**359.096**	184.779	369.558
Add: Allotted during the period pursuant to exercise of employees stock options (Refer Note 35)	**-**	**-**	-	-
Less: Shares bought back during the period pursuant to buy back scheme (Refer Note 43)	**2.083**	**4.166**	5.231	10.462
Outstanding at the end of the period	**177.465**	**354.930**	179.548	359.096

b) Terms/Rights attached to equity shares:

The Company has only one class of equity shares having a par value of ₹ 2 per share. Each holder of the equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31st March, 2013, the amount of per share dividend recognised as distributed to equity shareholders was ₹ 1.62 (31st March, 2012 ₹ 1.62). In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company after distributing all preferential amounts.

c) Shares held by holding/ultimate holding company and/or their subsidiaries/associates:

The Company does not have any holding or ultimate holding company.

d) Details of shareholders holding more than 5% shares in the company:

Equity shares of ₹ 2 each fully paid	No. million	% of holding	No. million	% of holding
Pramod Chaudhari (Promoter)	**37.35**	**21.05%**	32.40	18.05%
Parimal Chaudhari (Promoter)	**18.00**	**10.14%**	15.30	8.52%
Tata Capital Financial Services Limited	**13.42**	**7.56%**	13.42	7.47%
Rakesh Jhunjhunwala	**15.00**	**8.45%**	13.65	7.60%
Government Pension Fund Global	**2.26**	**1.27%**	9.22	5.14%

e) Shares reserved for issue under options:

Shares reserved for issue under the Employee Stock Option Plan (ESOP) please refer Note 35.

f) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

	No. million	No. million
Equity shares allotted as fully paid bonus shares by capitalisation of securities premium*	**91.373**	91.373
Equity shares allotted as fully paid-up pursuant to contracts for consideration other than cash	**-**	-
Equity shares bought back by the Company (Refer Note 43)	**7.314**	5.231

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

for the year ended 31st March, 2013

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

		31/03/2013	31/03/2012
4.	**Reserves and Surplus**		
	Capital Reserve	**0.033**	0.033
	Amalgamation Reserve	**3.063**	3.063
	Capital Redemption Reserve		
	Balance as per last financial statements	**10.461**	-
	Add: Transferred from securities premium (Refer Note 43)	**4.166**	10.461
	Balance at the end of year	**14.627**	10.461
	Securities Premium		
	Balance as per last financial statements	**722.825**	1128.653
	Add: ESOPs exercised	**-**	-
	Less: utilisation for buy back of equity shares (Refer note 43)	**152.810**	405.828
	Balance at the end of year	**570.015**	722.825
	General Reserve		
	Balance as per last financial statements	**691.511**	625.611
	Add: Amounts transferred from surplus balance in statement of profit and loss	**66.500**	65.900
	Balance at the end of year	**758.011**	691.511
	Surplus in the Statement of Profit and Loss		
	Balance as per last financial statements	**3720.784**	3462.571
	Profit as per statement of profit and loss	**661.815**	658.245
	Less: Appropriations		
	Proposed final equity dividend	**287.493**	287.493
	Tax on proposed equity dividend	**48.860**	46.639
	Transfer to general reserve	**66.500**	65.900
	Net Surplus in Statement of Profit and Loss	**3979.746**	3720.784
	Total Reserves and Surplus	**5325.495**	5148.677

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

		31/03/2013	31/03/2012
	Non-Current liabilities		
5.	**Long-Term borrowings**		
	Loan form others (unsecured)	**1.463**	-
		1.463	-
	Loan received from Department of Biotechnology (DBT) carrying interest at the rate of 2%. The Company has received disbursement of loan partly and full disbursement is not made. The loan is repayable after completion of the project as approved by 'DBT'. Completion date of project cannot be determined at present.		
6.	**Deferred Tax Liabilities (Net)**		
	Deferred tax liability		
	Difference between tax depreciation and depreciation/amortisation charged for financial reporting	**267.220**	268.987
		267.220	268.987
	Deferred tax asset		
	Provision for Employee Benefits	**(48.850)**	(35.224)
	Provision for doubtful debts and advances	**(38.382)**	(23.543)
	Provision for diminution in investments	**-**	(15.580)
	Long-Term Capital losses	**(50.003)**	(50.003)
	Other items	**(13.684)**	(12.734)
		(150.919)	(137.084)
	Deferred tax liability (Net)	**116.301**	131.903
7.	**Long-term provisions**		
	Provision for leave encashment	**25.080**	17.748
	Provision for gratuity (Refer Note 34 b)	**64.598**	37.454
		89.678	55.202
	Current Liabilities		
8.	**Trade Payable and other Current liabilities**		
	Trade Payables		
	- Dues to Micro and Small enterprises under MSMED Act, 2006 *	**41.551**	34.934
	- Dues to other parties	**1169.179**	1362.743
		1210.730	1397.677
	* No interest is due / payable to parties under the MSMED Act, 2006		
	Other current liabilities		
	Advances received from customers	**1374.440**	1844.556
	Dues to customers relating to contracts in progress (Refer Note 27)	**199.428**	159.979
	Other Payables	**59.001**	84.645
	Unclaimed Dividends	**6.515**	5.620
		1639.384	2094.800
9.	**Short-term provisions**		
	Provision for taxation	**1245.392**	1084.402
	Proposed final dividend	**287.493**	287.493
	Provision for dividend tax on proposed dividend	**48.860**	46.639
	Performance Incentive	**40.233**	128.625
	Provision for leave encashment	**31.062**	24.550
	Provision for gratuity (Refer Note 34 b)	**2.000**	6.000
		1655.040	1577.709

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

10. Fixed Assets

	Intangible assets			Tangible Assets							
	Technical Knowhow	**Softwares**	**Praj Brand**	**Land (Freehold)**	**Buildings**	**Plant and machinery**	**Computers and Office Equipment**	**Vehicles**	**Furniture and fixtures**	**Total**	**Previous period**
Gross Block											
As at 1st April 2012	64.800	73.208	56.923	231.408	700.299	780.698	138.530	35.546	170.390	2251.802	1885.715
Additions during the year	-	-	-	-	80.801	107.966	6.764	0.056	18.436	214.023	372.642
Deletions during the year	-	-	-	-	-	12.804	-	-	-	12.804	6.555
As at 31st March 2013	**64.800**	**73.208**	**56.923**	**231.408**	**781.100**	**875.860**	**145.294**	**35.602**	**188.826**	**2453.021**	**2251.802**
Accumulated depreciation and amortisation											
As at 1st April 2012	50.442	60.455	56.923	-	89.025	217.021	70.764	10.364	50.762	605.756	466.852
Charge for the year	4.468	6.806	-	-	22.595	71.195	10.517	3.267	10.054	128.902	141.730
Depreciation on deletions	-	-	-	-	-	10.379	-	-	-	10.379	2.826
As at 31st March 2013	**54.910**	**67.261**	**56.923**	**-**	**111.620**	**277.837**	**81.281**	**13.631**	**60.816**	**724.279**	**605.756**
Net Carrying Value											
As at 31st March 2013	**9.890**	**5.947**	**-**	**231.408**	**669.480**	**598.023**	**64.013**	**21.971**	**128.010**	**1728.742**	**1646.046**
As at 31st March 2012	14.358	12.753	-	231.408	611.274	563.677	67.766	25.182	119.628	1646.046	

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

		31/03/2013	31/03/2012
	Non-Current Assets		
11.	**Non-Current Investments**		
	Trade Investments (valued at cost unless stated otherwise)		
	Unquoted equity investments		
	Investments in subsidiaries		
	Pacecon Engineering Projects Limited 308,750 (31st March, 2012 : 308,350) equity shares of ₹10 each fully paid	**5.359**	5.355
	Praj Far East Co., Limited 19,598 (31st March, 2012 : 19,598) equity shares of Thai Baht 100 each fully paid	**2.454**	2.454
	BioCnergy Europa B.V. 300,000 (31st March, 2012 : 300,000) equity shares of Euro 1 each fully paid	**35.262**	35.262
	Praj Jaragua Bioenergia S.A. Nil (31st March, 2012 : 3,018,651) equity shares of Brazil Rial 1 each fully paid	**-**	72.029
	Praj Americas Inc. 40,000 (31st March, 2012 : 40,000) equity shares of US Dollar 5 each fully paid	**9.281**	9.281
	Neela Systems Limited 3,000,000 (31st March, 2012 : 2,510,000) equity shares of ₹10 each fully paid	**770.787**	645.711
	Praj Industries (Africa) Pty Limited 123 equity shares at no par value (31st March, 2012 : 121)	**38.322**	1.311
		861.465	771.403
	Less: Provision for Diminution in value of investment	**-**	72.029
		861.465	699.374
	Other Investments (valued at cost unless stated otherwise)		
	Quoted Investments in Non-Convertible Debentures/Bonds:		
	Redeemable Non-Convertible Unsecured Zero Coupon Bond Issued by Rural Electrification Corporation Limited - 3680 Units, (31st March, 2012 : 3680)	**49.967**	49.967
		49.967	49.967
	Quoted Mutual Funds:		
	HDFC FMP 400D GR SR XXI- NIL, (31st March, 2012: 15,000,000 Units)	**-**	150.000
	RELIGARE FMP SR XVIII - PLAN B-GR -5,000,000 Units, (31st March, 2012: Units Nil)	**50.000**	-
	TATA FMP SR 42 SCH C - 5,000,000 Units, (31st March, 2012 : Units Nil)	**50.000**	-
		100.000	150.000
		1011.432	899.341
	Aggregate value of unquoted investments	**861.465**	699.374
	Aggregate value of quoted investments	**149.967**	199.967
	Market value of quoted investments	**157.665**	201.578
12.	**Long-Term Loans and Advances**		
	Capital Advances	**12.727**	85.079
	Deposits (net)	**73.966**	21.855
	Others	**10.803**	1.321
		97.496	108.255
13.	**Other Non-Current Assets**		
	Deposits with banks (Refer note 17)	**100.020**	100.020
		100.020	100.020

