When going gets tough, the tough gets going!

Annual Report 20-21

praj

Innovate • Integrate • Deliver

Achievements

Praj was ranked 2nd in the list of 50 Hottest companies in bioeconomy for 2021 in Low Carbon Fuels and Renewable Chemicals category and ranked 3rd in the newly introduced Biodesign & Engineering category by US based Biofuels Digest.

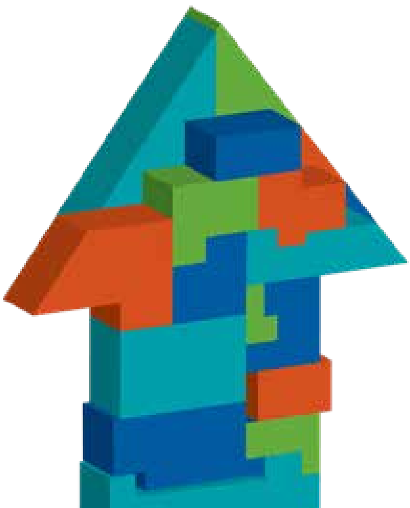
Growth in *Adversities*

Resilience

Focused on Sustainable Business growth in uncondusive external conditions by converting challenges into opportunities

Flexibility

Quickly adapting to next normal



Technology

Advanced technology solutions to address nation's challenges - Social, Environmental, Economy

Board of Directors

from L to R
Standing : Suhas Baxi, Sivaramakrishnan Iyer, Sachin Raole, Dr. Shridhar Shukla
Sitting : Mrunalini Joshi, Shishir Joshipura, Dr. Pramod Chaudhari, Berjis Desai, Parimal Chaudhari

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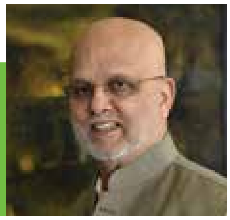
Company Profile

Executive Directors	Dr. Pramod Chaudhari, Executive Chairman Shishir Joshipura, CEO and Managing Director Sachin Raole, CFO and Director – Finance & Commercial
Non Executive Directors	Berjis Desai Parimal Chaudhari Sivaramakrishnan Iyer Mrunalini Joshi Dr. Shirdhar Shukla Suhas Baxi
Chief Internal Auditor & Company Secretary	Dattatraya Nimbolkar
Statutory Auditors	P.G. Bhagwat, LLP
Cost Auditors	Dhananjay V. Joshi & Associates
Internal Auditors	Khare Deshmukh & Co.
Secretarial Auditors	KANJ & Co. LLP
Bankers	Bank of Maharashtra The Hong Kong and Shanghai Banking Corporation Limited ICICI Bank Limited Citibank N.A. Standard Chartered Bank
Registered Office	"Praj Tower", S. No. 274 & 275/2, Bhumkar Chowk- Hinjewadi Road, Hinjewadi, Pune 411 057, Maharashtra, India
R & D Unit - I	Praj Matrix – The Innovation Center Gat No. 402, 403, 1098, Village Urwade, Tal. Mulshi, Pune- 412 108, Maharashtra, India
R & D Unit - II	Shreenathnagar, Patethan, P.O. Rahu, Tal. Daund, Dist. Pune 412 207, Maharashtra, India
Manufacturing Facilities	S.No.748, Sanaswadi, Gat No. 745, Sanaswadi, Pune 412 208, Maharashtra, India Gat No. 402, 403, 1098, Village Urwade, Tal. Mulshi, Pune- 412 108, Maharashtra, India
Export Oriented Unit	Kandla SEZ Unit I, Plot No 307 to 314, Sector IV, Gandhidham, Kutch, 370 230, Gujarat. India Kandla SEZ Unit II, Plot No. 282 to 286 and 294 to 298, Sector IV, Gandhidham, Kutch, 370 230, Gujarat. India
Presence in	India, Thailand, USA and The Philippines



Chairman's Message

Dear Shareholders,

I am privileged to present the 35th Annual Report of your Company for FY 2020-21.

I sincerely hope all of you are safe and secured amid resurgence of COVID-19 pandemic. The outbreak of the Covid-19 has caused immense damage to human life and global economy. After severe contraction in last year the global economy had shown promising signs of returning to normalcy, however second wave of Covid has slowed down the pace of recovery. Indian economy is projected to be at pre covid levels on the back of domestic market consumption and positive monsoon forecast.

The world is beginning to appreciate value of environment. Pandemic has shown the value of putting premium on environment. There has been increasing awareness on reducing energy footprints, Carbon Intensity (CI) reduction and marching towards net zero emissions to create sustainable future.

India remains heavily dependent on the imported fossil fuels to meet its growing energy needs. Consumption of fossil fuel is undoubtedly one of the major causes of GHG emissions. This is adversely impacting environment and raising concerns over ecological balance. Being signatory to COP 21 Paris climate change summit, India has obligations to fulfil Nationally Determined Contributions (NDC). Industry and the private sector need to join forces with the government to make this happen.

Your Company is in the business of developing and deploying technology led sustainable solutions that help conserve the environment. As a build-up to COP 26 Climate Change summit at Glasgow scheduled in November 2021, Praj looks forward to joining UNFCCC's Race to Zero global campaign aimed at zero carbon recovery to unlock inclusive and sustainable growth.

Transportation sector is identified as the 2nd largest emitters of GHG after industry. Praj's pioneering Bio-Mobility™ platform of technology solutions utilizes biological resources to produce low carbon renewable transportation fuels in liquid as well as gaseous form. While Bio-Mobility™ platform is already helping reduce GHG emissions in surface transportation, there is tremendous growth potential globally for deeper penetration. With stringent environmental norms being envisaged in air and water transport, Bio-Mobility™ is poised for big strides in aviation and marine sectors in near future. It may be noted that Bio-Mobility™ platform also helps address brown clouding of cities caused by stubble burning. Agricultural waste post harvesting is used as a feedstock for production of biofuels and as such helps create employment and entrepreneurship opportunities in the rural areas.

Considering social, environmental & economic benefits of ethanol blending program (EBP), the government of India has advanced 20% ethanol blending target by 5 years from 2030 to 2025. This is creating visibility of growth in ethanol demand & helping build industry structure alongside robust ecosystem across the value chain. This bodes well for Praj, as your Company is a market leader in developing & deploying innovative technology solutions for sugar as well as starch based ethanol plants.

I am pleased to table major developments, your Company achieved during FY 2020-21. As a first for any Indian company, Praj was ranked 2nd in Low Carbon Fuels and Renewable Chemicals category while 3rd in Biodesign & Engineering category, in a list of world's 50 Hottest companies in global bioeconomy for 2021. Your Company set up India's first of its kind demo plant for production of Compressed Bio gas using variety of agri-residues as feedstock. Praj successfully commissioned nation's first integrated bioenergy complex in UP, that produces bioethanol, CBG and other value added products. Strong customer relationships are helping our engineering businesses report robust performance in uncertain times. Praj HiPurity systems is playing a key role in fighting the pandemic by partnering with leading pharma companies to scale up vaccine manufacturing capacity to cope up with high demand.

Your Company has also made inroads into new frontier of bioeconomy namely, Bio-Prism™ portfolio of technologies for production of renewable chemicals and materials (RCM). Made from renewable feedstock, RCMs are green & sustainable alternatives for commodity products made from hydrocarbon sources. They help reduce GHG emissions and conserve environment. We have identified specific growth industries such as Bio-plastics, Cellulose –Lignin refinery products, specialty chemicals, agri-supplements and bio-industrial products.

Praj Matrix R&D centre with over 300 international patents filings continues to pursue innovative technology solutions. Our scientists are exploring exciting opportunities in energy transition including Bio Hydrogen.

Praj continues to leverage partnerships with renowned organizations, institutions around the world in the areas of technology development, market expansion, project financing, strategic sourcing etc.

The future looks even more exciting with the ushering of new wave of industrial revolution i.e. Industry 5.0 Version 2 that has bioeconomy as its integral part. This clearly demonstrates mainstreaming of bioeconomy on global canvas.

We have joined forces with reputed institution in fight against covid to help to augment existing public health infrastructure & also create new facilities equipped with ventilators & oxygen supply.

While closing, I wish to reiterate that Your Company remains resilient in these uncertain times, staying focused on creating value for our stakeholders. Biofuels are at an inflection point and there is no doubt in my mind that it is an idea whose time has come. Your Company is in the pole position to capitalize on the unfolding opportunities and propel itself into a new growth orbit.

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

Thank you for your continued support.

Dr. Pramod Chaudhari
Executive Chairman
June 2021, Pune

CEO & MD's Note

Dear Shareholders,

I am delighted to present the progress of your Company for FY 2020-21. Our Revenues on consolidated basis stood at Rs. 1304.67 crore (Rs. 1102.37 crore in FY 2019-20). PAT stood at Rs. 81.07crore (Rs. 70.43 crore in FY2019-20). The Board of Directors has recommended a final dividend of Rs. 2.16 per share for FY21.

FY 2020-21 presented unprecedented challenge to humanity and Business with the onset of Pandemic and demanded a much calibrated response from people, governments, business and society at large.

First quarter of FY21 was all about survival- focused on saving lives as was visible in the stringent lockdowns imposed globally with people confined to homes. Businesses were required to operate in a safeguard mode and completely rethink their value delivery models. We drew upon our most cherished quality of Resilience and implemented a business continuity plan prioritising near term actions while not losing sight of our vision. Work from home became the new norm and we prioritised our actions around the four postulates of Cash, Cost, Customer and people.

Several of our customers across the globe required our help to start their projects as the demand for Sanitation and disinfection ingredients started to soar. Our engineers commissioned these plants remotely, we developed a recipe for manufacture of sanitisers and uploaded it for a free download and our field engineers, braved the odds and undertook travel in conformance with statutory guidelines, to project sites to commission essential for life systems.

As Livelihood acquired importance in addition to lives, our factories and R&D resumed operations in accordance with new operating norms. Adopting the mantra of 'Connect-Collaborate-Deliver' we continued to implement our Business continuity plan. Leveraging the prowess of digital technologies we maintained strong communication with our customers, employees and other stake holders.

Second half of the year saw improving traction across Bio Energy and Pharma segments. We used another lever in our arsenal-agility - to leverage the opportunities and set the stage for business growth.

Domestic Bio Energy segment witnessed significant Industry structure changes along with favourable developments in the overall eco system. Your Company's flagship bioenergy business continues to dominate the domestic market. Your Company is offering innovative technology solutions for ethanol production from sugary as well as starchy feedstock. I am happy to add that we are building India's largest capacity syrup based ethanol plant. Our innovative technology led EPC solutions are helping our customers win and in turn us.

BioMobilty™, our platform for promoting technologies for low carbon fuels for all modes of transportation is gaining traction. Apart from our undisputed leadership position in first generation ethanol we are progressing positively with the construction of three 2nd generation ethanol plants in the country. Celluniti™ our latest offering along with Sekab AB, for production of ethanol from forest residue, is evoking interest from customers in Nordic region. Ecosystem for CBG is taking shape and positive developments on the infrastructure will create conducive platform for growth of this business. We also received 'fit for use certification' from Indian Air Force for Sustainable Aviation Fuel (SAF) sample submitted.

Our engineering Business portfolio also experience differentiated opportunities – Brewery business saw a near complete lack of demand owing to a freeze on capacity expansion from breweries. We leveraged our knowledge of hygienic manufacturing to undertake building of India's largest Apple juice concentrate plant. Our Zero Liquid Discharge Business broke new grounds while bagging a breakthrough order from oil major to build a very large end to end ZLD system even as repeat orders from existing customers signalled increasing acceptance of our technology. Continued focus on enhancing relationships resulted in winning several prestigious contracts for CPES business.

Praj HiPurity systems is delivering solutions as an important member of supply chain for life saving vaccines and drugs while working with pharma companies in India and select international markets.

We have launched a digitalization initiative for enhanced productivity and customer experience, Green supply chain for driving sustainability, modernisation of our shopfloors for improved safety, productivity and capacity enabling sustainable operations.

People were, are and will continue to be our most valuable assets. Your Company has taken several measures to enhance safety and security for employees. A comprehensive insurance program, vaccination drive and several other measures to cover all workforce including non-permanent employees are implemented with entire cost borne by the company.

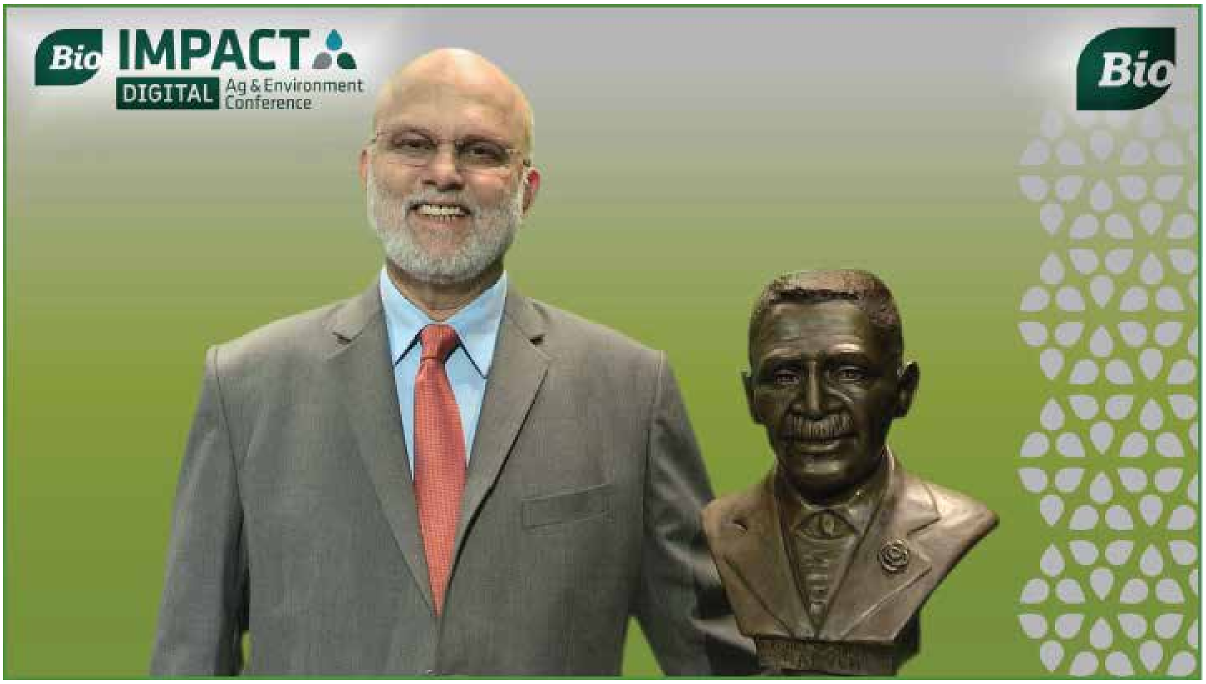
Highpoint in your Company's journey last year came in the form of bestowing of prestigious 2020 George Washington Carver Award to our Chairman Dr. Pramod Chaudhari widely acclaimed as Ethanol man in Industry circles. The recognition is testament to Dr. Chaudhari's visionary leadership, pioneering endeavours, and his relentless pursuit in building a sustainable ecosystem for the advancement of a bio-based economy. Dr. Chaudhari is the first Indian and only second Asian recipient of this global honour.