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

		31/03/2013	31/03/2012
14.	**Current Investments (valued at lower of cost and fair value unless stated otherwise)**		
	Quoted Mutual Funds		
	AXIS SHORT-TERM FUND-INSTI GR - 4,111,639 Units, (31st March, 2012 : Nil Units)	**50.000**	-
	BSL SHORT TERM FUND- GR -2,421,565 Units, (31st March, 2012 : Nil Units)	**100.000**	-
	BSL DYANAMIC BOND FUND-RETAIL-GR - 2,520,224 Units, (31st March, 2012: Nil Units)	**50.000**	-
	HDFC FMP 400D GR SR XXI-15,000,000 Units, (31st March,2012 : Nil Units)	**150.000**	-
	IDFC DYNAMIC BOND FUND PL B -GR - 7,307,388 Units, (31st March, 2012 : Nil Units)	**100.000**	-
	IDFC SSIF-MT-PLAN-B-GR - 12,271,244 Units, (31st March, 2012 : Nil Units)	**150.000**	-
	ICICI PRUDENTIAL ULTRA SH TR-RP-WKDIV - 9,966,512 Units, (31st March, 2012 : Nil Units)	**100.000**	-
	J P MORGAN SHORT-TERM INC FUND-GR - 81,99,678 Units, (31st March, 2012 : Nil Units)	**100.000**	-
	J P MORGAN ACTIVE BOND FUND-GR - 1,974,489 Units, (31st March, 2012 : Nil Units)	**20.000**	-
	AIG SHORT TERM FUND-GR - 73,691 Units, (31st March, 2012 : Nil Units)	**100.000**	-
	RELIANCE MONEY MANAGER FUND-DD - 56 Units, (31st March, 2012 : Nil Units)	**0.056**	-
	RELIANCE DYANAMIC BOND FUND - GR - 3,336,046 Units, (31st March, 2012 : Nil Units)	**50.000**	-
	SBI DYNAMIC BOND FUND-GROWTH - 6,959,949 Units, (31st March, 2012 : Nil Units)	**100.000**	-
	SUNDARAM BNP PARIBAS MONEY PLUS WK D - 15,388,659 Units, (31st March, 2012 : Nil Units)	**154.071**	-
	TEMPLETON INDIA ULTRA BOND FUND-DD - 10,505,883 Units, (31st March, 2012 : Nil Units)	**105.203**	-
	TEMPLETON INDIA LOW DURATION FUND - 12,256,404 Units, (31st March, 2012 : Nil Units)	**150.000**	-
	SBI DEBTS FUND SERIES-367days-1-GRWT- Nil Units, (31st March, 2012: 10,000,000 Units)	**-**	100.000
	AXIS FMP-SR 15 -370DAYS-GROWTH -Nil Units, (31st March, 2012: 10,000,000 Units)	**-**	100.000
	AXIS FMP-SR 16 -370DAYS-DIVD - Nil Units, (31st March, 2012: 10,000,000 Units)	**-**	100.000
	DSPBR FMP 12M S7 GROWTH - Nil Units, (31st March, 2012: 10,000,000 Units)	**-**	100.000
	DWS FMP SERIES 90 -DIVIDEND - Nil Units, (31st March, 2012: 10,000,000 Units)	**-**	100.000
	HDFC FMP 375D JULY11 DIV - Nil Units , (31st March, 2012: 10,000,000 Units)	**-**	100.000

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

		31/03/2013	31/03/2012
14.	**Current Investments (valued at lower of cost and fair value unless stated otherwise) (Contd.)**		
	IDFC FMP SER 45 GROWTH - Nil Units, (31st March, 2012: 10,000,000 Units)	-	100.000
	TATA FMP SR 36 SCHEME C-DIV - Nil Units, (31st March, 2012: 10,000,000 Units)	-	100.000
	BSL FT PLAN SR DQ-GR - Nil Units, (31st March, 2012: 15,000,000 Units)	-	150.000
	IDFC FMP SER 56 GROWTH - B7 - Nil Units, (31st March, 2012: 15,000,000 Units)	-	150.000
	RELIANCE FHF XXI SERIES 13 - Nil Units, (31st March, 2012: 10,000,000 Units)	-	100.000
	TATA FMP SR 37 SCHEME C-GRW - Nil Units, (31st March, 2012: 10,000,000 Units)	-	100.000
	TEMPLETON ST INCOME MONTH - Nil Units, (31st March, 2012: 31,045 Units)	-	50.000
	Total	**1479.330**	1350.000
	Aggregate amount of quoted investments	**1479.330**	1350.000
	Market value of quoted investments	**1535.517**	1411.578

for the year ended 31st March, 2013

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

		31/03/2013	31/03/2012
	Current Assets		
15.	**Inventories (valued at lower of cost and net realisable value)**		
	Raw Materials	**538.518**	581.979
	Work-in-Progress	**149.095**	98.583
	Finished goods	**68.056**	60.273
		755.669	740.835
16.	**Sundry debtors (unsecured)**		
	Over six months		
	- Considered good	**402.452**	436.925
	- Considered doubtful	**110.555**	62.419
	Others, considered good	**1777.659**	2139.185
		2290.666	2638.529
	Less: Provision for doubtful debts	**110.555**	62.419
		2180.111	2576.110
17.	**Cash and bank balances**		
	Balances with banks		
	On current accounts	**140.979**	118.993
	Deposits with original maturity of less than 3 months	**122.000**	211.000
	On unclaimed dividend account	**6.647**	5.753
	Cheques, drafts on hand	**0.878**	-
	Cash on hand	**1.648**	2.141
		272.152	337.887
	Other bank balances		
	Deposits with maturity for more than 12 months	**100.020**	100.020
	Deposits with maturity for more than 3 months but less than 12 months	**13.200**	750.000
		113.220	850.020
	Less: amounts disclosed under other non-current assets (Refer Note 13)	**100.020**	100.020
		13.200	750.000
		285.352	1087.887
18.	**Short-Term Loans and advances (Unsecured, considered good)**		
	Advances to subsidiaries	**7.870**	-
	Advances to suppliers	**251.515**	177.443
	Other Receivable (net)	**104.193**	157.889
	Advance income tax [including tax deducted at source ₹ 76.617 (March 31, 2012 ₹ 65.204)]	**1407.145**	991.898
	Balances with Central Excise, Customs and VAT authorities	**175.038**	142.234
		1945.761	1469.464

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

			31/03/2013	31/03/2012
19.	**Revenue from operations**			
	Sale of Goods		**7705.682**	8277.007
	Add: Closing Contracts in progress		**131.597**	529.041
	Less: Opening Contracts in progress		**529.041**	47.219
	Less: Excise duty		**298.819**	289.654
		(a)	**7009.419**	8469.175
	Sale of services	(b)	**181.692**	202.866
	Other Operating Revenue (Scrap Sales)		**82.616**	146.850
	Less: Excise duty		**9.049**	14.450
		(c)	**73.567**	132.400
	Total Revenue from operations (Net)		**7264.678**	8804.441
20.	**Other income**			
	Dividend from mutual fund investments		**53.649**	28.923
	Gain on redemption of mutual fund investments (net)		**92.535**	208.735
	Interest			
	- on fixed deposits (tax deducted at source ₹ 3.303; 31st March, 2012 : ₹ 8.463)		**33.037**	84.846
	- others (tax deducted at source ₹ Nil; 31st March, 2012 ₹ 0.845)		**0.326**	17.724
	Excess provision/creditors written back (including advances)		**66.017**	15.977
	Other non-operating income		**46.199**	76.090
			291.763	432.295
21.	**Cost of materials consumed**			
	Raw material consumed		**4165.128**	5487.553
			4165.128	5487.553
	Details of materials consumed:			
	Stainless Steel material-plates, coils, tubes etc.		**570.255**	1044.624
	Other Raw materials, intermediaries, components, bought outs and other items		**3594.873**	4442.929
			4165.128	5487.553
22.	**(Increase)/Decrease in inventories of Finished Goods, Work-in-Progress**			
	Inventories at the end of the year			
	Work-in-Progress		**149.095**	98.583
	Finished goods		**68.056**	60.273
			217.151	158.856
	Inventories at the beginning of the year			
	Work-in-Progress		**98.583**	63.745
	Finished goods		**60.273**	64.960
			158.856	128.705
	(Increase)/Decrease in inventories		**(58.295)**	(30.151)

for the year ended 31st March, 2013

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

		31/03/2013	31/03/2012
23.	**Employee Benefit Expenses**		
	Salaries, wages and bonus	**838.340**	799.875
	Contributions to provident and other funds (Refer Note 34 a)	**32.921**	28.724
	Gratuity Expense (Refer Note 34 b)	**26.573**	14.393
	Staff welfare	**51.851**	41.595
		949.685	884.587
24.	**Finance costs**		
	Interest Expense	**3.275**	1.448
		3.275	1.448
25.	**Other Expenses**		
	Consumption of Stores and spares	**86.011**	116.961
	Site expenses and labour charges	**261.758**	249.408
	Freight and transport	**221.567**	296.616
	Bad debts written off/Provision for doubtful debts and advances	**53.643**	22.741
	Sales commission	**176.769**	237.464
	Travel and conveyance	**151.002**	144.798
	Professional consultancy charges	**126.097**	114.790
	Insurance	**25.778**	20.894
	Rent (Refer Note 30)	**32.685**	27.007
	Power and fuel	**60.514**	48.360
	Advertising and exhibition expenses	**26.585**	23.089
	Communication expenses	**20.432**	20.636
	Testing charges	**24.058**	17.691
	Repairs and maintenance:		
	Building	**5.283**	8.044
	Plant and Machinery	**12.078**	17.649
	Others	**27.122**	35.514
	Auditors' remuneration		
	for audit services	**2.409**	2.361
	for taxation services	**0.400**	0.400
	for other services	**0.155**	0.155
	out of pocket expenses	**0.053**	0.050
	Buy Back Expenses*	**0.480**	3.068
	Rates and taxes	**2.103**	1.551
	Loss on sale of fixed assets (net)	**2.143**	1.244
	Foreign exchange fluctuation loss/(gain) (net)	**57.346**	29.283
	Miscellaneous expenses	**184.072**	192.566
		1560.543	1632.340

* Includes ₹ Nil (March 31, 2012 ₹ 1.000) in respect of Buy Back related services renderred by auditors.

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

26. Capital commitments, contingent liabilities and secured loans

	31/03/2013	31/03/2012
Capital commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	**47.708**	46.666
Contingent liabilities		
Claims against Company not acknowledged as debts (primarily relating to performance related claims filed by customers)	**46.579**	35.679
Disputed demands in appeal towards income tax, Service tax and sales tax	**8.041**	1.191
Guarantee issued in respect of obligations of a subsidiary	**136.613**	181.773
Unfulfilled Export Obligations under EPCG scheme to be fulfilled over 8 years	**48.910**	129.711
Secured Loans		
Working Capital borrowings from consortium of bankers are secured by a first charge by way of hypothecation of company's inventories and book debts both present and future. It is further secured by way of first charge of hypothecation of movable fixed assets. Additionally there is collateral security by way of mortgage on company's property situated at Pune.		

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

	31/03/2013	31/03/2012
Contract revenue recognised during the year	**6698.906**	8115.099
Aggregate amount of contract costs incurred and recognised profits (less recognised losses)	**6698.906**	8115.099
Customer advances outstanding for contracts in progress	**935.181**	1617.851
Retention money due from customers for contracts in progress	**358.746**	295.433
Gross amount due from customers for contract work (presented as Contracts in progress)	**331.025**	689.020
Gross amount due to customers for contract work (presented as Dues to customers relating to contracts in progress)	**(199.428)**	(159.979)

28. Segment reporting

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

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

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

assets other than receivables are located in India. Similarly, capital expenditure is incurred towards fixed assets located in India.

Secondary segmental information

Particulars	India		Rest of the world		Total	
	31/03/2013	31/03/2012	**31/03/2013**	31/03/2012	**31/03/2013**	31/03/2012
Segment sales	**4136.096**	4533.935	**3128.582**	4270.506	**7264.678**	8804.441
Segment assets	**1696.660**	1558.955	**483.451**	1017.155	**2180.111**	2576.110

29. Related party transactions

a) Parties where control exists

Subsidiaries	Pacecon Engineering Projects Limited Praj Far East Co. Limited BioCnergy Europa B.V. Praj Americas Inc. (from June 2009) Praj Industries (Africa) Pty Limited Neela Systems Limited
Fellow Subsidiaries	Praj Industries (Tanzania) Limited Praj Industries (Sierra Leone) Limited

b) Key management personnel and their relatives

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

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

Particulars	31/03/2013	31/03/2012
Pacecon Engineering Projects Limited		
Expenses incurred and reimbursed by us	**1.182**	-
Expenses incurred and reimbursed by Subsidiary	**25.936**	24.340
Payable	**0.246**	-
Note: The Company renders certain services such as use of office space, communication etc. to the subsidiary for which no charges are recovered.		
BioCnergy Europa B.V.		
Sale of Goods and Services	**-**	-
Payable	**2.148**	3.206
Expenses incurred and reimbursed by us	**8.545**	12.317
Receivable	**4.835**	4.800
Praj Far East Co. Limited		
Sales commission	**3.947**	16.875
Expenses incurred and reimbursed by us	**0.738**	0.762
Payable	**1.932**	-

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

Particulars	31/03/2013	31/03/2012
Praj Jaragua Bioenergia S.A.		
Sales Commission	-	4.123
Praj Americas Inc.		
Sales Commission	40.855	17.986
Expenses incurred and reimbursed by us	0.132	0.056
Payable	7.004	0.981
Praj Industries (Africa) Pty Limited		
Issue of Equity Shares	37.011	1.311
Neela Systems Limited		
Issue of Equity Shares	125.076	645.711
Sale of Goods and Services	11.145	-
Purchase of Goods and Services	38.306	-
Expenses incurred and reimbursed by us	0.048	-
Expenses incurred and reimbursed by Subsidiary	5.345	-
Payable	20.917	-
Receivable	8.183	-
Advances receivable	0.333	-
Praj Industries (Tanzania) Limited		
Sales Commission	21.705	-
Expenses incurred and reimbursed by us	4.392	-
Payable	21.091	-
Praj Industries (Sierra Leone) Limited		
Expenses incurred and reimbursed by Subsidiary	7.870	-
Receivable	7.870	-
Pramod Chaudhari		
Remuneration including commission on profit	49.963	60.327
Dividend	56.068	39.690
Payable	2.970	24.030
Gajanan Nabar		
Remuneration including commission on profit	25.438	22.544
Payable	6.715	4.280
Parimal Chaudhari		
Commission on profit	0.900	0.990
Dividend	20.412	14.515
Payable	0.900	0.990
Parth Chaudhari		
Remuneration	0.594	-

30. Leases

The Company has entered into operating lease arrangements for office space, equipments and residential premises for its employees. Certain lease arrangements provide for cancellation by either party and also contain a clause for renewal of the lease agreement. Lease payments on cancellable and non-cancellable operating lease arrangements debited to the profit and loss

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

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

	31/03/2013	31/03/2012
Future minimum lease payments in respect of non-cancellable leases		
- amount due within one year from the Balance sheet date	**33.231**	17.979
- amount due in the period between one year and five years	**131.456**	5.240
- amount due after five years	**226.827**	4.130
Lease payments debited to the Profit and loss account		
- cancellable leases	**7.840**	5.233
- non-cancellable leases	**24.845**	21.774

31. Earnings per share

	31/03/2013	31/03/2012
Reconciliation of basic and diluted shares used in computing earnings per share		
Number of shares considered as basic weighted average shares outstanding for computing basic earnings per share	**177,558,276**	184,090,695
Add: Effect of dilutive issue of shares/options	**-**	112,682
Number of shares considered as weighted average shares and potential shares outstanding for computing diluted earnings per share	**177,558,276**	184,203,377
Computation of basic and diluted earnings per share		
Net profit after tax attributable to equity shareholders	**661.815**	658.245
Basic earnings per equity share of ₹ 2 each	**3.73**	3.58
Diluted earnings per equity share of ₹ 2 each	**3.73**	3.57

32. Cash and cash equivalents

	31/03/2013	31/03/2012
At the beginning of the year		
Cash and Cheques in hand	**2.141**	53.939
Balances with banks*	**124.746**	456.918
Deposits with banks	**211.000**	10.000
	337.887	520.857
At the end of the year		
Cash and cheques in hand	**2.526**	2.141
Balances with banks*	**147.626**	124.746
Deposits with banks	**122.000**	211.000
	272.152	337.887

Notes:

1. Deposits with banks having maturity of more than three months aggregating to ₹ 113.020 (31st March, 2012: ₹ 850.020) are not readily liquid and have been excluded from cash and cash equivalents.
2. *Balance with bank include bank balances in relation to unclaimed dividends ₹ 6.647 (31st March, 2012: ₹ 5.753)

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

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

The foreign currency forward contracts outstanding as at the Balance sheet date aggregate USD 11.750 millions (31st March, 2012: 19.750 millions) & GBP Nil (31st March, 2012: 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	31/03/2013	31/03/2012
Balances in bank accounts	**23.385**	36.008
Advances paid	**17.181**	132.299
Payables representing creditors and other payables	**121.930**	447.211
Advances received	**760.233**	921.538
Receivables	**55.670**	21.459

34. Employee benefits

a) Defined contribution plans

The Company has recognised ₹ 32.921 (31st March, 2012 ₹ 28.724) 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	31/03/2013	31/03/2012
Liability at the beginning of the year	**88.091**	71.893
Current service cost	**12.049**	9.859
Interest cost	**7.402**	5.815
Benefits paid	**(2.025)**	(1.972)
Actuarial (gain)/loss on obligations	**11.394**	2.496
Liability at the end of the year	**116.911**	88.091

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

Particulars	31/03/2013	31/03/2012
Fair value of plan assets at the beginning of the year	**44.637**	35.116
Expected return on plan assets	**4.194**	3.514
Contributions by the employer	**1.404**	5.744
Benefits paid	**-**	-
Actuarial gain/(loss) on plan assets	**0.078**	0.263
Fair value of plan assets at the end of the year	**50.313**	44.637

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

Expense recognised in Profit and loss account

Particulars	31/03/2013	31/03/2012
Current service cost	12.049	9.859
Interest cost	7.402	5.815
Expected return on plan assets	(4.194)	(3.514)
Total actuarial (gain)/loss	11.316	2.233
Total expenses included in Note 23	**26.573**	14.393

Amount recognised in the Balance sheet

Particulars	31/03/2013	31/03/2012
Defined benefit obligation as at end of the year	116.911	88.091
Fair value of plan assets at the end of the year	(50.313)	(44.637)
Net liability	**66.598**	43.454

Actual return on plan assets

Particulars	31/03/2013	31/03/2012
Expected return on plan assets	4.194	3.514
Actuarial gain/(loss) on plan assets	0.078	0.263
Actual return on plan assets	**4.272**	3.777

Principal actuarial assumptions

Particulars	31/03/2013 (%)	31/03/2012 (%)
Discount rate	8.10%	8.50%
Expected rate of return on plan assets	9.25%	9.25%
Salary increment rate	8.00%	8.00%

Composition of plan assets

Particulars	31/03/2013 (%)	31/03/2012 (%)
Central government securities	31.35%	31.35%
State government securities	10.71%	10.71%
Approved marketable securities	1.35%	1.35%
Bonds/debentures etc	42.85%	42.85%
Fixed Deposits	8.35%	8.35%
Equity	5.22%	5.22%
Liquid fund/money market instruments	0.17%	0.17%
Total	**100.00%**	100.00%

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

Experience History:

Particulars	March 2009	March 2010	March 2011	March 2012	March 2013
Present Value of Obligation	58.999	66.758	71.893	88.091	**116.911**
Plan Assets	19.619	32.500	35.116	44.637	**50.313**
Surplus (Deficit)	(39.380)	(34.258)	(36.777)	(43.454)	**(66.598)**
Experience adjustment on plan liabilities (loss)/gain	(3.986)	(1.025)	(1.160)	(3.669)	**(8.957)**
Experience adjustment on plan assets (loss)/gain	(0.283)	(0.432)	(0.390)	0.263	**0.078**

Notes:

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

35. Employee stock options

The Compensation Committee of the Company established the Employee Stock Option Plan on 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	31/03/2013	31/03/2012
Options outstanding at the beginning of the year (*)	**-**	-
Granted during the year	**-**	-
Less: exercised	**-**	-
Less: cancelled	**-**	-
Options outstanding at the end of the year	**-**	-
Options exercisable at the end of the year	**-**	-

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

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

Grant II

Particulars	31/03/2013	31/03/2012
Options outstanding at the beginning of the year	-	-
Granted during the year	-	-
Less: exercised	-	-
Less: cancelled	-	-
Options outstanding at the end of the year	-	-
Options exercisable at the end of the year	-	-

Grant III

Particulars	31/03/2013	31/03/2012
Options outstanding at the beginning of the year	2,128,600	2,427,250
Granted during the year	-	-
Additional options on account of allotment of bonus shares	-	-
Less: exercised	-	-
Less: cancelled	161,600	298,650
Options outstanding at the end of the year	1,967,000	2,128,600
Options exercisable at the end of the year	1,299,199	783,049

Grant IV (*)

Particulars	31/03/2013	31/03/2012
Options outstanding at the beginning of the year	1,929,000	1,950,000
Granted during the year	-	-
Less: exercised	-	-
Less: cancelled	17,000	21,000
Options outstanding at the end of the year	1,912,000	1,929,000
Options exercisable at the end of the year	-	-

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

36. 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	31/03/2013	31/03/2012
Capital expenditure (excluding advances)	26.956	95.939
Revenue expenditure	179.358	177.693

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

37. Dividends remitted in foreign currency:

Particulars	31/03/2013	31/03/2012
Number of shareholders	2	2
Number of shares held	4,488,219	7,173,385
Year to which dividend relates	2011-12	2010-11
Amount remitted	7.271	9.038

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

	31/03/2013		31/03/2012	
	₹	%	₹	%
Raw materials, spares and consumables				
Indigenous	3714.779	89	4362.572	78
Imported	478.065	11	1211.791	22
	4192.844	100	5574.363	100

39. Value of imports on CIF basis:

	31/03/2013	31/03/2012
Raw materials	108.291	409.559
Capital goods	10.446	82.705
Components and spare parts	334.467	754.056

40. Earnings in foreign currency:

	31/03/2013	31/03/2012
FOB value of exports	3314.872	3513.562
Design and engineering services, software and consultancy	78.355	119.986

41. Expenditure in foreign currency:

	31/03/2013	31/03/2012
Sales commission	153.201	226.038
Professional consultancy	12.592	6.185
Travelling	29.374	28.187
Others	76.120	47.185

42. Taxes

a) The Company has not recognised MAT credit entitlement to the extent of ₹ 275.885 till 31st March, 2013 in respect of Income Tax paid in view of uncertainty of its utilisation for payment of tax in foreseeable future.

b) In April 2012 the Income Tax Department initiated proceedings against the Company under Section 132 of the Income Tax Act, 1961. Currently, the proceedings are pending before the Settlement Commission. As per Company's estimate, adequate provision for liability arising out of this has already been made in the books of account.

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

43. Buy Back of Shares

The Company had announced a scheme of buy-back of equity shares with effect from 26th December, 2011 as per Section 77A of the Companies Act, 1956. Pursuant to the board of directors approval for buy-back, the Company has bought back 2,083,013 equity shares (31st March, 2012: 5,230,631) through open market transactions for an aggregate amount of ₹ 152.810 (31st March, 2012: ₹ 405.828), by utilising Securities Premium of ₹ 152.810 (31st March, 2012: ₹ 405.828) during the year.

Capital Redemption Reserve has been created out of securities premium for ₹ 4.166 (31st March, 2012 : ₹ 10.461) being the nominal value of shares bought back in terms of Section 77A of the Companies Act, 1956.

The buy-back of equity shares was completed on 24th April, 2012. On completion of buy back the Company has bought back total 7,313,644 shares for an aggregate amount of ₹ 558.638.