I remain grateful for guidance and directions I received from the members of the Board from time to time. I wish to record my sincere appreciation of my business partners, team members and other stakeholders for the strong support through the year. I thank you my dear shareholders for your continued belief in Praj's capabilities and bright future.

My team and I remain confident to continue to collaborate with all stakeholders and to lead Praj to its next phase of growth

Shishir Joshipura
CEO & MD
June 2021, Pune

Achievements



George Washington Carver Award 2020 was presented to **Dr. Pramod Chaudhari** during the BIO IMPACT Digital Ag & Environment Conference on September 22, 2020.

Praj launched BioPrism™ technology portfolio for producing bio-based Renewable Chemicals & Materials (RCM)

Inauguration of India's first of its kind demo plant that produces Compressed Biogas (CBG) from biomass at the hands of Shri. Prakash Javadekar in Dec. 2020

Praj at Glance (Consolidated)

	UOM	20-21	19-20	18-19	17-18	16-17
SALES (GROSS)	Rs. Mln	13046.687	11023.657	11411.120	9234.568	9551.624
SALES (NET OF EXCISE)	Rs. Mln	13046.687	11023.657	11411.120	9165.864	9149.912
OTHER INCOME	Rs. Mln	257.364	300.214	322.966	267.249	222.781
TOTAL INCOME	Rs. Mln	13304.051	11323.871	11734.086	9501.817	9774.405
TOTAL EXPENDITURE EXCLUDING DEPRECIATION	Rs. Mln	11951.787	10274.064	10625.337	8730.767	8877.909
EBIDTA (EXCLUDING OTHER INCOME)	Rs. Mln	1190.781	820.070	883.323	610.296	732.168
DEPRECIATION	Rs. Mln	221.218	218.461	229.496	240.925	221.243
PROFIT BEFORE TAX	Rs. Mln	1131.046	831.346	879.253	530.125	675.253
PAT BEFORE MINORITY INTEREST	Rs. Mln	810.587	704.363	682.075	394.877	445.999
PAT AFTER MINORITY INTEREST	Rs. Mln	810.469	704.309	682.032	394.909	446.028
OTHER COMPREHENSIVE INCOME	Rs. Mln	11.041	(3.294)	6.291	8.017	(6.384)
TOTAL COMPREHENSIVE INCOME	Rs. Mln	821.628	701.069	688.366	402.894	439.615
NET BLOCK OF FIXED ASSETS + CWIP	Rs. Mln	2845.581	2965.014	2928.679	3020.738	3102.045
SHARE CAPITAL	Rs. Mln	366.458	366.320	365.296	361.865	358.888
RESERVES AND SURPLUS	Rs. Mln	7651.774	6826.168	7084.856	6899.492	6737.453
NET WORTH	Rs. Mln	8018.232	7192.488	7450.152	7261.357	7096.341
EPS BASIC	Rs.	4.43	3.85	3.75	2.19	2.50

RATIOS						
EBIDTA (EXCLUDING OTHER INCOME) TO SALES	%	9%	7%	8%	7%	8%
PBT TO SALES	%	9%	8%	8%	6%	7%
PAT TO SALES	%	6%	6%	6%	4%	5%
RONW	%	11%	10%	9%	6%	7%
ROCE	%	15%	12%	12%	7%	10%
NO. OF SHARES	Nos.	183,228,904	183,160,060	182,647,850	180,932,415	179,444,188
DIVIDEND	%	108%	135%	106%	81%	81%
BOOK VALUE PER SHARE	Rs.	43.76	39.27	40.79	40.13	39.55
CASH EPS	Rs.	5.63	5.05	5.01	3.53	3.74

DIRECTORS' REPORT

To The Members of Praj Industries Limited,

Your Directors are pleased to present the 35th Annual Report and the Audited Financial Statements for the year ended 31st March, 2021

Financial Results

During the year under review, your Company has recorded total income of Rs.11,117 Mn (previous year Rs. 9756 Mn), registering increase of 14 % in total income. Profit after Tax increased by 10% to Rs.712 Mn (Previous year Rs. 647 Mn.). The performance summary is presented herewith:

(₹ Mn.)

Particulars	2020-21	2019-20
Turnover	**10885**	9419
Other Income	**232**	337
Total Income	**11117**	9756
Total Expenses	**10151**	8981
PBT	**967**	776
PAT	**712**	647
Other Comprehensive Income	**10**	(12)
Total Comprehensive Income	**722**	635
(+) Balance in Profit & Loss account	**4414**	4926
(+) INDAS Adjustments (ESOPs)	**-**	4
(-) IND AS Adjustment (Adjustment to opening Retained Earnings – IND AS 115: Revenue Recognition)	**-**	39
Profit Available for Appropriations	**5136**	5526
Appropriations		
Dividend		791
Dividend Tax		163
Transfer to Special Economic zone Re-investment Reserve	**91**	160
Balance in Statement of Profit & Loss	**5045**	4414

State of Company's Affairs

Please refer Management Discussion & Analysis report annexed to this report dealing with the state of Company's affairs at length. (Refer Annexure 1).

Summary of Consolidated Results

During the year, the Total Income stood at Rs. 13304 Mn which is 18% more over last year (Rs.11324 Mn). Profit after tax was Rs. 810 Mn previous year's figure (Rs.704 Mn) registering an increase of 15 % over last year. The performance summary is presented herewith:

(₹ in Mn)

Particulars	2020-21	2019-20
Turnover	**13047**	11024
Other income	**257**	300
Total income	**13304**	11324
Total expenses	**12173**	10493
PBT	**1131**	831
PAT (after Minority Interest)	**810**	704
(+) Other Comprehensive Income	**11**	(3)
Total Comprehensive Income	**821**	701

Dividend

The Board of Directors at its meeting held on 6th May, 2021 has recommended Dividend of Rs. 2.16 per share (108%) of Face value of Rs.2/- for the financial year 2020-21. The dividend is payable subject to shareholders' approval at the ensuing Annual General meeting (AGM). The final dividend pay-out, if approved by the shareholders in the ensuing AGM, will be around Rs.396.267 Mn.

The dividend pay-out is in accordance with the Company's Dividend Distribution Policy.

Dividend Distribution Policy

In accordance with the Regulation 43A of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Company has formulated a Dividend Distribution Policy and the same is annexed herewith as Annexure 10. The Policy is also hosted on the website of the Company and can be viewed at www.praj.net

Investor Education and Protection Fund (IEPF)

Pursuant to the Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company has transferred unclaimed / unpaid dividend of Rs. 17,21,521/- pertaining to the financial year 2012-13 to IEPF, on 22nd September 2020 and unclaimed / unpaid Interim Dividend of Rs. 7,42,424/- pertaining to financial year 2013/14 to IEPF, on 22nd March 2021. Further, the Company has also transferred corresponding 16,355 shares pertaining to the financial year 2012-13 to IEPF on 20th October, 2020 and 16,889 shares pertaining to the financial year 2013-14 to IEPF on 19th May 2021.

Details of Nodal Officer:

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

Reserves

The Company is not proposing any transfer to the General Reserve for the year 2020-21.

Credit Rating

a) CRISIL has re-affirmed "A1+" rating to the Company's short-term banking facilities which signifies that the degree of safety regarding timely payment of instruments is very strong.

b) CRISIL has also re-affirmed its rating of the Company's long-term bank facilities to "AA/stable'.

The "AA" rating signifies high safety with regard to timely payment of long-term financial obligations.

Subsidiaries

Praj Engineering & Infra Ltd. India, Praj HiPurity Systems Ltd. , India, Praj Americas Inc., U.S.A., Praj Far East Co. Ltd., Thailand, Praj Industries (Africa) (Pty.) Ltd, South Africa, Praj Far East Philippines Ltd. Inc., The Philippines, continue to be subsidiaries of your Company.

Consolidated Financial Statements of the Company, which include the results of the said Subsidiary Companies, are included in this Annual Report. Further, a statement containing the particulars for each of the Company's subsidiaries is also enclosed (Please refer Annexure 6) . Copies of Annual Accounts and related detailed information of all the subsidiaries can also be sought by any member of the Company or its Subsidiaries by making a written request to the Company Secretary at the Registered Office of the Company in this regard. The Annual Accounts of the Subsidiary Companies are also available for inspection at the Company's and/or the concerned Subsidiary's Registered Office.

The Company has formulated a policy for determining 'material' subsidiaries and such policy is hosted on the Company's website i.e. www.praj.net

Further, a statement containing salient features of the financial statements of subsidiaries in the prescribed format AOC-1 is appended as Annexure 6 to this Report. The statement also provides the details of performance, financial position of each of the subsidiaries.

Corporate Governance

Pursuant to the provisions of Regulation 34 (2) &(3) and 53(f), read with Schedule V of SEBI(Listing Obligations & Disclosure Requirements) Regulations, 2015, Management Discussion and Analysis Report **(Annexure 1)**, Report on Corporate Governance and Compliance Certificate on Corporate Governance **(Annexure 3)**, Business Responsibility Report **(Annexure 9)**, Dividend Distribution Policy **(Annexure 10)** are annexed to this report.

Directors

Ms. Parimal Chaudhari (DIN 00724911) retired at 34th Annual General Meeting held on 18th September, 2020 and was re-appointed as Director of the Company.

Members at 34th Annual General Meeting held on 18th September, 2020, had approved re-appointment of Ms. Mrunalini Joshi (DIN:00957617) as Independent Director w.e.f 11th August 2020 for a period of Three (3) years till 10th August, 2023.

Members at 34th Annual General Meeting held on 18th September, 2020, had approved appointment of Mr. Suhas Baxi (DIN:00649689) as Independent Director w.e.f 8th August 2019 for a period of five (5) years till 7th August, 2024.

Ms. Parimal Chaudhari (DIN 00724911) will retire at 35th Annual General Meeting and being eligible, has offered herself for re-appointment as Director of the Company.

Composition of Key Managerial Personnel (KMP)

The Company has the following KMPs;

Name of the KMP	Designation	Date of Appointment	Date of Resignation
Dr. Pramod Chaudhari	Executive Chairman	08.11.1985	N.A.
Mr. Shishir Joshipura	Chief Executive Officer and Managing Director	02.04.2018	N.A.
Mr. Sachin Raole	CFO and Director- Finance & Commercial	13.07.2016	N.A.
Mr. Dattatraya Nimbolkar	Chief Internal Auditor & Company Secretary	22.07.2011	N.A.

Composition of Audit, Nomination & Remuneration Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility Committee

For details, kindly refer the Corporate Governance Report annexed to this Report **(Annexure 3)**.

Declaration from Independent Directors

The Independent Directors have submitted their annual declaration to the Board confirming that they fulfill all the requirements as stipulated in Section 149(6) of the Companies Act, 2013 read with rules framed there under.

Auditors

a) Statutory Auditors

Members at 34th Annual General Meeting held on 18th September, 2020 had appointed P.G Bhagwat, LLP, Chartered Accountants, Pune (Firm Regn. No. 101118W) as the Statutory Auditors of the Company till the conclusion of 39th Annual General Meeting to be held in the calendar year 2025.

b) Internal Auditors

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

Their reports have been reviewed by the Statutory Auditors and the Audit Committee.

The Board has appointed Khare Deshmukh & Co., Chartered Accountants Pune, as Internal Auditors of the Company for the financial year 2021-22.

c) Cost Auditors

Your Company has appointed Dhananjay V. Joshi & Associates, Cost Accountants as Cost Auditors of the Company for the financial year 2021-22 at the remuneration as set out in item No.4 of the explanatory statement which is subject to the ratification of members in the ensuing Annual General Meeting.

d) Secretarial Auditors

KANJ & Co., LLP, Pune, were appointed to conduct the Secretarial Audit of the Company for the financial year 2020-21, as required under Section 204 of the Companies Act, 2013 read with rules framed thereunder. The Secretarial Audit Report (MR-3) for financial year 2020-21 forms part of the Annual Report as **Annexure 5**.

The Board has appointed KANJ & Co. LLP, Pune, as Secretarial Auditors of the Company for the financial year 2021-22.

Material changes and commitments, if any, affecting the financial position of the Company occurred between the end of the financial year to which these financial statements relate and the date of the report:

COVID-19 pandemic continues to spread across many parts of the world including India. This has impacted all the businesses worldwide during financial year 2020/21.

The impact of COVID-19 pandemic may be different from that estimated as at the date of approval of these standalone and consolidated financial statements.

Considering the continuing uncertainties, the Company continues to closely monitor any material changes in future economic conditions. The duration and severity of COVID-19 pandemic and the disruption caused to global economic and business environment cannot be reasonably estimated. The extent of impact of this pandemic on Company's business operations, cash flows, future revenue, assets and liabilities will depend on numerous evolving factors that currently cannot be reasonably assessed.

In the backdrop of above, the Company has made detailed assessment of the recoverability and carrying value of its assets comprising property, plant and equipment, inventories, receivables, and other current assets and on the basis of evaluation, the Company is of the view that there are no material changes and commitments affecting the financial position of the Company between the end of the financial year and the date of this report. The impact on the financial results for the year ended 31st March 2021 because of any events and developments beyond the date of this report may differ from that estimated as at the date of approval of these financial results and will be recognized prospectively.

Given the criticalities and uncertainties associated with nature, condition and duration of COVID- 19, the impact assessment on the Company's financial health will be continuously made and provided for as required.

Further there was no change in the nature of business of the Company.

Statement concerning development and implementation of Risk Management Policy of the Company.

In accordance with the provisions of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, (LODR) the Board adopted Risk Management Policy and initiated necessary steps for framing, implementing and monitoring the risk management plan for the Company.

Based on market capitalization rank as on 31st March 2021, provisions of Regulation 21 of SEBI (LODR), Regulations 2015, as amended from time to time, are applicable to the Company for the financial year 2021/22. As per amended Regulation 21 of SEBI LODR Regulations, it is mandatory for the Company to constitute Risk Management Committee. The Company has already constituted Risk Management Committee at its Board Meeting held on 16th May 2019.

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

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

In today's challenging and competitive environment, strategies for mitigating inherent risks associated with business and for accomplishing the growth plans of the Company are imperative. The common risks inter alia are risks emanating from; Regulations, Competition, Business, Technology obsolescence, Investments, Retention of talent, Finance, Politics and Fidelity. Also in today's complex business environment, Cyber risks have also increased.

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

The Risk Management Policy is also hosted on the Company's website i.e. www.praj.net

The Company has instituted adequate Internal Controls and processes to have a cohesive view of risks, optimal risk mitigation responses and efficient management of internal control and assurance activities.

In the opinion of the Board, there are no risks which may threaten the existence of the Company.

Internal Financial Controls

The Company has in place, adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weaknesses in the design or operation were observed.

Remuneration Policy for Directors and KMP

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

The said policy is available on Company's website i.e. www.praj.net and is also attached as **Annexure 7** to this report.

ESOP

During the year, your Company allotted 68,844 shares on exercise of options under the Employee Stock Option Plan 2011. Consequent to the above, the Issued, Subscribed and Paid-up Share Capital of your Company increased from 183,160,060 shares (Rs. 366.320 Mn.) as on 31st March 2020 to 183,228,904 shares (Rs. 366.458 Mn.) as of 31st March, 2021.

Please refer **Annexure 4** to this report for the particulars required to be disclosed pursuant to Rule 12 (2) of the Companies (Share Capital and Debentures) Rules, 2014 and Clause 14 of SEBI (Share Based Employee Benefits) Regulations, 2014.

Board at its meeting held on 17th June, 2021, has granted 1,40,000 options to eligible employess at Rs. 90/- per option under ESOP 2011- Grant XI.

Vigil Mechanism / Whistle Blower Policy

In order to ensure that the activities of the Company and its employees are conducted in a fair and transparent manner by adoption of highest standards of professionalism, honesty, integrity and ethical behaviour, the Company has adopted a Vigil Mechanism/Whistle Blower Policy. This policy is explained in Corporate Governance Report and is also hosted on the website of Company at www.praj.net.

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

Kindly refer **Annexure 2** to this Report.

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

Loans, Guarantees and Investments covered under Section 186 of the Companies Act, 2013 form part of the notes to the financial statements provided in this Annual Report. (Please refer Note No 5 to the Standalone Financial Statements).

Contracts and arrangements with Related Parties

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. Such transactions form part of the notes to the financial statements provided in this Annual Report. (Please refer Note No 31 to the Standalone Financial Statements).

During the year, the Company had not entered into any contract / arrangement / transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions which is available on the Company's website at www.praj.net

The information in respect of Related Party transactions is given below;

FORM AOC-2

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

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

1. Details of contracts or arrangements or transactions not at arm's length basis ;

   N.A. as there were no transactions during the year which were not at arm's length.

2. Details of material contracts or arrangement or transactions at arm's length basis;

   During the financial year 2020-21, all the transactions entered into with related parties were at arm's length. Also, these transactions were not material.

Performance Evaluation

Regulation 4 (2) (f) (ii) (9) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 mandates that the Board shall monitor and review the Board evaluation framework. Also, the Companies Act, 2013 states that a formal annual evaluation needs to be made by the Board of its own performance and that of its Committees and individual Directors. In addition, Schedule IV to the Companies Act, 2013 states that the performance evaluation of Independent Directors shall be done by the entire Board of Directors, excluding the Director being evaluated. The Board works with the Nomination & Remuneration Committee to lay down the evaluation criteria for the performance of Executive / Non-Executive / Independent Directors.

The Board at its meeting held on 4th February, 2021 has carried out performance evaluation of all Directors.

Independent Directors have three key roles - Governance, Control and Guidance. Some of the performance indicators based on which the Independent Directors are evaluated include:

a) Ability to contribute to and monitor the Company's corporate governance practices.

b) Ability to contribute by introducing international best practices to address top-management issues.

c) Active participation in medium to long-term strategic planning.

d) Commitment to the fulfillment of Directors' obligations and fiduciary responsibilities; these include participation in the Board and the Committee Meetings.

In pursuance of above, the Company has devised a policy for performance evaluation of Independent Directors, Board, Committees and other individual Directors.

The evaluation of all the Directors, Committees and the Board as a whole was conducted based on the criteria and framework adopted by the Board. The Board approved the evaluation results as collated by the Nomination & Remuneration Committee.

Explanation or comments on qualifications, reservations or adverse remarks or disclaimers made by the Statutory Auditors and the Secretarial Auditors in their reports

There were no qualifications, reservations or adverse remarks or disclaimers made by the Statutory Auditors and Secretarial Auditors in their report.

Annual Return

Company is required to place copy of Annual Return on its website and web-link of Annual Return is required to be given in the Directors' Report. Accordingly Annual Return (Form MGT-7) for the financial year 2020/21 is available on the website of the Company at www.praj.net at investors section.

Number of Board Meetings conducted during the year under review

The Board met four times during the financial year (three times through video conferencing and once through physical mode), the details of which are given in the Corporate Governance Report that forms part of this Annual Report. The intervening gap between any two meetings was within the period prescribed by the Companies Act, 2013 and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 as amended from time to time.

Directors' Responsibility Statement

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

(a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.

(b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period:

(c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

(d) the Directors have prepared the annual accounts on a going concern basis:

(e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

(f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

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

During the year, there was no such incidence of fraud reported by Statutory Auditors to the Management.

Deposits

The Company has neither accepted nor renewed any deposits during the year under review and also did not have any outstanding deposits at the end of the year.

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

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

Sr. No.	Name	Designation	Remuneration paid FY 2020-21 Rs. Mn.	% increase/ (Decrease) in remuneration over FY 2019-20	Ratio of the remuneration of each Director to median remuneration of employees.
1	Dr. Pramod Chaudhari	Executive Chairman	47.036	(1%)	43.6
2	Mr. Shishir Joshipura	CEO & MD	32.227	5%	29.9
3	Mr. Sachin Raole	CFO and Director-Finance & Commercial	13.097	8%	12.2
4	Mr. Dattatraya Nimbolkar	Chief Internal Auditor & Company Secretary	7.712	23%	7.2
5	Mr. Berjis Desai	Non- Executive Independent Director	2.250	7%	2.1
6	Ms. Parimal Chaudhari	Non- Executive Director	1.750	13%	1.6
7	Mr. Sivaramakrishnan Iyer	Non- Executive Independent Director	2.000	14%	1.9
8	Ms. Mrunalini Joshi	Non- Executive Independent Director	0.600	0%	0.6
9	Dr. Shridhar Shukla	Non- Executive Independent Director	0.750	25%	0.7
10	Mr. Suhas Baxi	Non- Executive Independent Director	0.750	25%	0.7

The median remuneration of employees of the Company during the financial year was Rs. 1.078 Million. In the financial year, there was an increase of around 10% in the median remuneration of employees.

There were 940 permanent employees on the rolls of Company as on 31st March, 2021.

Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year i.e., 2020-21 was around 5 % whereas the managerial remuneration for the same financial year increased by around 3% .

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

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

Particulars of employees

The information required pursuant to Section 197 read with rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company is given in **Annexure 9** to this Report.

Details of significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operations in future.

No such events occurred during the financial year 2020-21.

Prevention of Sexual Harassment Policy

The Company has in place Prevention of Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013.All employees (permanent, contractual, temporary, trainees) are covered under this policy.

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

The following is a summary of Sexual Harassment Complaints received and disposed during financial year 2020/21, under the aforesaid Act:

No. of Complaints received : Nil.

No. of Complaints disposed of : Not applicable.

No. of Complaints pending : Nil.

Energy Conservation, Technology Absorption, Adaptation, Innovation :

Sustainability is becoming a watch word in biofuels and bio-materials producing industry. To be able to sell these products in top international markets, our customers need to have their operations assessed and certified by Competent Authority.

Five of the ten principles used for such assessment fall perfectly within our sphere of influence. These are given below:

- Continuous effect for improvement of GHG emission savings for production of renewable products (Fuels, chemicals etc.)
- Flex plants: Use of multiple raw materials (Mol C, B-heavy, Syrup, Corn, Rice) with effective utilization of assets for production of multiple products (Fuel ethanol, Pharma grade ethanol, perfumery alcohol, Potable ethanol) based on market requirement.
- Using technologies that minimize overall water and energy requirement.
- Value maximization by exploring technology for creation of value added coproducts (Human protein)
- Compliance to all applicable safety, health and environmental regulations.

Praj Technology and Engineering Group has their focus on the designing and engineering of plants and machinery and processes that minimize consumption of energy and water, all types of emissions and use of non-recyclable material. The plants are designed to exceed regulatory norms of environment, health and safety and thereby reduce customers' compliance risks.

Our Business Sustainability Systems monitor the critical norms demonstrating that every new generation plant beats the previous benchmarks of yield, consumption of water, energy and effluents. Infusing sustainability principles into design and engineering of plants and machinery and providing sustainability solutions to the customers is of prime significance.

Under Biomobility™ Platform – providing decarburization solution to all modes of transportation, number of technologies introduced during the last financial year -

- SHIFT: High Brix fermentation technology for reduction of effluent quantity thereby reducing water requirement in fermentation and reduction of energy requirement in Evaporation (ZLD) section. Technology has been commercially implemented on multiple feed stocks namely cane juice syrup, B-heavy and Molasses-C. This technology helps to upgrade capacity of existing facility ensuring round the year operation.
- Maximol: Ethanol dehydration plant capacity was upgraded by 30 % using this technology in more than ten plants helping clients to enhance plant capacity.
- Bio-syrup technology giving the customer, increase in ethanol yield as well as flexibility to store sugar rich stream to extended number of days of operation.
- Alcohol MVR: Reduction of thermal energy (Greenhouse gas emissions) by integration of MVR with distillation section. ACHE : Optimized design of Air Cooled Heat Exchanger (ACHE) being now offered for water stressed projects. Process Integrated Boiler (PIB) : HBCS (High Brix Concentration using Agitated Thin Film Dryer) technology was developed to concentrate Spent wash (process effluent) generated from molasses based distillery to self-combustible level 70 % concentration of solids on weight basis., thereby reducing supplementary fuel requirement in incineration boiler by more than 30 %
- Rengas Technology: Advanced biomethanation technology based on proprietary microbiological pre-treatment developed for production of Compressed Biogas (renewable methane gas) from agri-residues and pressmud. Pilot plants for this technology are also installed at Matrix R&D Centre.
- Celluniti™ Technology is under development for production of ethanol from soft wood.
- Sustainable Aviation Fuel: Technology is in final leg of optimization and commercial offering.
- Co-product maximization: Human grade proteins would be the need of the hour in current pandemic. Looking at this, we are developing technology for production of human grade protein as valuable co-product from grain-based distillery.
- In addition to the above technologies for Bio Mobility™ platform, the Company also introduced in Pharma Grade Ethanol with unique capex and opex optimized solution for global clients meeting their local statutory norms for production of pharma grade ethanol.

Bio-Prism™ Platform :

Praj's formally announced its foray into the global Renewable Chemicals and Materials (RCM) industry in July 2020. Praj' strategy has been to expand its business horizons leveraging its innovative, technology solutions in "Clean energy-based Bioeconomy". As a part of its newly launched Bio-Prism™ portfolio, Praj is developing technologies to produce bio-based Renewable Chemicals and Materials (RCM). RCM produced from bio-based feedstocks, are sustainable alternatives to products made from fossil resources and hence tagged as "Nature Reimagined – The Promise of Sustainability".

Our stride in RCM is the result of exclusive work in molecular biology, microbiology, fermentation and chemical synthesis. Praj is open to exploring newer business models with strategic partners for Bio-Prism™ portfolio. To bring this vision into reality, Praj has technical collaborations with renowned global organizations.

Lignin Valorization :

Praj has developed three value added products from the lignin generated from our 2G ethanol process viz. Lignosulphonate, Bio Bitumen and Bio-oil as Marine fuel. These technologies have been developed at laboratory/pilot scale and are ready for demonstration. Our Bio Bitumen sample was approved by Competent Authority for application in asphalt blending.

Key Highlights for Financial Year 2020-21:

1. During the year, your Company was granted 5 Indian patents and 6 foreign patents. The Company filed 2 Indian and 92 international patents during financial year 2020-21. In all your Company has 84 Patents granted to its name.
2. Praj bagged the CII innovation award for SHIFT technology.
3. Praj is among India's 8 leading companies who received CII 3R (reduce, recycle, reuse) waste management award.

Foreign Exchange Earnings & Outgo

(₹ Mn.)

Particulars	31/3/2021	31/3/2020
Earnings	3127	3687
Outgo	954	804
Net Foreign Exchange Earnings	2173	2883

Your Company has retained its status as a net forex earner consecutively for past 23 years.

Acknowledgements

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

For and on behalf of the Board of Directors

Place: Pune
Date: 17/06/2021

Dr. Pramod Chaudhari
Executive Chairman

ANNEXURE 1
MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Overview

Your company, Praj Industries (Praj), India's most accomplished industrial biotechnology company with global footprint, with its motto of innovation, integration and delivery is at the forefront of global Bioeconomy. Closed to past four decades, Praj has focused on the environment, energy, and agri-process industry, with over 750 customer references spanning 75+ countries across 5 continents. Praj's diverse portfolio comprises of Bio-energy solutions, High purity water systems, Breweries, Critical process equipment & skids and Zero liquid discharge systems. Praj's vision, reflected through all its offerings, is to make the world a better place using innovative technology solutions aimed at sustainable decarbonization, reducing energy and water footprints as well as optimization of resources. Praj believes in building deep rooted relationships with different stakeholders such as customers, employees, partners, academia, and society in general.

Your Company has proven expertise in developing and deploying advanced process solutions in the biotechnology industry globally. Bio-Mobility™ technology platform for producing biofuels solutions and Bio-Prism™ technology portfolio for production of renewable chemicals and materials are the mainstays of Praj's contribution to the global Bioeconomy.

Your Company delivers value to customers with its unique TEMPO (Technology, Engineering, Manufacturing, Project management and Operations) model. Praj's state-of-the-art R&D center, Praj Matrix provides technology solutions to fulfill both stated and unstated needs of the customers. Praj integrates these technologies through its expertise of process engineering, world class manufacturing and project management. Praj also provides operations and maintenance (O&M) services for the life cycle management of the customer facilities.

In addition to its own technology development, Praj also builds strategic collaborations with global technology leaders. These are in the areas of co- developing and integrating complimentary technologies, for creating unique customer centric value propositions.

Your company's strength is its unique approach from Research & Development (R&D) to Design and Deployment (D&D). This has helped Praj build time-tested mutually rewarding relationships with customers around the world.

Washington D.C. based Biotechnology Innovation Organization (BIO) awarded our Chairman Dr. Pramod Chaudhari with prestigious 2020 George Washington Carver Award for Innovation in Industrial Biotechnology and Agriculture. The George Washington Carver Award, named after legendary agricultural scientist, inventor and environmentalist, is the highest recognition for outstanding contribution in the Industrial Biotechnology sector worldwide. The recognition is testament to Dr. Chaudhari's exemplary leadership, pioneering endeavors, and his relentless pursuit in building a sustainable ecosystem for the advancement of a bio-based economy. Dr. Chaudhari, widely acclaimed as Ethanol man in industry networks, is the first Indian and only second Asian recipient of this global honor.

Your Company was ranked 2nd in the list of 50 Hottest companies in bioeconomy for 2021 in Low Carbon Fuels and Renewable Chemicals category and ranked 3rd in the newly introduced Biodesign & Engineering category by US based Biofuels Digest. This list represents companies that have made outstanding contribution to bioeconomy. This is the first time an India Head quartered company has broken into the top bracket of the industrial biotechnology sector globally. Praj Industries tops the list that includes fortune 500 companies and global majors.