44. Prior year comparatives

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

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

Pramod Chaudhari
Executive Chairman

Gajanan Nabar
CEO & Managing Director

Dattatraya Nimbolkar
VP - Finance & Accounts
and Company Secretary

Sivaramakrishnan S. Iyer
Director

Place: Pune
Date: 13th May, 2013

Independent Auditors' Report

To the Members of Praj Industries Limited

1. We have audited the accompanying consolidated financial statements of Praj Industries Limited ("the Company") and its subsidiaries, hereinafter referred to as the "Group", refer note no. 2.3 to the attached consolidated financial statements, which comprise the consolidated Balance Sheet as at March 31, 2013, and the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of the Accounting Standards (AS) 21-Consolidated Financial Statements notified under Section 211(3C) of the Companies Act, 1956.

7. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries as noted below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

   (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;

   (b) in the case of the consolidated statement of Profit and Loss, 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.

Other Matters

8. We did not audit the financial statements of BioCnergy Europa B.V., Praj Far East Company Limited, Neela Systems Limited, Praj Industries (Africa) Pty. Limited included in the consolidated financial statements, whose financial statements reflect total assets (net) of ₹ 2,262.07 Million as at March 31, 2013, total revenues of ₹ 1,633.78 Million and net cash outflows amounting to ₹ 36.69 Million for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion is based solely on the reports of the other auditors. Our opinion is not qualified in respect of this matter.

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

R. D. Onkar
Partner
Membership Number: 045716

Place: Pune
Date: May 13, 2013

Consolidated Balance Sheet

as at 31st March, 2013

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

	Notes	31/03/2013	31/03/2012
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	**354.930**	359.096
Reserves and surplus	4	**5350.295**	5174.588
Non-current liabilities			
Long Term borrowings	5	**1.463**	24.000
Deferred tax liability (net)	6	**98.595**	120.881
Long term provisions	7	**92.218**	58.120
Current liabilities			
Short term borrowings	8	**137.385**	189.544
Trade Payables	9	**2379.513**	2062.486
Other current liabilities	10	**1996.962**	2521.102
Short term provisions	11	**1800.366**	1704.751
Minority Interest		**246.401**	255.492
TOTAL		**12458.128**	12470.060
ASSETS			
Non Current Assets			
Fixed Assets			
Tangible Assets	12	**2001.968**	1939.215
Intangible Assets	12	**16.608**	28.312
Goodwill	12	**450.398**	439.524
Capital Work-in-Progress		**478.083**	98.086
Non Current Investments	13	**150.077**	200.077
Long Term Loans and Advances	14	**99.424**	110.394
Other Non Current Assets	15	**100.020**	100.020
Current Assets			
Current Investments	16	**1479.330**	1350.000
Inventories	17	**958.801**	906.200
Contracts in progress	29	**473.625**	722.083
Trade Receivables	18	**3157.493**	3298.411
Cash and bank balances	19	**753.000**	1534.093
Short Term Loans and advances	20	**2339.301**	1743.645
TOTAL		**12458.128**	12470.060
Summary of Significant accounting policies	2		

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

As per our report of even date.

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

R. D. Onkar
Partner
Membership No. 045716

Place: Pune
Date: 13th May, 2013

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

Pramod Chaudhari
Executive Chairman

Gajanan Nabar
CEO & Managing Director

Dattatraya Nimbolkar
VP - Finance & Accounts and Company Secretary

Sivaramakrishnan S. Iyer
Director

Consolidated Statement of Profit and Loss

for the year ended 31st March, 2013

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

	Notes	31/03/2013	31/03/2012
Income:			
Revenue from operations (Gross)	21	**9547.696**	10356.146
Less: Excise Duty		**356.982**	325.044
Revenue from operations (Net)		**9190.714**	10031.102
Other income	22	**312.286**	447.209
Total Revenue		**9503.000**	10478.311
Expenses:			
Cost of materials consumed	23	**5238.454**	5697.546
(Increase) / Decrease in inventories of Finished Goods and Work in Progress	24	**(170.942)**	(17.416)
Employee Benefit Expenses	25	**1130.887**	955.714
Finance costs	26	**23.061**	11.539
Depreciation and amortisation	12	**215.297**	163.472
Other Expenses	27	**2142.897**	2472.836
Total expenses		**8579.654**	9283.691
Profit before tax & prior period items		**923.346**	1194.620
Less: Prior period items (net)		**-**	1.792
Profit before tax		**923.346**	1192.828
Tax Expense			
- Current tax		**228.744**	496.786
- Deferred tax charge/(credit)		**(20.866)**	(7.258)
Profit after tax before Minority Inetrest		**715.468**	703.300
Minority interest		**35.196**	24.358
Profit / (Loss) after Minority interest		**680.272**	678.942
Earning per share			
1. Basic [nominal value of ₹ 2 each (March 31, 2012 ₹ 2)]	33	**3.83**	3.69
2. Diluted [nominal value of ₹ 2 each (March 31, 2012 ₹ 2)]	33	**3.83**	3.69
Summary of Significant accounting policies	2		

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

As per our report of even date.

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

R. D. Onkar
Partner
Membership No. 045716

Place: Pune
Date: 13th May, 2013

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

Pramod Chaudhari
Executive Chairman

Gajanan Nabar
CEO & Managing Director

Dattatraya Nimbolkar
VP - Finance & Accounts and Company Secretary

Sivaramakrishnan S. Iyer
Director

Consolidated Cash Flow Statement

for the year ended 31st March, 2013

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

		31/03/2013	31/03/2012
A.	**Cash flow from operating activities**		
	Net profit before tax	**923.346**	1192.828
	Adjustments for:		
	Loss on sale of fixed assets	**2.058**	5.123
	Gain on redemption of mutual fund investments	**(92.535)**	(208.735)
	Bad Debts / Provision for doubtful debts and advances	**61.563**	27.352
	Excess provision / creditors written back (including advances)	**(72.028)**	(19.753)
	Unrealised foreign exchange (gain) / loss (net)	**(21.498)**	1.736
	Depreciation and amortisation	**215.297**	163.472
	Interest earned	**(41.444)**	(108.258)
	Dividend from mutual fund investments	**(53.664)**	(28.943)
	Interest charged	**23.061**	11.539
	Operating profit before working capital changes	**944.156**	1036.361
	Changes in working capital		
	(Increase)/decrease in trade receivables	**43.696**	(820.139)
	(Increase)/decrease in inventories (including contracts in progress)	**195.857**	(433.442)
	(Increase)/decrease in long term loans and advances	**(61.586)**	(2.130)
	(Increase)/decrease in short term loans and advances	**(234.345)**	(167.008)
	(Increase)/decrease in other current assets	**-**	(23.918)
	(Increase)/decrease in other non-current assets	**-**	(3.052)
	Increase/(decrease) in trade payables	**406.435**	141.082
	Increase/(decrease) in other current liabilities	**(485.222)**	606.627
	Increase/(decrease) in long term provisions	**34.098**	(3.646)
	Increase/(decrease) in short term provisions	**(84.004)**	79.370
	Cash generated from operations	**759.085**	410.105
	Direct taxes paid (including taxes deducted at source), net of refunds	**(476.098)**	(169.647)
	NET CASH FROM OPERATING ACTIVITIES	**282.987**	240.458
B.	**Cash flow from investing activities**		
	Purchase of fixed assets and intangibles	**(528.871)**	(364.296)
	Investments:		
	- in subsidiaries	**(125.076)**	(642.803)
	- in mutual funds	**(5065.476)**	(5730.094)
	- in debentures & bonds	**-**	-
	Sale of investments		
	- in mutual funds	**5078.495**	6826.929
	- in debentures & bonds	**-**	150.000
	Proceeds from sale of fixed assets	**0.550**	3.022
	Interest received on investments	**98.612**	103.817
	Dividend received on investments	**53.664**	28.943
	Investment in fixed deposits	**743.200**	(11.727)
	NET CASH FROM / (USED) IN INVESTING ACTIVITIES	**255.098**	363.791

for the year ended 31st March, 2013

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

		31/03/2013	31/03/2012
C.	**Cash flow from financing activities**		
	Increase in long term borrowings	**1.463**	2.087
	Decrease in long term borrowings	**(24.000)**	(8.085)
	Increase in Short term Borrowings from Bank	**-**	259.963
	Decrease in Short term Borrowings from Bank	**(52.159)**	(259.259)
	Payment towards Buyback of Shares	**(152.810)**	(405.828)
	Dividend paid including dividend distribution tax	**(334.132)**	(270.591)
	Interest paid	**(23.061)**	(11.539)
	NET CASH FROM / (USED) IN FINANCING ACTIVITIES	**(584.699)**	(693.252)
	Net increase/(decrease) in cash and cash equivalents (A+B+C)	**(46.614)**	(89.003)
	Cash and cash equivalents at the beginning of the year	**717.693**	786.863
	Add: effect of exchange rate changes on cash and cash equivalents	**8.721**	19.833
	Cash and cash equivalents at the end of the year	**679.800**	717.693

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

As per our report of even date.

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

R. D. Onkar
Partner
Membership No. 045716

Place: Pune
Date: 13th May, 2013

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

Pramod Chaudhari
Executive Chairman

Gajanan Nabar
CEO & Managing Director

Dattatraya Nimbolkar
VP - Finance & Accounts and Company Secretary

Sivaramakrishnan S. Iyer
Director

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

1. Nature of business

Praj Industries Limited (the Parent Company) is a public Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company is engaged in the business of Process and Project Engineering. The Company caters to both domestic and international markets. Further, the Company also provides design and engineering services.

2. Significant accounting policies:

2.1 Basis of preparation of financial statements

The Consolidated financial statements of Praj Industries Limited (the ‘Parent Company’) and its subsidiaries (collectively referred to as ‘the Group’), have been prepared and presented under the historical cost convention on the accrual basis of accounting in accordance with the generally accepted accounting principles (GAAP) in India and comply with the Accounting Standards (“AS”) prescribed in the Companies (Accounting Standards) Rules, 2006.

2.2 Use of estimates

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

2.3 Basis of consolidation

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

% of shareholding in equity shares

Name of the subsidiary	Country of incorporation	31/03/2013	31/03/2012
Pacecon Engineering Projects Ltd.	India	**99.65%**	99.53%
Praj Far East Co. Ltd.	Thailand	**100.00%**	100.00%
Praj Americas Inc.	United States of America	**100.00%**	100.00%
BioCnergy Europa B.V.	Netherlands	**60.00%**	60.00%
Praj Jaragua Bioenergia S.A.	Brazil	**-**	54.00%
Neela System Limited	India	**60.00%**	50.20%
Praj Industries (Africa) Pty. Ltd.	South Africa	**100.00%**	100.00%

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

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

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

The difference between the proceeds from disposal of investment in a subsidiary and the carrying amount of its assets less liabilities as of the date of disposal is recognised in the Consolidated

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

Profit and Loss account as the profit or loss on disposal of investment in subsidiary.

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

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

2.4 Goodwill arising on consolidation

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

2.5 Revenue recognition

a) Contract revenue

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

Contract costs include costs that relate directly to the specific contract and costs that are attributable to contract activity and allocable to the contract. Costs that cannot be attributed to contract activity are expensed when incurred.

When the final outcome of a contract cannot be reliably estimated, contract revenue is recognised only to the extent of costs incurred that are expected to be recoverable. Provision for expected loss is recognised immediately when it is probable that the total estimated contract costs will exceed total contract revenue.