Business Snapshot

Bioenergy

Your Company's Bioenergy portfolio comprises of technology solutions for

- **Biofuels** such as 1st generation ethanol, biodiesel
- **Advanced biofuels** such as 2nd generation ethanol and Compressed Bio Gas (CBG)
- **Future biofuels** such as Sustainable Aviation Fuel (SAF), biomarine fuel, bio methanol and biohydrogen

Praj's Bio-Mobility™ platform envisages use of renewable biological resources to produce low carbon transportation fuels across all modes of mobility i.e. Surface, Air and Marine. Bio-Mobility™ platform comprises of Biofuels both in liquid as well as gaseous form. Biofuels are produced using any of the three types of bio-based feedstock namely sugary (C molasses, B molasses, sugar syrup etc.), starchy (damaged/ surplus grains) and cellulosic (agri residues and biomass).

1st Generation Ethanol: Domestic

The domestic Bioenergy sector has seen significant momentum with several positive and structured measures announced to boost the ethanol consumption in India.

Currently the annual ethanol production capacity in India is around 6.5 billion liters. Majority of the ethanol production is based on the sugary feedstock mainly cane molasses and a small but growing proportion of starchy feedstock. Oil Marketing Companies (OMCs) have contracted about 3.3 billion liters for 2020-21 marketing year, including about 0.4 billion liters from starchy feedstock. This would enable India to have ethanol blending of 8.5% for the ethanol supply year Dec 2020- Nov 2021.

India has recently announced advancing of 20% ethanol blending target by 5 years, from 2030 to 2025. This is expected to create opportunity of additional 10 billion liters per annum ethanol capacity.

Country's recent move to allow direct sale of ethanol as a fuel for compatible automobiles is further expected to support the higher ethanol demand. This will significantly create and build opportunities for ethanol plant capacity expansion.

Currently majority of the ethanol production in the country is dominated by three states namely Uttar Pradesh, Maharashtra, and Karnataka that produce ethanol using sugary feedstock.

In a significant move to encourage countrywide ethanol production, India expanded the basket of feedstock with inclusion of starchy feedstock. Several enabling factors such as interest subvention for projects, five year buying visibility, upward price revisions, quick environmental clearance etc. are introduced to attract investments in the sector.

States have also realized that this policy shift enables potential for enhancing farmers' income and employment generation. States are taking proactive steps to attract investments for ethanol plants based on starchy feesdstock. For example, state of Bihar and Chhattisgarh have already introduced regulatory framework to attract investments to enhance ethanol production capacities.

As starchy feedstock is available across the nation, it will help build-up robust ecosystem for nationwide production of ethanol. Ethanol industry structure in the country is undergoing a radical shift with changes across dimensions of ownership, feedstock and geographical location for production of ethanol. Your Company is witnessing increasing enquiries for ethanol plants based on starchy feedstock.

This year, we also witnessed increasing traction from customers to set up B heavy molasses and sugar syrup based ethanol plants. This demand is spurred by good sugarcane crop and demand supply imbalance in sugar sector. Producing ethanol instead of sugar, directly from cane juice syrup and B heavy molasses will ease out the imbalance in sugar sector besides boosting ethanol production. Your Company's unique BioSyrup™ technology solution enables year round ethanol production using syrup as feedstock and it is attracting lot of interest from our customers.

1st Generation Ethanol: International

On the international front, your Company witnessed traction for pharma grade alcohol due to sudden increase in need for different types of sanitization. Your Company rose to the occasion to cater to this spike in demand and help customers in different markets to produce sanitizers. We received contract for our single largest pharma grade alcohol facility for a customer in the US. We are building further on the initial success and have bagged four more orders.

With the US rejoining the COP 21 Paris Summit agreement, demand for renewable energy and biofuels in specific is expected to revive. Just like California few other states are in the process of adopting Low-Carbon Fuel Standard (LCFS).

Our solutions for ethanol based on starchy feedstock are attracting customers in different markets. We are building starchy feedstock based plants in Canada and Mexico for two leading producers.

In Europe we expect opportunities for 1G ethanol projects will come from value added brownfield projects by way of up- gradation and modernization of existing plants.

Several economies in Asia Pacific and LATAM are slowly recovering from the pandemic crisis. The deep impact on these economies is leading to deferment of new investments. As different nations emerge along different paths of their economic recovery curve, developments are expected on the positive side in due course of time.

Bioproducts

Our performance enhancers have applications in ethanol and sugar plants to improve yields, product quality and performance. These products are formulated using our deep knowledge of microbial biology, chemistry, feedstocks and industrial processes. Praj's performance enhancers are widely used in ethanol plants based on sugary as well as starchy feedstock in over 40 nations.

2nd Generation Ethanol

The execution of three numbers of advanced biofuel refineries in India, based on Praj's proprietary 2G enfinity™ technology is on course. In addition to earlier two orders from OMCs, this year your Company received a third order for supply of critical equipment.

Construction and Installation activities are in full swing at all sites. We expect mechanical completion of first project by Feb 2022 and commissioning in June 2022.

Significant work is underway at R&D to improve commercial viability of enfinty™ technology. These work areas include- Development of process Integration solutions for both capital and operating cost reduction, co product development viz; CO2, lignosulfonates, bio- bitumen, CBG, Organic fertilizer. We are also working with several partners of key sub systems.

In Europe, pandemic led delay resulted in slower progress on the implementation of RED-II mandate. Our association with Sekab for penetrating promising markets in northern Europe is progressing well. Your Company has optimized and integrated Sekab's CelluAPP™ technology for converting forest residue to ethanol in Praj Matrix. The optimized technology, branded as Celluniti™, offers significant improvement in terms of enhanced viability and reliability and is generating significant interest in Nordic countries and enquiries are progressing constructively.

Compressed Bio Gas (CBG)

India currently imports 45% of natural gas which is further processed for producing compressed natural gas (CNG) that is extensively used in meeting India's energy demand.

India is taking concerted efforts to improve the share of gas in its energy mix to 15% by 2030, from 6% currently. CBG is a high octane renewable gaseous fuel produced by processing bio based feedstock such as press mud, agricultural residue etc. This not only helps in energy self-sufficiency but also helps in reduction of carbon intensity, especially in the transportation and industrial sectors.

Post launch of SATAT program that envisages setting up of 5000 CBG plants over a period of five years; efforts are underway to develop the ecosystem. Offtake mechanisms, funding programs and co-product certification are underway.

Your Company has commissioned its CBG demo plant based on agriculture waste and other organic wastes at Praj Matrix. This plant was inaugurated by Shri Prakash Javadekar, Union Minister of Environment, Forest and Climate Change in Nov 2020. The plant deploys Praj's RenGas™ technology that utilizes a proprietary microbial consortium for converting feedstock such as agri residues and press mud to CBG. This plant will be used to test, improve and optimize the technology further.

In November 2020, Your Company entered in a non-binding MoU with Ministry of Petroleum & Natural Gas for providing technology support to CBG projects under SATAT Scheme.

Your Company is in process of commissioning India's first integrated bioenergy complex in northern part of country. In addition to 65 KLPD ethanol production capacities using sugary feedstock, this plant also comprises of CBG plant that will process 200 TPD of Press Mud.

Your Company is also contracted to build a rice straw to CBG project in Uttar Pradesh. This project has a potential to save up to 15000 MT of CO2 emissions per year.

Other updates

Your Company in partnership with GEVO Inc, USA has developed a process for production of Isobutanol - a basic building block for SAF- from sugary streams and agricultural residue. The technology is now ready for commercialization. In a noteworthy development, SAF samples have received certification as *fit for use* in aircrafts from Indian Air Force. Your Company is member of 'Clean Skies for Tomorrow (CST)', an initiative of World Economic Forum (WEF) for scaling up of SAF in India.

We believe both domestic and international bioenergy landscapes remain promising. There are several prospects unfolding and your Company is well placed to capitalize on these opportunities.

Critical Process Equipment & Skids (CPES)

CPES offers engineering and manufacturing solutions to world leaders in Clean tech, Green tech, industrial gases, specialty chemicals as well as conventional energy.

In FY 2020-21, CPES business continued to strengthen its relationships with select Global Technology and EPC players.

Praj has process knowledge, multi-disciplinary engineering strengths and expertise of manufacturing the modular plants. This has enabled to secure preferred partner status with several large process technology companies for modular plants.

Last year, CPES received multiple contracts from a US-headquartered Industrial Gases company for supply of Critical Equipment and Modules used for production of Hydrogen. We are working with a US-based "waste to energy technology" player to develop modular design architecture and detailing for its plants.

Your Company received a prestigious supplier award from Baker Hughes, one of our key customers, for mitigating Covid-19 impact and delivering first set of Block surge vessels with zero D, i.e. zero defect, zero deviation and zero delay.

Brewery & Beverage

Your Company offers customized plants, equipment & technology solutions to customers in the brewing & beverage industry. Praj has proven expertise ranging from engineering and designing to construction of plants and process equipment.

In FY 20-21, the pandemic situation has adversely impacted the domestic beer market. On account of fall in consumption of end product attributable to pandemic, it is currently experiencing a slowdown in new investments.

Your Company is leveraging its knowledge of hygienic manufacturing and process expertise to build India's largest Apple juice concentrate plant in Himachal Pradesh.

On the international business front, this business expanded its footprint in Africa with key strategic order wins coming in from Niger and Kenya.

Zero Liquid Discharge Solutions

Your Company offers comprehensive range of solutions for industrial effluent treatment, recycling and zero liquid discharge (ZLD) systems to customers across several sectors namely metals, power, specialty chemicals, fertilizers, refinery & petrochemicals, F&B, etc.

In FY 20-21, your Company bagged several repeat orders from customers indicating their faith in its technology and execution capabilities. We see a positive interest building up for zero liquid discharge systems.

Your Company made a major breakthrough in the refinery & petrochemical segment with a large order for water and waste water treatment system including Zero Liquid Discharge for their Acrylic/Oxo-Alcohol Project. Praj will treat water from entry in pipe till exit and save 4.7 million liters per day of water.

HiPurity Systems

Parj HiPurity Systems (PHS) is a wholly-owned subsidiary of Praj Industries Limited. PHS offers ultra-high purity water systems (WS), modular process systems (MPS) and fermentation solutions to customers engaged in biopharmaceuticals, sterile formulations, complex injectable, personal care and nutraceutical offerings.

In FY 20-21 PHS focused on creating value in complex injectable, fermentation and Bio-pharma segments. Many growing pharma companies are planning to enter in the space of Complex injectables, Biologics and other specialty pharmaceuticals. The push for "localization" for critical medicines within geographical boundaries is also giving rise to traction in international business.

As an important member of supply chain for life saving vaccines, PHS is partnering with the pharma companies in India and select international markets.

Operations and Maintenance (O&M) Services

Customers are evincing interest in O&M services offered by your Company. We have developed RemoteBridge™ - a unique Remote Plant Monitoring System under the digitalization initiative. This solution will help improve the performance of plant through data collection, analytics, diagnostics and remedial measures.

Innovation and R & D

In order to promote the usage of biofuels in transportation sector, your Company has entered into MoU with Automotive Research Association of India (ARAI) to jointly drive application development of advanced biofuels. Through this collaboration, Praj and ARAI are developing technologies to propagate use of biofuels in variety of transportation applications. Your Company is making steady progress in ethanol blending with diesel program.

Your company's strategy has always been to expand its business horizons in the bio-economy by leveraging its innovative, technology solutions. Your Company has now expanded its offerings in bioeconomy namely, renewable chemicals and materials with Bio-Prism™ portfolio of technologies. We are developing different molecules and biopolymers that are sustainable alternatives to products made from fossil resources. We have identified specific growth industries such as Bio-plastics, Cellulose –Lignin refinery products, Specialty chemicals, Agri-supplements and Bio-industrial products. These renewable products have application in various industries that include paints and coatings, automotive, packaging, furnishing, construction, agriculture; nutraceutical and food. We are soliciting strategic partnerships across the value chain for joint development and commercialize this potential.

Your Company has also joined hands with Institute Of Chemical Technology, Mumbai (ICT) for developing innovative solutions for process industry. As part of the overarching MoU, Praj and ICT will jointly work towards promoting higher education and research in the areas of Process Development, and Development of novel reactor designs for biochemical/catalytic processes. Various high potential technology development projects will be jointly undertaken that would be governed by separate project specific MoUs.

Recently your Company has achieved another breakthrough for producing "Bio-bitumen" based on lignin, an eco-friendly renewable material for road construction. Lignin is one of the co-products resulting from the 2G ethanol plants, paper making and also from CBG plants. Praj has developed a proprietary process (under patenting) to convert the crude lignin into Bio-bitumen which has potential to replace this fossil based bitumen. The Netherlands-based Circular Biobased Delta (CBBD), one of Europe's premier consortia to promote bioeconomy, has approved Praj's Bio-bitumen samples that will now be tested for scale up in Asphalt on a Dutch test strip on the road.

Till date, your Company has been granted 24 Indian patents and 60 international patents. Your company has filed over 300 international patents till date.

Manufacturing Capability

Your Company's manufacturing capability is substantiated by a multi-disciplinary engineering team, four world class manufacturing facilities with excellent connectivity to ports and highways. These are located at Sanaswadi, Urawade, Wada in Maharashtra and in Special Economic Zone (SEZ) of Kandla (Gujarat).

Sanswadi and Kandla facilities are approved by global multinational and EPC companies for supply of equipment and skids. The facilities are accredited with ASME U & U2, R Stamps and NB Registrations.

The ASME BPE compliant facility located at Wada serves clients in the pharmaceutical industry.

With utmost importance to employee safety, all our facilities including project sites adhere to Health Safety and Environment (HSE) norms

Your Company is in the process of strengthening dedicated vendor base across geographies so as to improve efficiency and effectiveness of project delivery.

Human Capital

People are the most valuable assets of the organization and during the pandemic time, health and safety of our employees was the top most priority.

Moving towards a work-from-home set-up for the first time, our focus was on ensuring employee comfort and wellbeing while balancing work, home, family and health.

Employee Care being an important ethos, some of the key processes we institutionalized in response to pandemic challenges in as below:

1. Safe working environment at corporate office, factories and project sites
2. Special insurance coverage for all workforce including non-permanent and contract labor at factories
3. Vaccination for all workforce including non-permanent employees with entire cost borne by the company
4. A team of COVID warriors was available 24x7 for employee support
5. Virtual engagement activities, around fun and health, for employees and their families

In line with culture of continuous learning, your Company undertook several skill development and knowledge sharing initiatives using virtual platforms. This comprised of several programs for high potential employees development, leadership development, employee career progression and different key competency development learning initiatives.

Your Company engaged with both internal and external subject matter experts (SME) and conducted variety of learning sessions using E-learning platforms. Our internal SMEs played a vital role in facilitating various organization wide learning initiatives.

Webinars were conducted periodically that provided employees a platform to engage with Chairman, CEO and Leadership team to understand business progress. These engagements played an important role in ensuring employees' connect with the businesses' internal and external environment.

Preparing for the next normal, we have ensured all COVID safety protocols for a seamless back-to-work transition – ensuring employees feel safe and protected and can effectively contribute to work.

Awards & Recognition

In FY 2020-21, Your Company was bestowed with the following awards, certifications and accolades-

- • Praj Executive Chairman Dr. Pramod Chaudhari received George Washington Carver Award 2020 by BIO. Becomes first Indian to get the honor
- Praj ranked as 2nd in the list of world's 50 hottest companies in global bioeconomy for 2021 by US based Biofuels Digest in Low Carbon Fuels and Renewable Chemicals category. Also secured 3rd rank in the newly introduced Biodesign & Engineering category
- Praj bagged Industrial Innovation Award for 2020 by Confederation of Indian Industry in "Top Innovative Company (Large) in Manufacturing" for its SHIFT technology.
- Praj received 3R Awards 2020 under Excellence in Design, Innovation and Developing Product Generating Zero Waste category by Confederation of Indian Industry

- CPES team received prestigious supplier award from Baker Hughes, one of our key customers, for mitigating Covid-19 impact and delivering first set of Block surge vessels with zero D, i.e. zero defect, zero deviation and zero delay.
- ZLD Solutions team received Best Service Provider of the Month award for their outstanding performance and dedicated service from our prestigious customer Vedanta.
- Praj received a certificate of HSE excellence by Asian Alcohol Corporate, Philippines. For achieving 89,048 safe man hours at site during installation, construction and commissioning of their 100 klpd fuel grade ethanol plant
- Praj received Certificate of Appreciation from IOCL 2G ethanol Bio-refinery plant for achieving 1 million man-hours without any loss time accident

Future Outlook

As a built up to COP 26 Glasgow summit scheduled in Nov 2021, a strong momentum is gathering in “race to zero” campaign. There is increasing pressure on the nations around the world to curb GHG emissions. India has reiterated its Nationally Determined Contributions (NDC) honoring the Paris climate summit commitments. Pursuit of clean green environment will continue to be a driver for biofuels industry.

Volatility in international crude prices and exchange rates has triggered urgency for the country to renew its focus and efforts in the area of energy self-reliance.

The decision of advancing 20% blending target by 5 years from 2030 to 2025, is expected to create opportunity of additional 10 billion liters per annum ethanol capacity. Decisions of opening of expanded range of feedstock, especially starchy, will encourage ethanol production across the country.

Ecosystem development currently underway is expected to open up the potential of the CBG opportunity. Commissioning of initial commercial scale CBG projects in immediate future will demonstrate end to end functioning of the value chain. This is expected to instill confidence in prospective developers, paving way for realization of CBG plants. The engineering and Hi Purity businesses continue to expand their horizons. PHS business will continue to focus on opportunities in complex injectable, fermentation and Bio-pharma space. CPES business will focus on enhancing its reach with global clean tech, green tech companies to position itself as their strategic supplier. With water as an essential resource, our ZLD solution will continue to find increasing acceptance for treatment of industrial effluent.

While signs of economic recovery are evident, business environment is still experiencing challenges owing to restrictions on mobility, high commodity prices, uncertainty over sustained availability of labor, under vaccinated population. These challenges have potential to impact financial performance of businesses. Your Company stays cautiously optimistic as we learn to effectively deal with these testing times.

Opportunities for our BioMobility™ platform that offers technologies for variety of biofuels are emerging beyond surface transportation. As call for curbing GHG emissions gains momentum in aviation as well as marine sector, biofuels are poised for scripting a very interesting future.

A new wave is now ushering in the industrial revolution viz. Industry 5.0 Version 2. Bioeconomy is envisaged as integral part of industry 5.0 acceding due importance to sustainability in all business endeavors. The emphasis is going to be on deeper penetration of green energy in the overall energy basket and adoption of green products & materials. This clearly demonstrates mainstreaming of bioeconomy as part of global economy.

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

Sr No	Ratio	U/M	31-Mar-21	31-Mar-20	Variation	Major reasons for variance
1	Debtors' Turnover	Days	127	105	21%	No significant variation
2	Inventory Turnover	Days	91	101	-10%	No significant variation
3	Interest Coverage	Times	N.A.	N.A.	N.A.	N.A.
4	Current Ratio	Times	1.58	1.91	-17%	No significant variation
5	Debt Equity ratio	Times	N.A.	N.A.	N.A.	N.A.
6	Operating Profit Margin	%	9.31%	7.32%	27%	Increase in sales by 15% and reduction in overheads by 10% over last year
7	Net Profit Margin	%	6.54%	6.87%	-5%	No significant variation
8	RONW	%	9.62%	8.98%	7%	No significant variation

Forward looking statements:

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

ANNEXURE 2
CSR REPORT

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

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

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

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

To ensure this, PIL shall undertake the following activities:

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

Implementation of CSR Activities

PIL undertakes CSR activities primarily in and around the areas of operation of the Company. PIL executes the CSR activities directly or through Praj Foundation a Charitable Trust having CSR registration number CSR00001195 or appropriate NGOs.

Majority of the CSR funds is expended through Praj Foundation.

The Board approves the Annual Action Plan having the list of CSR activities, eligible expenditure to be incurred on CSR activities, modalities of utilization of funds, implementation schedule, etc. on the recommendation of CSR Committee in the beginning of every financial year.

Monitoring of CSR Activities

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

The CSR Committee takes periodical review of CSR Activities carried out during the financial year and report to the Board.

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

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

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

2. The Composition of the CSR Committee:-

Name of Director	Chairperson /Member	Date of Joining
Ms. Parimal Chaudhari	Chairperson	25.10.2013
Mr. Sivaramakrishnan S. Iyer	Member	25.10.2013
Ms. Mrunalini Joshi	Member	11.08.2017

3. Web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company :-

https://www.praj.net/investorslounge/CSR

4. Details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report) :-

Not applicable

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any :

Nil

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

Rs. 780.612 Mn.

7. **(a)** Two percent of average net profit of the company as per section 135(5) :

Rs. 15.612 Mn

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years.

Nil

(c) Amount required to be set off for the financial year if any

Nil

(d) Total CSR obligation for the financial year (7a+7b-7c).

15.612 Mn

8. **(a)** **CSR amount spent or unspent for the financial year: Rs 19.141 Mn**

Total Amount Spent for the Financial Year (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135 (5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
1,91,41,401/-	Nil	N.A.	Nil	Nil	N.A.

(b) **Details of CSR amount spent against ongoing projects for the Financial Year**

1	2	3	4	5		6	7	8	9	10	11	
Sl. No.	Name of the project	Item from the list of activity in schedule VII to the Act.	Local area (Yes/ No).	Name of the project.		Project duration.	Amount allocated for the project (in Rs.).	Amount spent in the current financial year (in Rs.).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.).	Mode of implementation Direct (Yes/ No).	Mode of implementation - through implementing agency.	
				State.	District.						Name.	CSR registration number.
1	Providing financial assistance for Creating livelihood opportunities in rural areas through Entrepreneurship Development	Cl.II	No	Maharashtra	Pune, Ahmednagar	3 years	499,400	499,400	NIL	No	Praj Foundation	CSR00001195

1	2	3	4	5		6	7	8	9	10	11	
Sl. No.	Name of the project	Item from the list of activity in schedule VII to the Act.	Local area (Yes/ No).	Name of the project.		Project duration.	Amount allocated for the project (in Rs.).	Amount spent in the current financial year (in Rs.).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.).	Mode of implementation Direct (Yes/ No).	Mode of implementation - through implementing agency.	
				State.	District.						Name.	CSR registration number.
2	Empowerment of tribal population and making them self reliant	Cl.III	Yes	Maharashtra	Palghar	4 years	696,571	696,571	NIL	No	Praj Foundation	CSR00001195
	Total						1,195,971	1,195,971				

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

1	2	3	4	5		6	7	8	
Sl. No.	Name of the project	Item from the list of activity in schedule VII to the Act.	Local area (Yes/ No).	Name of the project.		Amount spent for the project (in Rs.).	Mode of implementation Direct (Yes/No).	Mode of implementation - through implementing agency.	
				State.	District.			Name.	CSR registration number.
1	Preventive health care among women	Cl. I	No	Maharashtra	Pune	24,700	No	Praj Foundation	CSR00001195
2	Support for MHD of pre - transplant underprivileged patients	Cl.I	Yes	Maharashtra	Pune	100,000	No	Praj Foundation	CSR00001195
3	Ration kits support to workers families during COVID	Cl. I	Yes	Maharashtra	Pune	24,900	Yes	Praj Foundation	CSR00001195
4	Smart Visual Classroom Lab	Cl. II	No	Maharashtra	Pune	614,300	No	Praj Foundation	CSR00001195
5	Repairs of school due to Nisarg Cyclone	Cl. II	No	Maharashtra	Ratnagiri	100,000	No	Praj Foundation	CSR00001195
6	Providing assistance for establishing computer lab for teaching underprivileged students	Cl.II	Yes	Maharashtra	Palghar	126,725	No	Praj Foundation	CSR00001195
7	Sustainable Water Resource Development at Ridhora Devi village	Cl. IV	No	Maharashtra	Aurangabad	2,331,472	No	Praj Foundation	CSR00001195
8	Sustainable Water Resource Development at Kolte takli village	Cl.IV	No	Maharashtra	Aurangabad	2,244,349	No	Praj Foundation	CSR00001195
9	Traffic warden at Ghotawade Phata for improving traffic flow and reducing fuel wastage	Cl.IV	Yes	Maharashtra	Pune	256,484	No	Praj Foundation	CSR00001195
10	Tree plantation at KASEZ	Cl.IV	Yes	Gujrat	Kandla	22,500	Yes	Praj Foundation	CSR00001195
11	IIT Bombay	Cl.IX	No	Bombay		1,000,000	Yes		
12	Contribution to PM Cares Fund	Cl.VIII	No			10,100,000			
13	Institute of Chemical Technology	Cl.IX	No	Bombay		1,000,000	Yes		
	Total					17,945,430			

(d) Amount spent in Administrative Overheads : Nil

(e) Amount spent on Impact Assessment, if applicable : Not Applicable

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) Rs. 19.141 Mn

(g) Excess amount for set off: Rs. 3.529 Mn

9. (a) Details of Unspent CSR amount for the preceding three financial years: Nil

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): Nil

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details) : Nil

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5) : Not applicable.

Shishir Joshipura
CEO & Managing Director

Parimal Chaudhari
Chairperson - CSR Committee

Place: Pune
Date: 17th June, 2021

ANNEXURE 3
REPORT ON CORPORATE GOVERNANCE

1. Company's philosophy on Code of Governance

Corporate Governance sets forth guidelines for managing and sustaining a transparent, information-oriented culture wherein authority and responsibilities are co-existent and co-extensive. It also provides guidelines on accountability of various positions within the organization. These values govern not only the Board of Directors, but also the management and the employees of the Company. This Governance protects and balances the interests of all stakeholders thereby enhancing shareholder value.

2. Board of Directors (the Board):

a) Composition and Category of Directors:

The Composition of the Board of your Company is a fair mix of Executive, Non- Executive, and Independent Directors, which is appropriate for the size and operations of your Company and is compliant with the applicable rules and guidelines. The strength of the Board was Nine Directors as on 31st March, 2021, comprising of three Whole-time Directors, six Non-Executive Directors. Five of the Non-Executive Directors are Independent Directors. As on the date of this report, all Directors of the Company meet the criteria of maximum number of Directorship as laid down in Section 165 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

Pursuant to the requirement of SEBI (LODR) Regulations, 2015, as amended, the Board has identified the following core skills, expertise and competencies of the Directors in the context of Company's business. While all the Board Members possess the skills identified, their areas of core expertise are given below:

Dr. Pramod Chaudhari	Global outlook, Strategic Planning, Business Knowledge, Policy Shaping and industry advocacy, Risk Management, Human Capital Management, Sustainability, and Environment, Social and Governance (ESG)
Mr. Shishir Joshipura	Business Knowledge, Strategic Planning, Global outlook, Policy Shaping and industry advocacy, Risk Management, Human Capital Management, Sustainability and Environment, Social and Governance (ESG)
Mr. Sachin Raole	Risk Management, Human Capital Management, Business Knowledge, Sustainability and Environment, Social and Governance (ESG)
Mr. Berjis Desai	Strategic Planning, Risk Management Policy Shaping and industry advocacy, Global outlook, Sustainability and Environment, Social and Governance (ESG)
Ms. Parimal Chaudhari	Human Capital Management, Strategic Planning, Global outlook, Sustainability and Environment, Social and Governance (ESG)
Mr. Sivaramakrishnan Iyer	Strategic Planning, Risk Management, Policy Shaping and industry advocacy, Global Outlook
Ms. Mrunalini Joshi	Business Knowledge, Global outlook, Policy Shaping and industry advocacy, Sustainability and Environment, Social and Governance (ESG)
Dr. Shridhar Shukla	Strategic Planning, Global outlook, Policy Shaping and industry advocacy, Sustainability and Environment, Social and Governance (ESG)
Mr. Suhas Baxi	Business Knowledge, Strategic Planning, Global outlook, Sustainability and Environment, Social and Governance (ESG)

b) **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 held on 18th September, 2020.	Number of Directorships in other Public Limited Companies [2]	No. of Committee Memberships [3]	
					Chairman	Member
Dr. Pramod Chaudhari	PD, ED	4	Yes	1	Nil	Nil
Mr. Shishir Joshipura	ED	4	Yes	2	Nil	Nil
Mr. Sachin Raole	ED	4	Yes	1	Nil	2
Mr. Berjis Desai	ID, NED	4	Yes	10	4	4
Ms. Parimal Chaudhari [1]	PD, NED	4	Yes	Nil	Nil	1
Mr. Sivaramakrishnan S. Iyer	ID, NED	4	Yes	2	1	2
Ms. Mrunalini Joshi	ID, NED	4	Yes	2	Nil	2
Dr. Shridhar Shukla	ID, NED	4	Yes	1	Nil	1
Mr. Suhas Baxi	ID, NED	4	Yes	Nil	Nil	Nil

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

[1] Ms. Parimal Chaudhari is spouse of the Executive Chairman, Dr. Pramod Chaudhari. None of the other Directors is related to any other director.

[2] Excludes private (which are not holding or subsidiary of Public Companies), foreign Companies & Section 8 Companies

[3] Memberships / Chairmanship of Audit Committee and Stakeholders' Relationship Committee of Public Companies only have been considered for this purpose.

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

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

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

c) Number of Board Meetings and Dates :

Four (4) Board Meetings were held during the year ended 31st March, 2021. The dates are – 26th May, 13th August, 4th November in the calendar year 2020 and 4th February in the calendar year 2021.

d) Number of shares and convertible instruments held by Non-Executive Directors as on 31/03/2021

Name of Director	Number of Equity Shares held	Stock Options outstanding	Grant Price per option (Rs.)	Last date for conversion of options
Mr. Berjis Desai	9,00,027	Nil	N. A.	N. A.
Ms. Parimal Chaudhari	14,400,000	Nil	N. A.	N. A.
Mr. Sivaramakrishnan S. Iyer	180,000	Nil	N. A.	N. A.
Ms. Mrunalini Joshi	756	Nil	N. A.	N. A.
Dr. Shridhar Shukla	Nil	Nil	N. A.	N. A.
Mr. Suhas Baxi	Nil	Nil	N. A.	N. A.

e) Familiarization programme for Independent Directors:

The Board of Directors of the Company has adopted familiarization program for Independent Directors. The details of such program are posted on the Company's website at: https://praj.net/wp-content/uploads/2018/01/familiarization-program-for-independent-directors-of-Praj-industries.pdf This program aims to provide insights into the Company to enable the Independent Directors to understand its business in depth and contribute significantly to the Company.

f) Declaration from Independent Directors:

The Independent Directors have submitted their annual declaration to the Board that they fulfill all the requirements as stipulated in Section 149(6) of the Companies Act, 2013 read with rules framed there under.