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

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

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

b) Service revenue

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

c) Product sales

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

d) Interest and dividend income

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

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

e) **Export benefits**

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

2.6 Tangible assets

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

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

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

2.7 Depreciation

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

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

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

2.8 Intangible assets and amortisation

Intangible assets are recognised when the asset is identifiable, is within the control of the Group, it is probable that the future economic benefits that are attributable to the asset will flow to the Group and cost of the asset can be reliably measured.

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

2.9 Impairment of assets

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

2.10 Investments

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

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

investments are classified as long-term investments.

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

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

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

2.11 Inventories

Raw materials, components, stores and spares are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, components and stores and spares is determined on a weighted average basis except for Neela System Limited, Indian subsidiary is determined on the basis of FIFO method.

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

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

2.12 Foreign currency transactions

Initial recognition

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

Conversion

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

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

Forward Contracts

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

2.13 Foreign currency translation

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

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

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

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

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

2.14 Leases

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

2.15 Employee benefits

a) Short term employee benefits

Employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits and are recognised in the period in which the employee renders the related service.

b) Post employment benefits (defined benefit plans)

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

c) Post employment benefits (defined contribution plans)

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

d) Long term employee benefits

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

2.16 Provisions and contingencies

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

2.17 Income taxes

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

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

Deferred tax liabilities are recognised for all taxable timing differences. Deferred tax assets are recognised for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets

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

can be realised. In situations where the Group has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

In the situations where the Group is entitled to a tax holiday under the Income Tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognised in respect of timing differences which reverse during the tax holiday period, to the extent the Group's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognised in the year in which the timing differences originate. However, the Group restricts recognition of deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

At each reporting date, the Group re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

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

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Group recognises MAT credit available as an asset only to the extent that there is convincing evidence that the Group will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Group recognises MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income Tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Group reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Group does not have convincing evidence that it will pay normal tax during the specified period.

2.18 Earnings per share

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

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

2.19 Cash and cash equivalents

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

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

	31/03/2013	31/03/2012
3. Share capital		
Equity Share capital		
Authorised shares (No. million)	**900.000**	900.000
450 (31st March, 2012: 450) equity shares of ₹ 2 each		
Issued, subscribed and fully paid-up shares (No. million)		
177.465 (31st March, 2012: 179.548) equity shares of ₹ 2 each	**354.930**	359.096
	354.930	359.096

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

	31/03/2013		31/03/2012	
	No. million	**Amount**	No. million	Amount
At the beginning of the period	**179.548**	**359.096**	184.779	369.557
Add: Allotted during the period pursuant to exercise of employees stock options (Refer note 37)	**-**	**-**	-	-
Less: Shares bought back during the period pursuant to buy back scheme (Refer note 39)	**2.083**	**4.166**	5.231	10.461
Outstanding at the end of the period	**177.465**	**354.930**	179.548	359.096

b. Terms/ Rights attached to equity shares:

The Company has only one class of equity shares having a par value of ₹ 2 per share. Each holder of the equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31st March, 2013, the amount of per share dividend recognised as distributed to equity shareholders was ₹1.62 (31st March, 2012 ₹ 1.62).

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company after distributing all preferential amounts.

c. Shares held by holding/ultimate holding Company and/or their subsidiaries/associates:

The Company does not have any holding or ultimate holding Company.

d. Details of shareholders holding more than 5% shares in the Company:

	31/03/2013		31/03/2012	
	No. million	**% of holding**	No. million	% of holding
Pramod Chaudhari (Promoter)	**37.35**	**21.05%**	32.40	18.05%
Parimal Chaudhari (Promoter)	**18.00**	**10.14%**	15.30	8.52%
Tata Capital Financial Services Limited	**13.42**	**7.56%**	13.42	7.48%
Rakesh Jhunjhunwala	**15.00**	**8.45%**	13.65	7.60%
Government Pension Fund Global	**2.26**	**1.27%**	9.22	5.14%

e. Shares reserved for issue under options:

Shares reserved for issue under the Employee Stock Option Plan (ESOP)

f. Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

	31/03/2013	31/03/2012
	No. million	No. million
Equity shares allotted as fully paid bonus shares by capitalisation of securities premium*	**91.373**	91.373
Equity shares allotted as fully paid-up pursuant to contracts for consideration other than cash	**-**	-
Equity shares bought back by the Company (Refer note 39)	**7.314**	5.231

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

for the year ended 31st March, 2013

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

		31/03/2013	31/03/2012
4.	**Reserves and surplus**		
	Capital reserve	**0.033**	0.033
	Amalgamation reserve	**3.063**	3.063
	Capital redemption reserve		
	Balance as per last financial statements	**10.461**	-
	Add: Transferred from securities premium (Refer note 39)	**4.166**	10.461
	Balance at the end of year	**14.627**	10.461
	Securities premium account		
	Balance as per last financial statements	**722.825**	1128.653
	Add : ESOPs exercised	**-**	-
	Less : Utilisation for buy back of equity shares (Refer note 39)	**152.810**	405.828
	Balance at the end of the year	**570.015**	722.825
	General reserve		
	Balance as per last financial statements	**693.500**	627.600
	Add: transferred from Profit and loss account	**66.500**	65.900
	Balance at the end of the year	**760.000**	693.500
	Foreign currency translation reserve		
	Balance at the beginning of the year	**7.178**	1.600
	Less: Adjustment related to erstwhile subsidiary	**1.665**	-
	Add: Due to transactions during the year	**3.070**	5.578
	Balance at the end of the year	**8.583**	7.178
	Surplus in the Statement of Profit and Loss		
	Balance as per last financial statement	**3737.528**	3458.618
	Add: Adjustment related to erstwhile subsidiary	**2.141**	-
	Less:Adjustment related additional stake purchased	**23.114**	-
	(In subsidiary Neela systems limited 9.80% as on 14th September, 2012)		
	Profit as per statement of profit and loss	**680.272**	678.942
	Less: Appropriations		
	Dividend	**287.493**	287.493
	Tax on dividend	**48.860**	46.639
	Transfer to general reserve	**66.500**	65.900
	Net Surplus in Statement of Profit & Loss	**3993.974**	3737.528
	Total Reserves and Surplus	**5350.295**	5174.588
	Non-current liabilities		
5.	**Long-term Borrowings**		
	Term Loan Borrowings from Banks (Refer note 40)	**-**	24.000
	Other (Refer note 41)	**1.463**	-
		1.463	24.000

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

		31/03/2013	31/03/2012
6.	**Deferred tax liability (net)**		
	Deferred tax liability		
	Difference between tax depreciation and depreciation/ amortisation charged for financial reporting	**271.601**	269.922
	Deferred tax asset		
	- employee benefits	**(52.756)**	(35.224)
	- provision for doubtful debts and advances	**(43.422)**	(24.667)
	- provision for diminution in investments	**-**	(15.580)
	- Long term capital loss	**(50.003)**	(50.003)
	- Other items	**(26.825)**	(23.567)
		(173.006)	(149.041)
	Deferred tax liability (net)	**98.595**	120.881
7.	**Long term provisions**		
	Provision for leave encashment	**27.620**	19.134
	Provision for gratuity	**64.598**	38.986
		92.218	58.120
	Current liabilities		
8.	**Short Term Borrowings**		
	Secured Loans (Refer note 40)		
	Cash Credit Loan	**82.996**	189.544
	PCFC Loan	**54.389**	-
		137.385	189.544
9.	**Trade Payables**		
	- Dues to Micro and Small enterprises under MSMED Act, 2006 *	**54.014**	37.153
	- Dues to other parties	**2325.499**	2025.333
		2379.513	2062.486
	* No interest is due / payable to parties under the MSMED Act, 2006		
10.	**Other current liabilities**		
	Advances received from customers	**1607.194**	2115.902
	Dues to customers relating to contracts in progress (Refer note 29)	**267.445**	213.883
	Current Maturities of Long Term Loan From Bank	**24.140**	24.001
	Other Payables	**91.668**	161.696
	Unclaimed dividend	**6.515**	5.620
		1996.962	2521.102
11.	**Short term provisions**		
	Provision for taxation	**1388.534**	1211.136
	Proposed final dividend	**287.493**	287.493
	Provision for dividend tax on proposed dividend	**48.860**	46.639
	Performance Incentive	**40.233**	128.625
	Provision for leave encashment	**31.391**	24.749
	Provision for gratuity	**3.855**	6.109
		1800.366	1704.751

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

12. Fixed and intangible assets

	Intangible assets				Tangible Assets							
	Goodwill	Technical Knowhow	Softwares	Praj Brand	Land (Freehold)	Buildings	Plant and machinery	Computers & Office Equipment	Vehicles	Furniture and fixtures	Total	Previous year
Gross Block												
As at 1st April, 2012	450.735	64.800	76.383	56.923	238.076	927.536	912.868	151.431	39.252	186.372	3104.376	2310.325
Additions/adjustments (**)	58.934	-	0.058	-	-	81.019	113.661	7.824	0.056	18.812	280.364	825.575
Deletions	-	-	-	-	-	-	12.804	0.341	0.485	0.426	14.056	31.526
As at 31st March, 2013	**509.669**	**64.800**	**76.441**	**56.923**	**238.076**	**1008.555**	**1013.725**	**158.914**	**38.823**	**204.758**	**3370.684**	**3104.374**
Accumulated depreciation and amortisation												
As at 1st April, 2012	11.211	50.442	62.430	56.923	-	127.624	243.228	77.826	12.016	55.623	697.323	557.245
Charge for the year	48.059	4.468	7.293	-	-	41.464	86.096	12.211	3.764	11.942	215.297	163.472
Deletions/Adjustments (**)	-	-	-	-	-	-	10.375	0.316	0.303	(0.084)	10.910	23.394
As at 31st March, 2013	**59.270**	**54.910**	**69.723**	**56.923**	**-**	**169.088**	**318.949**	**89.721**	**15.477**	**67.649**	**901.710**	**697.323**
Net Carrying value												
As at 31st March, 2013	**450.399**	**9.890**	**6.718**	**-**	**238.076**	**839.467**	**694.776**	**69.193**	**23.346**	**137.109**	**2468.974**	**2407.051**
As at 31st March, 2012	439.524	14.358	13.954	-	238.076	799.911	669.640	73.604	27.236	130.748	2407.051	