3. Audit Committee:

a. Terms of Reference:

The terms of reference of Audit Committee include overseeing the Company's financial reporting process and disclosure of financial information, reviewing with the management, the quarterly and annual financial statements before submission to the Board for approval; reviewing with the management, the performance of Statutory and Internal Auditors and adequacy of internal control systems and all other matters specified under Regulation 18 read with Part C of Schedule II of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and as per Section 177 of the Companies Act, 2013 read with rules framed there under.

b. Composition:

As on 31st March, 2021, the Audit Committee of the Company comprises of three Independent Non-Executive Directors namely Mr. Berjis Desai (Chairman of the Committee), Mr. Sivaramakrishnan S. Iyer and Ms. Mrunalini Joshi and one Executive Director namely Mr. Sachin Raole. Composition of the Audit Committee meets the requirements of Section 177 of the Companies Act, 2013 and Regulation 18 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 as amended.

c. Meetings:

This Committee met four times during the year i.e. 26th May, 13th August, 4th November in the calendar year 2020 and 4th February in the calendar year 2021.

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

Name of Director	No. of Meetings entitled to attend	Meetings attended
Mr. Berjis Desai	4	4
Mr. Sivaramakrishnan S. Iyer	4	4
Mr. Sachin Raole	4	4
Ms. Mrunalini Joshi	4	4

In addition to the members of Audit Committee, Executives of Accounts Department, Secretarial Department and Representatives of the Statutory, Cost and Internal Auditors attended the Audit Committee Meetings. Senior Functional Executives are also invited as and when required, to provide necessary inputs to the Committee. The Company Secretary acts as the Secretary of the Audit Committee.

4. Nomination & Remuneration Committee:

a. Terms of Reference:

The Nomination & Remuneration Committee has been constituted to recommend / review the remuneration of Executive Directors of the Company, to identify persons who are qualified to become Directors and who may be appointed in Senior Management and to carry out such other duties and functions as stipulated in Section 178 of the Companies Act, 2013 read with rules framed thereunder and Regulation 19 read with Part D of Schedule II of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and further amendments thereto. The Nomination & Remuneration Policy of the Company is attached as Annexure –7 to the Directors' Report.

b. Composition:

As on 31st March, 2021, the Nomination & Remuneration Committee of the Company comprises of three Non-Executive Directors namely Mr. Berjis Desai (Non-Executive Independent Director, Chairman of the Committee), Mr. Sivaramakrishnan S. Iyer (Non-Executive Independent Director) and Dr. Shridhar Shukla (Non-Executive Independent Director) and one Executive Director, Dr. Pramod Chaudhari.

c. Meetings:

This Committee met two times during the year i.e. on 26th May in the calendar year 2020 and 4th February in the calendar year 2021.

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

Name of Director	No. of Meetings entitled to attend	Meetings attended
Mr. Berjis Desai	2	2
Mr. Sivaramakrishnan S. Iyer	2	2
Dr. Pramod Chaudhari	2	2
Dr. Shridhar Shukla	2	2

d. Performance Evaluation Criteria for Independent Directors :

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

5. Remuneration Policy :

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

The Policy is displayed on Company's website i.e. https://praj.net/wp-content/uploads/2018/01/nomination-and-remuneration-policy.pdf

(a) Remuneration of Executive Directors:

The aggregate value of Salary & Perquisites including commission for the year ended 31st March, 2021 to the Executive Directors is as follows:

Dr. Pramod Chaudhari, Executive Chairman Rs 47.036 Mn. (Salary Rs 40.878 Mn, Perquisites Rs. 2.918, Commission & Variable Pay Rs 3.240), Mr. Shishir Joshipura, CEO and Managing Director Rs. 32.227 Mn (Salary Rs.23.091 Mn , Perquisites Rs. 2.790 Mn, Commission and variable pay Rs. 6.345 Mn.), Mr. Sachin Raole, CFO and Director – Finance & Commercial Rs. 13.097 Mn. (Salary Rs. 8.141 Mn., Perquisites Rs. 0.744 Mn, Commission and Variable pay Rs. 4.212 Mn.). Besides this, the Executive Directors are also entitled to gratuity and encashment of leave, as per the rules of the Company.

The current tenure of office of the Executive Chairman is for a period of 3 years from the date of appointment i.e. up to 31st July, 2022. As per agreement, Severance Fee is restricted to 36 months' salary. Notice period is not applicable.

The current tenure of office of the Chief Executive Officer and Managing Director is for a period of 5 years from 2nd April, 2018 to 31st March, 2023. Notice period is six (6) months.

The current tenure of office of the CFO and Director – Finance & Commercial is for a period of 3 years from 1st August, 2019 to 31st July, 2022. As per agreement, notice period is three (3) months.

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

This scheme is valid up to 31st March 2023.

However, Board at its meeting held on 26th May 2020 cancelled variable options in respect of all Grantees including Mr. Shishir Joshipura and Mr. Sachin Raole.

Under ESOP 2011 Grant XI, 75,000 and 25,000 options were granted to Mr. Shishir Joshipura and Mr. Sachin Raole respectively at Rs. 90/- per option.

This scheme is valid up to 31st December 2022.

(b) Compensation to Non – Executive Directors:

As a policy, the Company does not pay any sitting fees to Directors for attendance of the Meetings. The commission on profit is payable to Non-Executive Directors on the basis of their time and contribution. The criteria of making payments to Non-Executive Directors are disclosed in the Nomination & Remuneration Policy which forms part of this report.

The shareholders of the Company had, in the 28th Annual General Meeting held on 28th July, 2014, approved payment of commission on profits to Non – Executive Directors up to a limit of 3% of the net profit of the Company calculated in accordance with the provisions of the Companies Act, 2013. The Board of Directors is authorized, within this limit, to decide the quantum and the recipients for such payment.

The Commission to Non – Executive Directors for 2020-21 is Rs. 8.100 Mn. The details are as follows:

Mr. Berjis Desai Rs. 2.250 Mn , Ms. Parimal Chaudhari Rs. 1.750 Mn., Mr. Sivaramakrishnan S. Iyer Rs. 2.000 Mn, Ms. Mrunalini Joshi Rs.0.600 Mn, Dr. Shridhar Shukla Rs. 0.750 Mn and Mr. Suhas Baxi Rs. 0.750 Mn

The Non-Executive Directors have no pecuniary relationship or transaction with the Company other than commission paid to them.

6. Other Committee Meetings :

6.1 Stakeholders' Relationship Committee:

a. Composition:

As on 31st March, 2021, the Stakeholders' Relationship Committee of the Board comprises of three Directors namely Mr. Sivaramakrishnan S. Iyer, Non- Executive Independent Director (Chairman of the Committee), Mr. Sachin Raole, Executive Director and Ms. Parimal Chaudhari Non-Executive Non-Independent Director.

b. Name and Designation of Compliance Officer:

Mr. Dattatraya Nimbolkar, Chief Internal Auditor & Company Secretary acts as a Compliance Officer.

c. Number of Complaints :

The Company has not received any complaint from shareholders during the year 2020-21.

d. Meetings:

This Committee met four times during the year ended 31st March, 2021. The dates are – 26th May, 13th August, 4th November in the calendar year 2020 and 4th February in the calendar year 2021.

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

Name of Director	No. of Meetings entitled to attend	Meetings attended
Mr. Sivaramakrishnan S. Iyer	4	4
Ms. Parimal Chaudhari	4	4
Mr. Sachin Raole	4	4

6.2 Corporate Social Responsibility Committee:

a. Terms of Reference :

The Committee was constituted at the Board Meeting held on 25th October, 2013 to;

i. Formulate and recommend to the Board, a Corporate Social Responsibility Policy indicating the activities to be undertaken by the Company as specified in Schedule VII.

ii. Recommend the amount of expenditure to be incurred on the activities referred to in clause (i).

iii. Monitor the Corporate Social Responsibility Policy of the Company from time to time.

b. Composition:

As on 31st March, 2021, the Corporate Social Responsibility Committee of the Board comprises of three Directors namely Ms. Parimal Chaudhari (Non-Executive Non-Independent Director, Chairperson of the Committee), Mr. Sivaramakrishnan Iyer (Non-Executive, Independent Director) and Ms. Mrunalini Joshi (Non-Executive – Independent Director)

c. Meetings:

The Committee met two times i.e. on 26th May in the Calendar year 2020 and 4th February in the calendar year 2021.

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

Name of Director	No. of Meetings entitled to attend	Meetings attended
Ms. Parimal Chaudhari	2	2
Mr. Sivaramakrishnan S. Iyer	2	2
Ms. Mrunalini Joshi	2	2

6.3. Share Transfer Committee:

a. Composition:

As on 31st March, 2021, the Share Transfer committee of the Board comprises of three Directors namely Mr. Sachin Raole (Executive Director, Chairman of the Committee), Ms. Parimal Chaudhari (Non-Executive Non-Independent Director) and Mr. Sivaramakrishnan Iyer (Non-Executive, Independent Director)

b. Meetings:

This Committee met three times during the year ended 31st March, 2021. The dates are- 6th October, 4th November in the calendar year 2020 and 4th February in the calendar year 2021.

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

Name of Director	No. of Meetings entitled to attend	Meetings attended
Mr. Sachin Raole	3	3
Ms. Parimal Chaudhari	3	3
Mr. Sivaramakrishnan S. Iyer	3	2

6.4 Compensation & Share Allotment Committee :

a. Composition:

As on 31st March, 2021, the Compensation & Share Allotment Committee of the Board comprises of Five (5) Directors namely, Mr. Sachin Raole (Executive Director, Chairman of the Committee), Dr. Pramod Chaudhari (Executive Chairman), Mr. Berjis Desai (Non-Executive Independent Director), Ms. Mrunalini Joshi (Non-Executive -Independent Director), and Mr. Suhas Baxi (Non-Executive -Independent Director).

b. Meetings:

This Committee met seven (7) times during the year ended 31st March, 2021. The dates are –26th May, 22th June, 13th August, 4th November and 8th December in the calendar year 2020 and 4th February and 3rd March in the calendar year 2021.

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

Name of Director	No. of Meetings entitled to attend	Meetings attended
Mr. Sachin Raole	7	7
Dr. Pramod Chaudhari	7	7
Mr. Berjis Desai	7	4
Ms. Mrunalini Joshi	7	5
Mr. Suhas Baxi	7	5

7. General Body Meetings:

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

Year	Venue	Date & Time	Special Resolutions passed
2019-20	Through video conferencing	18th September, 2020 at 10.00 a.m.	i. Re-appointment of Ms. Mrunalini Joshi as an Independent Director for a further period of three years.
2018-19	"Praj Tower", S. No. 274 & 275/2, Bhumkar Chowk-Hinjewadi Road, Hinjewadi, Pune – 411 057	23rd July, 2019 at 10.00 a. m.	i. Extension of appointment of Executive Chairman beyond the age of 70 years. ii. Re-appointment of Mr. Berjis Desai as an Independent Director for a further period of five years. iii. Re-appointment of Mr. Sivaramakrishnan S Iyer as an Independent Director for a further period of five years.
2017-18	"Praj Tower", S.No. 274 & 275/2, Bhumkar Chowk-Hinjewadi Road, Hinjewadi, Pune – 411 057	6th August, 2018 10.00 a.m.	Nil

No Special Resolution was passed through postal ballot during the year 2020-21.

8. Means of Communication:

a) The quarterly / half – yearly financial results: Quarterly / half yearly financial results are published in widely circulating dailies such as Loksatta, Financial Express.

b) 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.

c) Website: The Company's website www.praj.net contains a dedicated section "Investors' Lounge" where information for shareholders is available. The Annual Reports of the Company are also available on the website in a downloadable form.

d) Annual Report: Annual Report containing, inter alia, Audited Financial Statements , Consolidated Financial Statements, Directors' Report, Auditors' Report and other important information is circulated to members and others entitled thereto. The Management Discussion and Analysis (MDA) Report forms part of the Annual Report. The quarterly / half – yearly un-audited financial results and official news releases are displayed on the Company's website.

9. General Shareholder Information :

Annual General Meeting:

Date & Time	:	Wednesday, the 11th August, 2021.
Venue	:	At Pune, through video conferencing
Financial Year	:	1st April, 2020 to 31st March, 2021
Dividend Payment Date	:	By 31st August, 2021

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

National Stock Exchange Ltd. (NSE)	
Stock Code	PRAJIND Plot no. C/1, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051
BSE Ltd.	
Stock Code	522205 Phiroze Jeejeebhoy Towers, 25th Floor, Dalal Street, Mumbai – 400 001
ISIN with NSDL & CDSL	INE074A01025
Company Identification Number (CIN)	L27101PN1985PLC038031

The Annual Listing Fees for 2021-2022 have been paid to both the Stock Exchanges.