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

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

		31/03/2013	31/03/2012
	Non-Current Assets		
13.	**Non-Current Investments:**		
	Quoted Investments (valued at cost unless stated otherwise)		
	Investments in Debentures and bonds:		
	Redeemable Non-Convertible Unsecured Zero Coupon Bond Issued by Rural Electrification Corp Ltd. - 3680 Units, (31st March, 2012 : 3680)	**49.967**	49.967
	Quoted Mutual Funds:		
	HDFC FMP 400D GR SR XXI - NIL Units, (31st March, 2012: 15,000,000 Units)	**-**	150.000
	RELIGARE FMP SR XVIII - PLAN B-GR -5,000,000 Units, (31st March, 2012: Units Nil)	**50.000**	-
	TATA FMP SR 42 SCH C - 5,000,000 Units, (31st March, 2012: Units Nil)	**50.000**	-
		100.000	150.000
		149.967	199.967
	Unquoted Investments:		
	Investment in Shares	**0.102**	0.102
	5100 (31st March, 2012 : 5100) shares of ₹ 20 each fully paid of The Cosmos Co-operative Bank Limited.		
	Investment in National Saving Certificate	**0.008**	0.008
		0.110	0.110
		150.077	200.077
	Aggregate value of unquoted investments	**0.110**	0.110
	Aggregate value of quoted investments	**149.967**	199.967
	Market value of quoted investments	**157.665**	201.578
14.	**Long Term Loans and Advances**		
	Capital Advances	**12.727**	85.283
	Deposits	**75.467**	23.790
	Other Advances	**11.230**	1.321
		99.424	110.394
15.	**Other Non Current Assets**		
	Non current bank balances (Refer note 19)	**100.020**	100.020
		100.020	100.020

for the year ended 31st March, 2013

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

	31/03/2013	31/03/2012
16. Current Investments (valued at lower of cost and fair value unless stated otherwise)		
Quoted Mutual Funds		
AXIS SHORT TERM FUND-INSTI GR - 4,111,639 Units, (31st March, 2012: Nil Units)	**50.000**	-
BSL SHORT TERM FUND- GR -2,421,565 Units, (31st March,2012 : Nil Units)	**100.000**	-
BSL DYANAMIC BOND FUND-RETAIL-GR - 2,520,224 Units, (31st March, 2012: Nil Units)	**50.000**	-
HDFC FMP 400D GR SR XXI-15,000,000 Units, (31st March, 2012: Nil Units)	**150.000**	-
IDFC DYNAMIC BOND FUND PL B -GR - 7,307,388 Units, (31st March, 2012: Nil Units)	**100.000**	-
IDFC SSIF-MT-PLAN-B-GR - 12,271,244 Units, (31st March, 2012: Nil Units)	**150.000**	-
ICICI PRUDENTIAL ULTRA SH TR-RP-WKDIV - 9,966,512 Units, (31st March, 2012: Nil Units)	**100.000**	-
J P MORGAN SHT TERM INC FUND-GR - 81,99,678 Units, (31st March, 2012: Nil Units)	**100.000**	-
J P MORGAN ACTIVE BOND FUND-GR - 1,974,489 Units, (31st March, 2012: Nil Units)	**20.000**	-
AIG SHORT TERM FUND-GR - 73,691 Units, (31st March, 2012 : Nil Units)	**100.000**	-
RELIANCE MONEY MANAGER FUND-DD - 56 Units, (31st March, 2012 : Nil Units)	**0.056**	-
RELIANCE DYANAMIC BOND FUND - GR - 3,336,046 Units, (31st March, 2012: Nil Units)	**50.000**	-
SBI DYNAMIC BOND FUND-GROWTH - 6,959,949 Units, (31st March, 2012: Nil Units)	**100.000**	-
SUNDARAM BNP PARIBAS MONEY PLUS WK D - 15,388,659 Units, (31st March, 2012: Nil Units)	**154.071**	-
TEMPLETON INDIA ULTRA BOND FUND-DD - 10,505,883 Units, (31st March, 2012 : Nil Units)	**105.203**	-
TEMPLETON INDIA LOW DURATION FUND - 12,256,404 Units, (31st March, 2012: Nil Units)	**150.000**	-
SBI DEBTS FUND SERIES-367days-1-GRWT- Nil Units, (31st March, 2012: 10,000,000 Units)	**-**	100.000
AXIS FMP-SR 15 -370DAYS-GROWTH -Nil Units, (31st March, 2012: 10,000,000 Units)	**-**	100.000
AXIS FMP-SR 16 -370DAYS-DIVD - Nil Units, (31st March, 2012: 10,000,000 Units)	**-**	100.000
DSPBR FMP 12M S7 GROWTH - Nil Units, (31st March, 2012: 10,000,000 Units)	**-**	100.000
DWS FMP SERIES 90 -DIVIDEND - Nil Units, (31st March, 2012: 10,000,000 Units)	**-**	100.000
HDFC FMP 375D JULY11 DIV - Nil Units, (31st March, 2012: 10,000,000 Units)	**-**	100.000
IDFC FMP SER 45 GROWTH - Nil Units, (31st March, 2012: 10,000,000 Units)	**-**	100.000
TATA FMP SR 36 SCHEME C-DIV - Nil Units, (31st March, 2012: 10,000,000 Units)	**-**	100.000
BSL FT PLAN SR DQ-GR - Nil Units, (31st March, 2012: 15,000,000 Units)	**-**	150.000
IDFC FMP SER 56 GROWTH - B7 - Nil Units, (31st March, 2012: 15,000,000 Units)	**-**	150.000
RELIANCE FHF XXI SERIES 13 - Nil Units , (31st March, 2012: 10,000,000 Units)	**-**	100.000
TATA FMP SR 37 SCHEME C-GRW - Nil Units, (31st March, 2012: 10,000,000 Units)	**-**	100.000
TEMPLETON ST INCOME MONTH - Nil Units, (31st March, 2012: 31,045 Units)	**-**	50.000
Total	**1479.330**	1350.000
Aggregate amount of quoted investments	**1479.330**	1350.000
Market value of quoted investments	**1535.517**	1411.578

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

		31/03/2013	31/03/2012
	Current Assets		
17.	**Inventories (valued at lower of cost and net realisable value)**		
	Raw materials	**581.422**	700.012
	Add: Goods in transit	**0.249**	-
		581.671	700.012
	Work in progress	**309.074**	145.915
	Finished goods	**68.056**	60.273
		958.801	906.200
18.	**Trade Receivables**		
	Unsecured		
	Over six months		
	- Considered good	**488.287**	513.116
	- Considered doubtful	**126.089**	70.442
	Others, considered good	**2669.206**	2785.295
		3283.582	3368.853
	Less: Provision for doubtful debts	**126.089**	70.442
		3157.493	3298.411
19.	**Cash and bank balances**		
	Balances with banks		
	In current accounts	**547.479**	496.795
	Deposits with original maturity of less than 3 months	**122.000**	211.000
	On unclaimed dividend account	**6.647**	5.753
	Cheques, drafts on hand	**0.878**	-
	Cash on hand	**2.796**	4.145
	Sub total	**679.800**	717.693
	Other bank balances		
	Deposits with original maturity for more than 12 months	**100.020**	100.020
	Deposits with original maturity for more than 3 months but less than 12 months	**73.200**	800.000
	Margin money deposits	**-**	16.400
	Less: amounts disclosed under other non-current assets (Refer note 15)	**(100.020)**	(100.020)
		753.000	1534.093
20.	**Short Term Loans and advances**		
	Advances to subsidiaries	**-**	-
	Advances to suppliers	**456.373**	266.254
	Other Receivable	**114.272**	167.255
	Advance income tax [including tax deducted at source ₹ 76.617 (31st March, 2012 ₹ 65.204)]	**1538.626**	1114.466
	Balances with Central Excise, Customs and VAT authorities	**230.030**	195.670
		2339.301	1743.645

for the year ended 31st March, 2013

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

			31/03/2013	31/03/2012
21.	**Revenue from operations**			
	Sale of Goods		**9484.331**	8883.058
	Add: Closing Contracts in progress		**90.270**	508.199
	Less: Opening Contracs in progress		**508.199**	47.789
	Less: Excise duty		**347.933**	310.594
		(a)	**8718.469**	9032.874
	Sale of Services	(b)	**398.677**	865.828
	Other Operating Revenue (Scrap Sales)		**82.617**	146.850
	Less: Excise duty		**9.049**	14.450
		(c)	**73.568**	132.400
	Total Revenue from operations (Net)		**9190.714**	10031.102
22.	**Other income**			
	Dividend from mutual fund investments		**53.664**	28.943
	Gain on redemption of mutual fund investments (net)		**92.535**	208.735
	Interest			
	- on fixed deposits		**41.118**	88.906
	- others		**0.326**	19.315
	Excess provision / creditors written back (including advances)		**72.028**	19.753
	Other non-operating income		**52.615**	81.557
			312.286	447.209
23.	**Cost of materials consumed**			
	Raw material consumed		**5238.454**	5697.546
			5238.454	5697.546
24.	**(Increase)/Decrease in inventories of Finished Goods and Work in Progress**			
	Inventories at the end of the year			
	Work in Progress		**309.074**	145.915
	Finished goods		**68.056**	60.273
			377.130	206.188
	Inventories at the beginning of the year			
	Work in Progress		**145.915**	123.812
	Finished goods		**60.273**	64.960
			206.188	188.772
	(Increase)/Decrease in inventories		**(170.942)**	(17.416)

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

		31/03/2013	31/03/2012
25.	**Employee Benefit Expenses**		
	Salaries, wages and bonus	**1009.909**	873.100
	Contributions to provident and other funds (Refer note 36 a)	**36.383**	25.023
	Gratuity Expense	**27.671**	14.393
	Staff welfare	**56.924**	43.198
		1130.887	955.714
26.	**Finance costs**		
	Interest Expense	**23.061**	11.539
		23.061	11.539
27.	**Other Expenses**		
	Consumption of Stores & spares	**102.986**	116.961
	Site expenses and labour charges	**615.491**	487.395
	Freight and transport	**221.572**	299.301
	Bad debts written off / Provision for doubtful debts and advances	**61.563**	28.028
	Sales commission	**110.436**	203.326
	Travel and conveyance	**199.931**	160.510
	Professional consultancy charges	**304.644**	701.767
	Insurance	**28.966**	23.794
	Rent (Refer note 32)	**39.494**	29.277
	Power and fuel	**63.343**	49.179
	Advertising and exhibition expenses	**30.769**	23.679
	Communication expenses	**26.517**	24.494
	Testing charges	**24.295**	17.839
	Repairs and maintenance:		
	- Building	**5.283**	8.044
	- Plant and Machinery	**12.078**	17.761
	- Others	**28.612**	35.783
	Auditors' remuneration		
	- for audit services	**4.980**	5.790
	- for taxation services	**0.475**	0.450
	- for other services	**0.196**	0.198
	- out of pocket expenses	**0.053**	0.050
	Buy Back Expenses*	**0.480**	3.068
	Rates and taxes	**3.721**	1.779
	Loss on sale of fixed assets (net)	**2.058**	5.078
	Foreign exchange fluctuation loss/(gain) (net)	**54.885**	32.444
	Miscellaneous expenses	**200.069**	196.841
		2142.897	2472.836

* Includes ₹ Nil (31st March, 2012 ₹ 1.000) in respect of Buy Back related services renderred by auditors.

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

28. Capital commitments, contingent liabilities and secured loans

	31/03/2013	31/03/2012
Capital commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	**48.428**	48.767
Contingent liabilities		
Claims against Company not acknowledged as debts (primarily relating to performance related claims filed by customers)	**46.840**	35.940
Disputed demands in appeal towards income tax, Service tax & sales tax	**8.041**	1.191
Guarantee issued in respect of obligations of a subsidiary	**136.613**	181.773
Unfulfilled Export Obligations under EPCG scheme to be fulfilled over 8 years	**48.910**	129.711
Secured Loans		
Working Capital borrowings from consortium of bankers are secured by a first charge by way of hypothecation of Company's inventories and book debts both present and future. It is further secured by way of first charge of hypothecation of movable fixed assets. Additionally there is collateral security by way of mortgage on Company's property situated at Pune.		