Financial Calendar

For the year ended 31st March, 2021 quarterly results were announced on:

Results for the quarter ended June 2020	13th August, 2020
Results for the quarter ended September 2020	4th November, 2020
Results for the quarter ended December 2020	4th February, 2021
Results for financial year ended March 2021	6th May, 2021

For the year ended 31st March, 2022, the tentative announcement dates are:

Results for the quarter ending June 2021	Second week of August 2021
Results for the quarter ending September 2021	Second week of November 2021
Results for the quarter ending December 2021	Second week of February 2022
Results for last quarter ending March 2022	Second week of May 2022

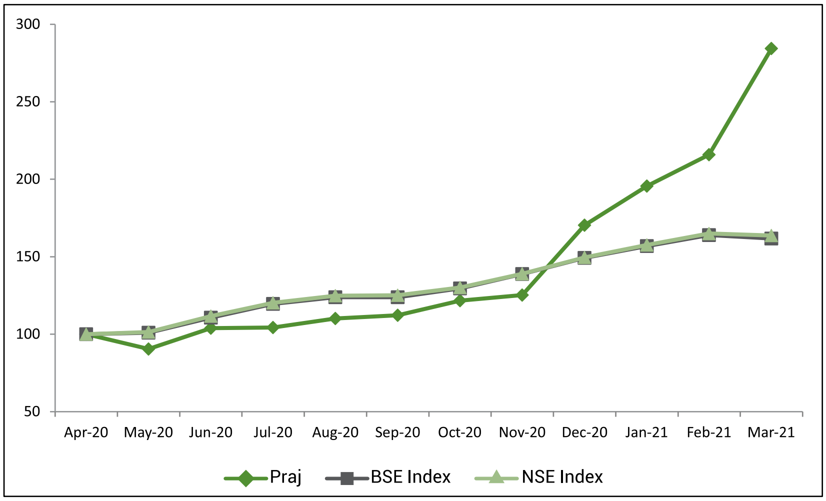
Stock Market Price Data

Monthly high / low during the year 2020– 2021 on BSE & NSE:

Month	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April 2020	71.70	52.60	71.80	52.50
May 2020	60.20	52.70	60.25	52.50
June 2020	72.50	58.30	72.50	59.00
July 2020	71.40	59.50	71.35	59.30
August 2020	78.50	58.65	77.75	58.55
September 2020	77.90	63.55	77.90	63.50
October 2020	81.30	70.50	81.40	70.50
November 2020	89.25	72.10	89.30	72.55
December 2020	120.95	87.20	121.00	87.10
January 2021	134.80	110.25	134.95	110.00
February 2021	173.00	113.10	173.00	113.05
March 2021	201.00	151.55	200.70	151.85

(Source: This information is compiled from the data available from the websites of BSE and NSE)

PERFORMANCE AND COMPARISON TO BROAD BASED INDICES SUCH AS BSE SENSEX, NSE INDEX



Investor Services:

Share Transfer Agent
Link Intime India Private Limited.
Block No. 202, 2nd Floor, Akshay Complex
Off Dhole Patil Road, Pune - 411 001
Tel. : (020) – 26160084, 26161629 Telefax : 020 - 26163503

Share Transfer system

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

The members holding shares in electronic mode should address their correspondence to their respective Depository Participant regarding change of address, change of bank account mandate and nomination.

Investor Help – desk

Share transfers and all other investor related activities are attended to and processed at the office of our R & T Agents viz. Link Intime India Private Limited.

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

Dividend

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

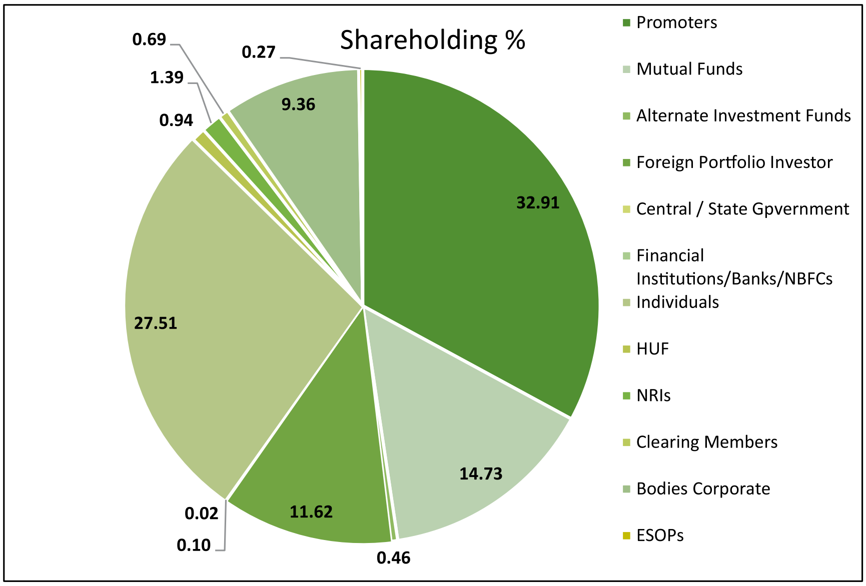
Distribution of shareholding as on 31st March, 2021

Shares range	Shareholders	Percentage	Total Shares for the range	Percentage
1 - 1000	95,031	93.55	15797084	8.62
1001 - 2000	3400	3.35	5241359	2.86
2001 - 3000	953	0.94	2417108	1.32
3001 - 4000	498	0.49	1790309	0.98
4001 - 5000	386	0.38	1813629	0.99
5001 - 10000	637	0.62	4687098	2.56
10001 and above	678	0.67	151482317	82.67
Total	**101,583**	**100.00**	**183228904**	**100.00**

Shareholding Pattern as on 31st March, 2021

	31/03/2021		31/03/2020	
Category	**No. Of shares of Rs. 2/- each**	**% of holding**	**No. Of shares of Rs. 2/- each**	**% of holding**
Promoters Holding	**60,300,000**		60,300,000	32.92
Total (A)	**60,300,000**	**32.91**	**60,300,000**	**32.92**
Non – Promoter Holding				
Mutual Funds	**26,988,246**	**14.73**	27,235,664	14.87
Alternate Investment Funds	**840,787**	**0.46**	2,240,729	1.22
Foreign Portfolio Investor	**21,290,150**	**11.62**	23,363,116	12.75
Central Government/ State Government	**187,810**	**0.10**	171,455	0.09
Financial Institutions/ Banks/NBFCs	**40,105**	**0.02**	782,759	0.43
Individuals	**50,397,856**	**27.51**	45,181,626	24.67
Trusts	**3,100**	—	3,100	--
Hindu Undivided Family	**1,716,221**	**0.94**	1,598,089	0.87
Non-Resident Indians	**2,545,857**	**1.39**	2,063,447	1.13
Clearing Members	**1,260,198**	**0.69**	549,604	0.30
Bodies Corporate	**17,165,521**	**9.36**	18,485,889	10.09
Trustee Employees	**Nil**	—	478,000	0.26
ESOP	**493,053**	**0.27**	706,582	0.39
Total (B)	**122,928,904**	**67.09**	**122,860,060**	**67.08**
Total (A) + (B)	**183,228,904**	**100**	**183,160,060**	**100**

Pie chart regarding shareholding pattern:



Dematerialisation of Shares and Liquidity:

As on 31st March, 2021, 99.89% of shareholding was held in dematerialized form with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL).

Physical and Demat Shares:

	As on 31st March, 2021	%
No. of Shares held by NSDL	97,353,905	53.13
No. of Shares held by CDSL	85,678,139	46.76
Physical Shares	196,860	0.11
Total	**183,228,904**	**100.00**

Unclaimed Dividend:

Members may please note that pursuant to Section 124 of the Companies Act, 2013, the dividend remaining unpaid or unclaimed for a period of seven years from the date of transfer to Unpaid Dividend Account of the Company will be transferred to the Investor Education and Protection Fund (IEPF) set up by Government of India.

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
2013-14	Final Dividend 2013-14	28/07/2014	01/09/2021
2014-15	Dividend 2014-15	06/08/2015	10/09/2022
2015-16	Interim Dividend 2015-16	12/03/2016	17/04/2023
2016-17	Dividend 2016-17	11/08/2017	15/09/2024
2017-18	Dividend 2017-18	06/08/2018	10/09/2025
2017-18	Dividend 2017-18	06/08/2018	10/10/2025
2018-19	Interim Dividend 2018-19	28/01/2019	04/03/2026
	Final Dividend 2018-19	22/07/2019	27/08/2026
2019-20	Interim Dividend 2019-20	05/03/2020	10/04/2027

Plant Locations:

The Company has its manufacturing facilities at the following places;

1. S. No. 748, Sanaswadi, Pune- 412 307, Maharashtra, India.
2. Praj Matrix R & D Center, Division of Praj Industries Ltd., 402/403/1098, Urawade, At. Pirangut, Tal. Mulshi, Dist. Pune 412115. India.
3. Kandla SEZ Unit I Plot No 307 to 314 and Unit II at Plot No. 282 to 286 and 294 to 298, Sector IV Gandhidham, Kutch, 370230, Gujrat, India.

Address for correspondence:

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

10. Other Disclosures:

a. Materially significant Related Party Transactions:

There were no materially significant related party transactions which could have had potential conflict with the interests of the Company. Transactions with related parties are entered into by the Company in the normal course of business and at arm's length. The details of transactions are periodically placed before the Audit Committee for review and approval. Members may refer to the notes to the accounts for details of related party transactions.

The Board of Directors of the Company has, on the recommendation of the Audit Committee, adopted a policy to regulate transactions between the Company and its Related Parties, in compliance with the applicable provisions of the Companies Act, 2013 read with the Rules framed there under including the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. The policy has been placed on the website of the Company at https://praj.net/wp-content/uploads/2018/01/praj-policy-on-related-party-transactions.pdf

b. Statutory compliance, Penalties and Strictures:

There has not been any non – compliance, penalties or strictures imposed on the Company by the Stock Exchanges, or any other statutory authority on any matter relating to the Capital Market during the last three years, except fine of Rs. 10,000/- each paid to BSE Ltd. and National Stock Exchange of India Ltd. regarding violation of regulation 29 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 during F.Y. 2018-19.

c. Vigil mechanism/ Whistle Blower Policy :-

In accordance with requirement of Companies Act,2013 as well as SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and further amendments made thereto a vigil mechanism/Whistle Blower Policy has been adopted by the Board of Directors and accordingly a whistle blower policy has been formulated with a view to provide a mechanism for employees of the Company to approach the Audit Committee of the Company to report any grievance. No person has been denied access to the Audit Committee.

e. Details of Compliance with mandatory requirements and adoption of Non- Mandatory Requirements :

The Company has complied with the applicable mandatory requirements of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and further amendments thereto.

The Company has adopted following non-mandatory requirements as specified in Part E of Schedule II of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015;

i. Shareholders' Rights:

The financial results are published in the Loksatta and Financial Express and are also displayed on the Company's website as well as the websites of the Stock Exchanges on which the Company's shares are listed and therefore, have not been separately circulated to the shareholders.

ii. **Modified Opinion(s) in Audit Report :**

During the year under review, there was no audit qualification in the Auditors' Report on the Company's Financial Statements.

Details of fees paid to P.G. Bhagwat, LLP, Statutory Auditors of the Company for the financial year 2020-21 are as follows:

Audit Fees	Rs 3.60 Mn.
Taxation Services	Rs. 0.65 Mn.
Others	Rs. 0.10 Mn.
Total	**Rs 4.35 Mn.**

iii. **Separate posts of Chairperson and Chief Executive Officer :**

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

iv. **Reporting of Internal Auditor :**

Internal Auditor directly reports to the Audit Committee.

v. **Retirement Guidelines:**

Executive Directors will retire at the age of 65 years and Non – Executive Directors at the age of 70 years.

However, the Board is at liberty to grant extensions according to which, the term of office of Dr. Pramod Chaudhari, Executive Chairman is extended despite his crossing the age of 65 years which is well within the maximum age limit prescribed under Section 196 (3)(a) of the Companies Act, 2013.

e. **Web link where policy for determining 'material' subsidiaries is disclosed:**

The policy for determining 'material' subsidiaries is disclosed on at https://praj.net/wp-content/uploads/2018/01/policy-on-material-subsidiary.pdf

f. **web link where policy on dealing with related party transactions is disclosed:**

The policy on dealing with related party transactions is disclosed on at https://praj.net/wp-content/uploads/2018/01/praj-policy-on-related-party-transactions.pdf

g. **Disclosure of Commodity price risks and commodity hedging activities:**

The principal raw material of the Company is Steel. It is procured from the domestic as well as overseas suppliers. Some of the other raw materials are also procured from the overseas markets. The Company has got appropriate mechanism to deal with fluctuation in material prices.

h) **Prevention of Sexual Harassment :**

The Company has in place Prevention of Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

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

The following is a summary of Sexual Harassment Complaints received and disposed during Financial Year 2020/21, under the aforesaid Act:

No. of Complaints received : Nil.

No. of Complaints disposed of : Not applicable.

No. of Complaints pending : Nil.

11. Code of Conduct:

With reference to SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018, the Board has approved revised Code of Conduct for monitoring and regulating insider trading. The Code is posted on Company's website; https://praj.net/wp-content/uploads/2018/01/praj-code-of-conduct-for-board-and-senior-management.pdf

The Board members and Senior Management Personnel have affirmed compliance with the Code. A declaration to that effect signed by Mr. Shishir Joshipura, CEO & Managing Director and Mr. Sachin Raole, CFO & Director Finance & Commercial forms part of this Report.

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

As per the requirement of Regulation 17(8) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, read with the FAQs dtd. January 8, 2016, issued by SEBI, a Certificate, duly signed by CEO and CFO of the Company, was placed at the Board Meeting of the Company held on 17th June, 2021 and the same forms part of this report.

13. The Company has complied with all the requirements of Corporate Governance Report of sub-paras (2) to (10)

14. Certificate on Corporate Governance:

The Company has obtained a Certificate from Mr. Vikas Khare, Partner, KANJ & Co. LLP, regarding Compliance of conditions of Corporate Governance as stipulated in Regulation 15(2) read with Clause C of Schedule V of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and the same forms part of this Report.

CERTIFICATE OF COMPLIANCE WITH THE CORPORATE GOVERNANCE REQUIREMENTS

To,
The Board of Directors
Praj Industries Limited
Pune

Dear Sir/Madam,

This is to certify that;

A. We have reviewed financial statements and the cash flow statement for the year ended on 31st March, 2021 and that to the best of our knowledge and belief:

   (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.

   (2) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B. There are, to the best of our knowledge and belief, no transactions entered into by the listed entity during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the listed entity pertaining to financial reporting and we have disclosed to the auditors and the audit committee, that there were no deficiencies in the design or operation of such internal controls of which we are aware.

D. We have indicated to the auditors and the Audit Committee;

   (1) that there were no significant changes in internal control over financial reporting during the year;

   (2) that there were no significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

   (3) that there were no instances of significant fraud of which we have become aware and the involvement therein, of the management or an employee having a significant role in Company's internal control system over financial reporting.

FOR **PRAJ INDUSTRIES LIMITED**

SHISHIR JOSHIPURA
CEO and MANAGING DIRECTOR

SACHIN RAOLE
CFO and DIRECTOR –
FINANCE & COMMERCIAL

Date : 17th June, 2021
Place : Pune

CERTIFICATE OF COMPLIANCE WITH THE CORPORATE GOVERNANCE REQUIREMENTS

(As per clause C of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with regulation 34(3) of the said Listing Regulations).

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

We have examined the compliance of conditions of Corporate Governance by Praj Industries Limited ("the Company") for the year ended on 31st March,2021, as referred to in regulation 15(2) read with clause C of Schedule V read with regulation 34(3) of the said Listing Regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended (Hereinafter, collectively referred to as the Listing Regulations).

I have examined the compliance by the Company of the requirements under Listing Regulations, for the year ended 31st March,2021.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance.

In our opinion, and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations.

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

For **KANJ & CO LLP**
Company Secretaries

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

Pune, dated 17th June 2021

UDIN: F003541C000478433

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

Secretarial compliance report of Praj Industries Limited for the year ended 31st March 2021

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

I, Vikas Y. Khare, Designated Partner of KANJ & Co. LLP, have examined

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

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

c. website of the listed entity,

d. any other document/ filing, as may be relevant, which has been relied upon to make this certification,

for the year ended 31st March 2021 ("Review Period") in respect of compliance with the provisions of:

a. the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and

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

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

a. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

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

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

d. Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018. The Company cancelled proposed buyback of shares due to Covid Pandemic. Therefore, the provisions of the regulations mentioned in this para were not applicable during the year under review.