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

	31/03/2013	31/03/2012
Contract revenue recognised during the year	**7639.386**	8428.974
Aggregate amount of contract costs incurred and recognised profits (less recognised losses)	**7639.386**	8428.974
Customer advances outstanding for contracts in progress	**1098.198**	1840.728
Retention money due from customers for contracts in progress	**366.873**	306.112
Gross amount due from customers for contract work (presented as Contracts in progress)	**473.625**	722.083
Gross amount due to customers for contract work (presented as Dues to customers relating to contracts in progress)	**(267.445)**	(213.884)

30. Segment reporting

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

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

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

Secondary segmental information

Particulars	India		Rest of the world		Total	
	31/03/2013	31/03/2012	**31/03/2013**	31/03/2012	**31/03/2013**	31/03/2012
Segment sales	**5137.276**	5115.585	**4053.436**	4915.519	**9190.712**	10031.102
Segment assets	**2109.581**	1873.887	**1047.912**	1424.524	**3157.493**	3298.411
Segment liabilities	**-**	-	**54.389**	-	**-**	-

31. Related party transactions

a) Key management personnel and their relatives

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

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

Particulars	**31/03/2013**	31/03/2012
Pramod Chaudhari		
Remuneration including commission on profit	**49.963**	60.327
Dividend	**56.068**	39.690
Payable	**2.970**	24.030
Gajanan Nabar		
Remuneration including commission on profit	**25.438**	22.544
Payable	**6.715**	4.280
Parimal Chaudhari		
Commission on profit and sitting fees	**0.900**	0.990
Dividend	**20.412**	14.515
Payable	**0.900**	0.990
Parth Chaudhari		
Remuneration	**0.594**	-

32. Leases

The Group has entered into operating lease arrangements for office space, equipments and residential premises for its employees. Certain lease arrangements provide for cancellation by either party and also contain a clause for renewal of the lease agreement. Lease payments on cancellable and non cancellable operating lease arrangements debited to the profit and loss account and the future minimum lease payments in respect of non-cancellable operating leases are summarised below:

	31/03/2013	31/03/2012
Future minimum lease payments in respect of non cancellable leases		
- amount due within one year from the Balance sheet date	**33.231**	17.979
- amount due in the period between one year and five years	**131.456**	5.240
- amount due after five years	**226.827**	4.130
Lease payments debited to the Profit and loss account		
- cancellable leases	**14.648**	7.503
- non cancellable leases	**24.845**	21.774

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

33. **Earnings per share**

	31/03/2013	31/03/2012
Reconciliation of basic and diluted shares used in computing earnings per share		
Number of shares considered as basic weighted average shares outstanding for computing basic earnings per share	**177,558,276**	184,090,695
Add: effect of dilutive issue of shares / options	**-**	112,682
Number of shares considered as weighted average shares and potential shares outstanding for computing diluted earnings per share	**177,558,276**	184,203,377
Computation of basic and diluted earnings per share		
Net profit after tax and minority interest attributable to equity shareholders	**680.272**	678.942
Basic earnings per equity share of ₹ 2 each	**3.83**	3.69
Diluted earnings per equity share of ₹ 2 each	**3.83**	3.69

34. **Cash and cash equivalents**

At the beginning of the year	**31/03/2013**	31/03/2012
Cash & Cheques in hand	**4.265**	54.920
Balances with banks*	**502.429**	720.270
Deposits with banks	**211.000**	11.672
	717.694	786.862
At the end of the year		
Cash & cheques in hand	**3.699**	4.265
Balances with banks*	**554.102**	502.429
Deposits with banks	**122.000**	211.000
	679.801	717.694

Notes:

1. Deposits with banks having maturity of more than three months aggregating to ₹ 173.220 (31st March, 2012: ₹ 916.420) are not readily liquid and have been excluded from cash and cash equivalents and ₹ Nil (31st March, 2012 ₹ 16.400) is underlien to with SBI bank as margin money.
2. *Balance with bank include bank balances in relation to unclaimed dividends ₹ 6.647 (31st March, 2012: ₹ 5.753)

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

The foreign currency forward contracts outstanding as at the Balance sheet date aggregate USD 19.750 millions & GBP Nil (31st March, 2012: USD 20.850 millions, GBP Nil).

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

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	31/03/2013	31/03/2012
Balances in bank accounts	**24.114**	37.018
Advances paid	**17.181**	132.299
Payables representing creditors and other payables	**120.598**	453.898
Advances received	**760.498**	921.538
Receivables	**127.837**	20.216
PCFC Loan	**54.389**	-

36. Employee benefits

a) Defined contribution plans

The Group has recognised ₹ 36.242(31st March, 2012 ₹ 28.724) towards post employment defined contribution plans comprising of provident and superannuation fund in the Profit and loss account.

b) Defined benefit plan

In accordance with the Payment of Gratuity Act, 1972, the Group is required to provide post employment benefit to its employees in the form of gratuity. The Group has maintained a fund with the Life Insurance Corporation of India to meet its gratuity obligations. In accordance with the Standard, the disclosures relating to the Group's gratuity plan are provided below:

Reconciliation of opening and closing balance of obligation

Particulars	31/03/2013	31/03/2012
Liability at the beginning of the year	**91.877**	76.234
Current service cost	**12.939**	10.607
Interest cost	**7.724**	6.162
Benefits paid	**(2.025)**	(2.577)
Actuarial (gain) / loss on obligations	**11.198**	1.451
Liability at the end of the year	**121.713**	91.877

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

Particulars	31/03/2013	31/03/2012
Fair value of plan assets at the beginning of the year	**46.782**	37.315
Expected return on plan assets	**4.378**	3.69
Contributions by the employer	**2.126**	6.119
Benefits paid	**-**	(0.605)
Actuarial gain / (loss) on plan assets	**(0.028)**	0.264
Fair value of plan assets at the end of the year	**53.260**	46.783

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

Expense recognised in Profit and loss account

Particulars	31/03/2013	31/03/2012
Current service cost	**12.939**	10.607
Interest cost	**7.724**	6.162
Expected return on plan assets	**(4.378)**	(3.690)
Total actuarial (gain) / loss	**11.226**	1.187
Total expenses	**27.511**	14.266

Amount recognised in the Balance sheet

Particulars	31/03/2013	31/03/2012
Defined benefit obligation as at end of the year	**112.109**	91.877
Fair value of plan assets at the end of the year	**(47.366)**	(46.782)
Net liability	**64.742**	45.095

Actual return on plan assets

Particulars	31/03/2013	31/03/2012
Expected return on plan assets	**4.378**	3.694
Actuarial gain / (loss) on plan assets	**(0.028)**	0.263
Actual return on plan assets	**4.351**	3.957

Principal actuarial assumptions

Particulars	31/03/2013 (%)	31/03/2012 (%)
Discount rate	**8.00-8.10%**	8.50%
Expected rate of return on plan assets	**8.70-9.25%**	8.60-9.25%
Salary increment rate	**5.00-8.00%**	5.00-8.00%

Composition of plan assets

Particulars	31/03/2013 (%)	31/03/2012 (%)
Central government securities	**31.35%**	31.35%
State government securities	**10.71%**	10.71%
Approved marketable securities	**1.35%**	1.35%
Bonds/ debentures etc.	**42.85%**	42.85%
Fixed Deposits	**8.35%**	8.35%
Equity	**5.22%**	5.22%
Liquid fund / money market instruments	**0.17%**	0.17%
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.

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

37. 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 12 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	31/03/2013	31/03/2012
Options outstanding at the beginning of the year (*)	-	-
Granted during the year	-	-
Less: Exercised	-	--
Less: Cancelled	-	-
Options outstanding at the end of the year	-	-
Options exercisable at the end of the year	-	-

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

Grant II

Particulars	31/03/2013	31/03/2012
Options outstanding at the beginning of the year	-	-
Granted during the year	-	-
Less: Exercised	-	-
Less: Cancelled	-	-
Options outstanding at the end of the year	-	-
Options exercisable at the end of the year	-	-

Grant III

Particulars	31/03/2013	31/03/2012
Options outstanding at the beginning of the year	**2,128,600**	2,427,250
Granted during the year	-	-
Additional options on account of allotment of bonus shares	-	-
Less: Exercised	-	-
Less: Cancelled	**161,600**	298,650
Options outstanding at the end of the year	**1,967,000**	2,128,600
Options exercisable at the end of the year	**1,299,199**	783,049

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

Grant IV (*)

Particulars	31/03/2013	31/03/2012
Options outstanding at the beginning of the year	**1,929,000**	1,950,000
Granted during the year	**-**	-
Less: Exercised	**-**	-
Less: Cancelled	**17,000**	21,000
Options outstanding at the end of the year	**1,912,000**	1,929,000
Options exercisable at the end of the year	**-**	-

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

38. Taxes

a) The group has not recognised MAT credit entitlement to the extent of ₹ 275.885. in respect of Income Tax paid in view of uncertainty of its utilisation for payment of tax in foreseeable future.

b) In April 2012 the Income Tax Department initiated proceedings against the Company under Section 132 of the Income Tax Act, 1961. Currently, the proceedings are pending before the Settlement Commission. As per Company's estimate, adequate provision for liability arising out of this has already been made in the books of account.

39. Buy Back of Shares

The Company had announced a scheme of buy-back of equity shares with effect from December 26, 2011 as per section 77A of the Companies Act, 1956. Pursuant to the board of directors approval for buy-back, the Company has bought back 2,083,013 equity shares (31st March, 2012: 5,230,631) through open market transactions for an aggregate amount of ₹ 152.810 (31st March, 2012: ₹ 405.828), by utilising Securities Premium of ₹ 152.810 (31st March, 2012: ₹ 405.828) during the year.

Capital Redemption Reserve has been created out of securities premium for ₹ 4.166 (31st March, 2012 : ₹ 10.461) being the nominal value of shares bought back in terms of section 77A of the Companies Act, 1956.

The buy-back of equity shares was completed on 24th April, 2012. On completion of buy back the Company has bought back total 7,313,644 shares for an aggregate amount of ₹ 558.638.

40. Previous Year the term loan facilities from State Bank of India for Subsidiary Neela System Limited, are secured by first charge on Company's entire Fixed Assets acquired or to be acquired, wherever situated. Term Loan from Bank is repayable by equal monthly instalment of ₹ 2 Million per month and further collaterally secured by way of Equitable Mortgage on Office Premises at 4/8 and 4/5 Piramal Industrial Estate and also by way of extension of Equitable Mortgage on Residential Flat, 1101 of Himanshu Shah (Managing Director).

Current year Cash Credit and PCFC Loan Balance with ICICI Bank is secured by first charge by way of hypothecation of the Company's entire stock of raw-materials, semi-finished goods and finished good, consumable stores and spares and such other movables including book -debts, bills whether documentary or clean, outstanding monies, receivables, both present and future, in a form and manner satisfactory to the Bank, ranking pari-passu with other participating banks.

Previous year Cash Credit Balance with State Bank of India is secured by first charge on the Company's entire stock of raw materials, packing materials, semi finished and finished goods,

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

consumables stores and spares, book debts and is collaterally secured by charge on the fixed assets of the Company.

Previous year Cash Credit facilities with State Bank of India are further secured by first charge on Company's entire current assets both present and future, wherever situated. It is further collaterally secured by mortgage of Land at Wada of the Company.

Previous Year the facilities from State Bank of India Bank are further collaterally secured by way of Equitable Mortgage on Office Premises at 4/8 and 4/5 Piramal Industrial Estate and also by way of extension of Equitable Mortgage on Residential Flat, 1101 of Himanshu Shah (Managing Director).

Previous year the balance of Fixed Deposits with State Bank of India of ₹16.40 million is charged to lenders SBI as margin money for Bank Guarantee and Letter of Credit and also as security for cash credit account.

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

42. Prior year comparatives

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

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

Pramod Chaudhari
Executive Chairman

Gajanan Nabar
CEO & Managing Director

Dattatraya Nimbolkar
VP - Finance & Accounts
and Company Secretary

Sivaramakrishnan S. Iyer
Director

Place: Pune
Date: 13th May, 2013

Statement Pursuant to Section 212 of the Companies Act,1956 relating to Subsidiary Companies as of 31 March 2013

(Currency: Indian rupees millions, except share data)

1	NAME OF THE SUBSIDIARY COMPANY	Praj Industries (Africa) Pty. Limited, South Africa	Praj Americas Inc. USA	Praj Far East Co., Ltd. Thailand	BioCnergy Europa BV, Netherlands	Neela system Limited, India	Pacecon Engineering Projects Limited,India
2	FINANCIAL PERIOD OF THE SUBSIDIARY ENDED ON	31/03/2013	31/03/2013	31/03/2013	31/03/2013	31/03/2013	31/03/2013
3	HOLDING COMPANY'S INTEREST	100% of Equity capital	100% of Equity Capital	100% of Equity Capital	60% of Equity Capital	60% of Equity Capital	99.65% of Equity Capital
4	CAPITAL	38.322	9.281	5.007	29.385	50.000	3.098
5	RESERVES	(3.575)	1.370	6.390	26.812	503.28	12.895
6	TOTAL ASSETS	335.939	10.756	13.791	852.072	1061.684	296.386
7	TOTAL LIABILITIES	335.939	10.756	13.791	852.072	1061.684	296.386
8	INVESTMENTS	NIL	NIL	NIL	NIL	NIL	0.110
9	TURNOVER	602.728	40.398	64.153	112.434	846.003	376.577
10	NET AGGREGATE PROFIT/ (LOSS) FOR THE CURRENT YEAR -(BEFORE TAXES)	0.212	7.001	0.837	(30.087)	169.066	17.177
11	PROVISION FOR TAXATION (INCLUDING DEFERRED TAXES)	6.153	0.000	0.692	(3.664)	54.763	4.547
12	PROFIT AFTER TAX	(5.941)	7.001	0.145	(26.423)	114.303	12.630
13	PROPOSED DIVIDEND	NIL	NIL	NIL	NIL	NIL	NIL
14	NET AGGREGATE PROFITS/LOSSES FOR THE CURRENT FINANCIAL YEAR SINCE BECOMING SUBSIDIARY SO FAR AS IT CONCERNS THE MEMBERS OF THE HOLDING COMPANY DEALT WITH OR PROVIDED FOR IN ACCOUNTS OF THE HOLDING COMPANY	NIL	NIL	NIL	NIL	NIL	NIL
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	(5.941)	7.001	0.145	(15.854)	68.582	12.586

Statement Pursuant to Section 212 of the Companies Act, 1956, Relating to Subsidiary Companies as of 31st March, 2013

(Currency: Indian rupees millions, except share data)

1	NAME OF THE SUBSIDIARY COMPANY	Praj Industries (Africa) Pty. Limited, South Africa	Praj Americas Inc. USA	Praj Far East Co., Ltd. Thailand	BioCnergy Europa BV, Netherlands	Neela system Limited, India	Pacecon Engineering Projects Limited,India
16	NET AGGREGATE PROFITS /LOSSES FOR THE PREVIOUS FINANCIAL YEAR SINCE BECOMING SUBSIDIARY SO FAR AS IT CONCERNS THE MEMBERS OF THE HOLDING COMPANY DEALT WITH OR PROVIDED FOR IN ACCOUNTS OF THE HOLDING COMPANY	NIL	NIL	NIL	NIL	NIL	NIL
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	1.676	(6.310)	2.863	10.478	138.725	0.034
18	NET AGGREGATE AMOUNTS RECEIVED AS DIVIDEND FOR THE PREVIOUS FINANCIALS YEARS SINCE BECOMING SUBSIDIARY DEALT WITH IN THE ACCOUNTS OF THE HOLDING COMPANY IN THE FINANCIAL YEARS	NIL	NIL	NIL	NIL	NIL	NIL
19	ORIGINAL CURRENCY	ZAR	US DOLLAR	THAI BAHT	EURO	INR	INR
20	EXCHANGE RATE AS ON 31ST MARCH, 2013 IN INR-CLOSING RATE	5.92	53.98	1.88	68.80	-	-
21	EXCHANGE RATE FROM 1ST APRIL, 2012 TO 31ST MARCH, 2013 IN INR-AVERAGE RATE	6.44	54.55	1.78	70.26	-	-

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

Pramod Chaudhari
Executive Chairman

Gajanan Nabar
CEO & Managing Director

Dattatraya Nimbolkar
VP - Finance & Accounts and Company Secretary

Sivaramakrishnan S. Iyer
Director

Place: Pune
Date: 13th May, 2013

Notice is hereby given that the Twenty-Seventh Annual General Meeting of **PRAJ INDUSTRIES LIMITED** will be held on Monday, **22nd July, 2013 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, 2013 and the Statement of Profit and Loss 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 Mr. Kishor Chaukar who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Prakash Kulkarni 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.

By Order of the Board of Directors

Dattatraya Nimbolkar
VP- Finance & Accounts
and Company Secretary

Place : Pune
Date: 13th May, 2013

Notes:-

(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) The brief resumes of the Directors, who are to be 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.

(d) Members are requested to notify their queries on Financial Statements etc. at least 48 hours before the time appointed for the meeting to facilitate the resolution thereof.

(e) The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, 18th July, 2013 to Monday, 22nd July, 2013 (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 for updation.

(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. up to the date of the Meeting.

By Order of the Board of Directors

Dattatraya Nimbolkar
VP- Finance & Accounts
and Company Secretary

Place : Pune
Date: 13th May, 2013

A welding workshop at ITI, Velhe

'One-Student, One-Tree' campaign at Sainiki School, Mulshi

Mrs. Parimal Chaudhari, Director Praj and Managing Trustee Praj Foundation giving away prizes at Rachana Health Program.

Praj was awarded the prestigious B.G. Deshmukh Award for Innovation in CSR.
Mrs. Chaudhari recieves the award.

Notes

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.

PRAJ INDUSTRIES LIMITED

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

TWENTY-SEVENTH ANNUAL GENERAL MEETING – MONDAY, 22ND JULY, 2013

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-SEVENTH ANNUAL GENERAL MEETING** being held at "PRAJ HOUSE", Bavdhan, Pune 411 021 on **Monday**, **22nd July, 2013** 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-SEVENTH ANNUAL GENERAL MEETING – MONDAY, 22ND JULY, 2013

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-SEVENTH ANNUAL GENERAL MEETING** of the Company to be held on **Monday**, **22nd July, 2013** at "PRAJ HOUSE", Bavdhan, Pune 411 021 at 10.00 a.m. and at any adjournment thereof.

Affix
15 paise
Revenue
Stamp

Place: ____________________

Signature

Date: ____________________

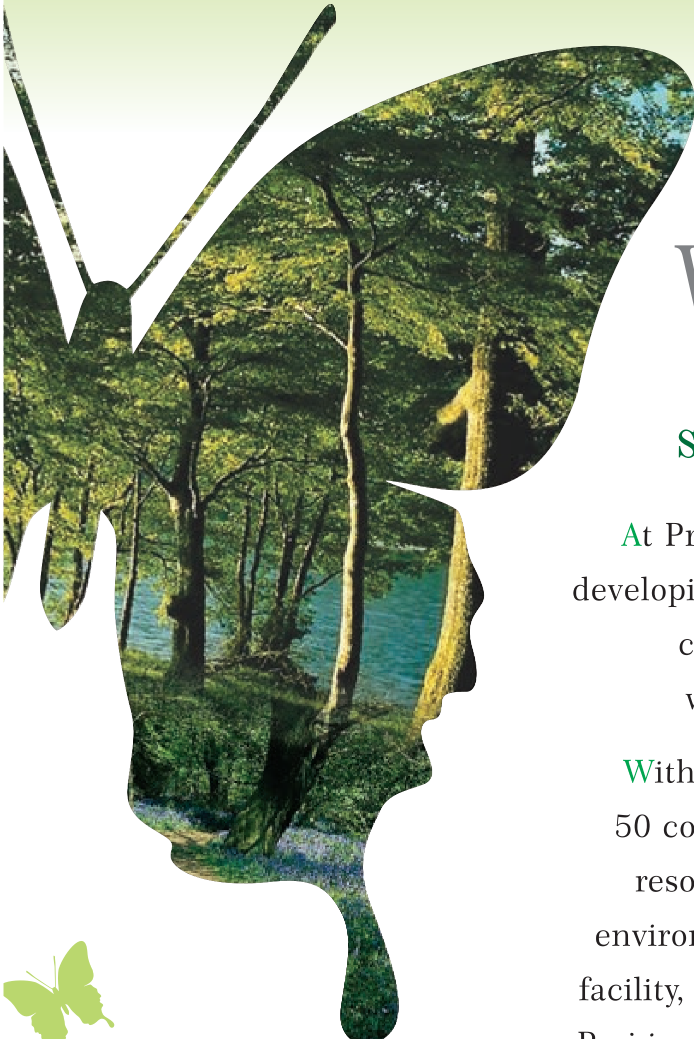
Note : This Proxy form duly signed across the Revenue Stamp must be deposited at the Registered Office of the Company, not less than 48 hours before the time of the Meeting.

IN THE NEWS !!

IN THE NEWS !!

Praj honored with ABLE Award

Praj was bestowed with the **'ABLE** (Association of Biotechnology Led Enterprises) Tenth Anniversary Award**'** under the 'BioIndustrial' category for its efforts and contribution towards Industrial Biotechnology.



We don't have

to go out of the way to

save the environment....

At Praj, we have dedicated ourselves to developing environment-friendly solutions for clean fuels such as ethanol and water & wastewater treatment.

With over 500 references in more than 50 countries, Praj has one of the largest resource base to support the cause of environment. At the state-of-the-art R & D facility, Praj Matrix - The Innovation Centre, Praj is evolving technology solutions that will provide new avenues for a sustainable future.

We will continue to work towards greener and cleaner planet.

....It is embedded in our business.

PRAJ

PRAJ INDUSTRIES LIMITED

Praj House, Bavdhan, Pune - 411 021. India

Tel. : +91 20 2295 1511 Fax : +91 20 2295 1718 E-mail : info@praj.net Web : www.praj.net

DATE: 01·07·2013
REF.: PIL/L-308/2013-14

PRAJ

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

Dear Sir/Madam,

Sub.: Covering Letter to the Audit Report for the year 2012-13

Please find below the prescribed Form A (covering letter to the Audit Report for the year 2012-13) for your information and record.

FORM A

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

1.	Name of the Company	PRAJ INDUSTRIES LIMITED
2.	Annual financial statements for the year ended	31st March, 2013
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	N.A.
5.	To be signed by-	
	GAJANAN NABAR CEO & MANAGING DIRECTOR	
	DATTATRAYA NIMBOLKAR VP- FINANCE & ACCOUNTS AND COMPANY SECRETARY	
	R.D. ONKAR PARTNER, B.K. KHARE & CO. STATUTORY AUDITORS	R.D. Onkar
	BERJIS DESAI AUDIT COMMITTEE CHAIRMAN	