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

f. Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not Applicable to the listed entity during the year under review)

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

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

i. Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act, 2013 and dealing with the client;

and other regulations as applicable and circulars/ guidelines issued thereunder,

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

a. The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder.

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

c. No actions taken against the listed entity/ its promoters/ directors/ material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI / through various circulars) under the aforesaid Acts/ Regulations and circulars/ guidelines issued thereunder.

d. The listed entity has taken the following actions to comply with the observations made in previous reports: Not Applicable

For **KANJ & CO LLP**
Company Secretaries

Vikas Khare
Partner
FCS No.: 3541 C P No.: 2107
Place: Pune, Date:17th June 2021
UDIN: F003541C000478400

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

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Praj Industries Limited having CIN L27101PN1985PLC038031 and having registered office at S. No. 274 and 275/2, Bhumkar Chowk-Hinjewadi Road, Hinjewadi, Pune 411 057 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities and Exchange Board of India (Listing Obligations' and Disclosure Requirements) Regulations, 2015. In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2021 have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No	DIN	Name	Begin date
1	196415	Pramod Madhukar Chaudhari	08-11-1985
2	153675	Berjis Minoo Desai	27-08-1993
3	503487	Sivaramakrishnan Srinivasan Iyer	17-04-2003
4	724911	Parimal Pramod Chaudhari	05-06-2007
5	431438	Sachin Vinayak Raole	16-01-2017
6	957617	Mrunalini Harish Joshi	11-08-2017
7	574970	Shishir Joshipura	02-04-2018
8	7607	Shridhar Bhalchandra Shukla	12-04-2018
9	649689	Suhas Gangadhar Baxi	08-08-2019

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **KANJ & CO. LLP**
Company Secretaries

Vikas Y. Khare
Designated Partner
Membership No: FCS- 3541 CP No: 2107
Pune, 17th June 2021
UDIN: F003541C000478433

ANNEXURE 4
ESOP DISCLOSURE

Statement as on 31st March, 2021 for Employee Stock Option Scheme 2011 as required under Regulation 14 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

Sr. No.	Particulars		ESOP 2011
1	Date of Meeting		Annual General Meeting held on 22/07/2011
2	Total number of options approved under the Scheme		92,38,936
3	Vesting requirements		1 to 4 years
4	Exercise price or pricing formula		27th Sept., 2017 Rs. 50/- 15th Dec, 2018 Rs. 50/- 15th Jan.2019, Rs 70/- 28th Jan., 2019 Rs.70/-
5	Source of shares		Primary
6	Variation in terms of options		Nil
7	Options movement during the year		
	i.	Number of Options outstanding at the beginning of the year	1,827,308
	ii.	Number of Options granted during the year	Nil
	iii.	Number of Options forfeited / cancelled/ lapsed during the year	13,05,000
	iv.	Number of Options exercised during the year	68,844
	v.	Number of shares arising as a result of exercise of options	68,844
	vi.	Money realised by exercise of options during the year	3.44 Mn
	vii.	Number of Options outstanding at the end of the year	4,53,464
	viii.	Number of Options exercisable at the end of the year	4,53,464
8	Employee wise details of options granted to:		
	i.	Key Managerial Personnel	
		1. Mr. Shishir Joshipura, CEO & Managing Director	1,00,000
		2. Mr. Sachin Raole, CFO and Director Finance & Commercial	1,00,000
	ii.	Any other employee who receives a grant in any one year of option amounting to 5% or more of options granted during that year	None
	iii.	Identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	None
9		Weighted average fair value of options as on the date of grant	27th Sept., 2017 Rs. 24.96 15th Dec., 2018 Rs. 59.41 15th Jan., 2019 Rs. 89.90 28th Jan., 2019 Rs. 61.86
10		Method used for calculating fair value of options	Black Scholes Option pricing model

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

- The price of the underlying instrument follows a geometric Brownian motion with constant drift and volatility, and the prices changes are log-normally distributed;
- It is possible to short sell the underlying stock.
- There are no arbitrage opportunities.
- Trading in the stock is continuous.
- There are no transaction costs or taxes.
- All securities are perfectly divisible (e.g. it is possible to buy any fraction of a share).
- It is possible to borrow and lend cash at a constant risk-free interest rate.

Following variables are used in the calculation of Black-Scholes model:

- Volatility
- Risk free interest rate
- Expected option life
- Expected dividend yield
- Market price and
- Exercise price

Except for dividend yield and exercise price all variables have direct impact on option value as derived using Black-Scholes model.

As per IND AS 102, fair value of an option estimated at the grant date shall not be subsequently adjusted for changes in the price of the underlying stock or its volatility, the life of the option, dividends on the stock, or the risk-free interest rate etc.

ANNEXURE 5

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH 2021

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

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

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Praj Industries Limited (hereinafter called the company). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information, including copies of the scan documents or soft documents, in view of lockdown due to Covid-19 pandemic which continued during financial year 2020-21, provided by the company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March 2021, subject to our specific observations, if any, substantially complied with the statutory provisions listed hereunder and also that the company has proper board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed, and other records maintained by the Company for the financial year ended on 31st March 2021 according to the provisions of:

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

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

iii. The Depositories Act, 1996 and the Regulations and byelaws framed thereunder;

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

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

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

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

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

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

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

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

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

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

ix. The following other law as applicable specifically to the company, which includes the Narcotic Drugs and Psychotropic Substances Act, 1985. Due to lockdown in force, we could not check compliances of the Atomic Energy Act, 1962 as applicable specifically to the company.

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

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

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

During the period under review the Company has substantially complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above. It was informed to us that in respect of the forms which were filed beyond the stipulated time during FY 2020-21, the company will be filing form CFSS 2020 pursuant to Companies Fresh Start Scheme 2020 for the forms covered in the said scheme.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. In the 34th Annual General meeting held on 18th September 2020 Mrs. Parimal Chaudhari, (DIN-00724911) representing Woman Director in category of Non-Executive Director retired by rotation and was reappointed in the same class and category and Mrs. Mrunalini Joshi (DIN-00957617) have been re-appointed as an Independent Director for the second term for a further period of 3 (three) with effect from 11th August 2020.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and as explained to us, a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meeting all the decisions were taken unanimously in as much as there were no dissenting views appearing in the minutes of the meetings.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period as per the information provided and to the best of our knowledge there were no specific events / actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, and the Secretarial Standards.

For **KANJ & Co LLP**
Company Secretaries

Vikas Y. Khare
FCS No. 3541
C P No.: 2107

Place: Pune

Date: 17th June 2021

UDIN: F003541C000478389

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

Our report of even date provided in Form MR-3 to Praj Industries Limited (the company) for the year ended on 31st March 2021 is to be read along with this letter.

1. Maintenance of Secretarial records and complying with the provisions of the various laws as applicable including the laws specifically applicable to the company is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records and legal compliances based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain responsible assurance about the correctness of the contents of secretarial records and the records of legal compliances. The verification was done on test basis to ensure that correct facts are reflected in secretarial and other relevant records. We believe that the processes and practices, we follow provide a responsible basis for our opinion.
3. We are not required to verify the correctness and appropriateness of financial records and books of accounts of the company as it is part of financial audit as per the provisions of the Companies Act, 2013 and we have relied upon audited accounts.
4. Wherever required, we have obtained the management representation about the practices followed, compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provision of corporate and other applicable laws, rules, regulations, secretarial standards is the responsibility of management. Our examination was limited to verification of procedures on test basis.
6. The secretarial audit report is neither an assurance as to the future viability of the company nor the efficacy or effectiveness with which the management has conducted the affairs of the company.

For **KANJ & Co LLP**
Company Secretaries

Vikas Y. Khare
Partner,
FCS No. 3541
C P No.: 2107
UDIN: F003541C000478389

Place: Pune
Date: 17th June 2021

ANNEXURE 6

Notes forming part of the Consolidated financial statements for the year ended 31 March 2021

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

SALIENT FEATURES OF FINANCIAL STATEMENTS OF SUBSIDIARIES PURSUANT TO SECTION 129 (3) READ WITH RULE 5 OF COMPANIES (ACCOUNTS) RULES, 2014

1	NAME OF THE SUBSIDIARY COMPANY	Praj Far East Philippinnes Ltd., The Philippinnes	Praj Industries (Africa) (Pty.) Limited, South Africa	Praj Americas Inc. USA	Praj Far East Co., Ltd. Thailand	Praj HiPurity Systems Limited, India.	Praj Engineering and Infra Limited, India
2	FINANCIAL PERIOD OF THE SUBSIDIARY ENDED ON	31-03-2021	31-03-2021	31-03-2021	31-03-2021	31-03-2021	31-03-2021
3	% OF SHAREHOLDING	100% of Equity Capital	100% of Equity Capital	100% of Equity Capital	100% of Equity Capital	100% of Equity Capital	99.65% of Equity Capital
4	SHARE CAPITAL	11.167	104.558	9.281	12.519	50.000	3.098
5	RESERVES AND SURPLUS	13.326	(96.380)	(4.419)	9.132	992.728	116.879
6	TOTAL ASSETS	47.851	8.178	11.121	36.618	1677.878	490.499
7	TOTAL LIABILITIES (EXCLUDING SHARE CAPITAL AND OTHER EQUITY)	23.358	0.000	6.261	14.970	635.148	370.112
8	INVESTMENTS	NIL	NIL	NIL	NIL	150.000	22.513
9	TURNOVER	38.208	-	49.305	80.352	1641.855	467.272
10	PROFIT /(LOSS)FOR THE CURRENT YEAR (BEFORE TAXES)	21.942	0.000	(4.148)	10.951	136.865	48.328
11	PROVISION FOR TAXATION (INCLUDING DEFERRED TAXES)	6.650	-	-	2.285	54.357	14.644
12	PROFIT /(LOSS)FOR THE CURRENT YEAR (AFTER TAXES)	15.292	0.000	(4.148)	8.666	82.508	33.684
12	OTHER COMPREHENSIVE INCOME	0.364	1.164	(0.230)	(0.106)	0.006	0.070
13	TOTAL COMPREHENSIVE INCOME	15.656	1.164	(4.378)	8.560	82.514	33.636
14	ORIGINAL CURRENCY	PESO	ZAR	US DOLLAR	THAI BAHT	INR	INR
15	EXCHANGE RATE AS ON 31 ST MARCH 2021 IN INR-CLOSING RATE	1.5065	4.9531	74.0400	2.3418	1.00	1.00
16	EXCHANGE RATE FROM 1 ST APRIL 2020 TO 31 ST MARCH 2021 IN INR-AVERAGE RATE	1.5165	4.5723	74.2063	2.3960	1.00	1.00

Dr. Pramod Chaudhari
Executive Chairman
(DIN : 00196415)

Shishir Joshipura
CEO and Managing Director
(DIN : 00574970)

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

Place: Pune
Date: 06 May 2021

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

ANNEXURE 7
Nomination & Remuneration Policy

The Board of Directors of Praj Industries Limited ("the Company"), in view of enforcement of Companies Act, 2013 read with rules framed there under and amendment to Clause 49 of the Listing Agreement, re-designated the Remuneration Committee as "Nomination and Remuneration Committee" at the Meeting held on May 26, 2014 with immediate effect.

Further, this policy stands amended pursuant to Regulation 19(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 which have came into effect from 1st December, 2015.

The Nomination and Remuneration Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Regulation 19(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as may be amended from time to time.

1. DEFINITIONS

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

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

c) "Senior Management" shall mean personnel of the Company (which include persons engaged as retainer or on contractual basis) who are members of its core management team excluding Board of Directors, comprising all members of management one level below the Executive Directors i.e. Level L4. Also any appointment or cessation of the functional head, shall be placed for noting by the Nomination & Remuneration Committee.

Explanation 1: - In case of any dispute whether a person is member of Senior Management or not, decision of concerned Executive Director shall be final.

Explanation 2: Considering the criticality of a particular function, even if a person is not covered in the above definition, the Chairman will have discretion to treat him/ her as member of Senior Management for the purpose of this Policy.

Explanation 3: The term "Functional Head" shall mean the person, other than those in Level L4 and includes a person who is in an independent charge of any function.

d) The words and definitions not described herein above shall have the respective meanings under the Acts and legislations governing the same.

2. TERMS OF REFERENCE/ROLE OF COMMITTEE

The Terms of Reference of the Committee shall be:

a) To identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down, recommend to the Board their appointment and removal and to carry out evaluation of every Director's performance.

b) To ensure that the level and composition of remuneration is reasonable and is sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully.

c) To ensure that relationship of remuneration to performance in respect of Directors, Key Managerial Personnel and employees of Senior Management is clear and meets appropriate performance benchmarks;

d) To ensure that remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and variable pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals:

e) To formulate the criteria for determining qualifications of Directors, Key Managerial Personnel and employees of Senior Management, and also to determine criteria for positive attributes and independence of Directors.

f) To formulate criteria for evaluation of every Director including Independent Director and the Board.

g) To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation by the Board.

h) To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and employees of Senior Management.

i) To provide to Key Managerial Personnel and Senior Management, reward linked directly to their efforts, performance, dedication and achievement relating to the Company's operations.

j) To devise a policy on Board diversity from time to time.

k) To develop a succession plan for the Board and to regularly review the plan;

3. RETIREMENT AGE OF DIRECTORS, KMP AND SENIOR MANAGEMENT PERSONNEL

The KMP and Senior Management Personnel shall retire as per the prevailing HR policy of the Company.

As decided by the Board of Directors in its meeting held on 24.05.2011 the retirement age for Executive Directors shall be 65 years and for Non-Executive Directors shall be 70 years. The Board of Directors shall be at liberty to grant any extension as and when required on case to case basis.

4. STATUTORY POWERS OF THE COMMITTEE

a) The Committee shall have a power to express opinion whether the Director possesses the requisite qualification for the practice of the profession, when remuneration is proposed to be paid for the services to be rendered in any other capacity and such services to be rendered are of a professional nature.

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

5. COMPOSITION OF COMMITTEE

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

6. CHAIRPERSON

a) The Chairperson of the Committee shall be an Independent Director.

b) In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one of the Independent Directors amongst them to act as Chairperson.

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

7. MISCELLENEOUS

a) A member of the Committee is not entitled to be present when his or her own or his or her relative(s) remuneration is discussed at a meeting or when his or her or his or her relative(s) performance is being evaluated.

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

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

ANNEXURE 8

Information as per Section 197 (12) of the Companies Act 2013 read with Companies (Particulars of Employees) Amendment Rules, 2014

Sr No	Employe Name	Designation	Gross Remuneration (Rs. Mn)	Nature of Employment	Qualification	Total Experience	Date of Commencement	Age	Last Employment held
1	Dr. Pramod Chaudhari	Executive Chiarman	47.036	Contractual	B. Tech. (Mech)	48	8th November 1985	71	Rapicut Carbides Ltd
2	Shishir Joshipura	CEO and MD	32.227	Contractual	B.E. (Mech)	38	2nd April 2018	59	SKF India Ltd
3	Sachin Raole	CFO and Director- Finance & Commercial	13.097	Contractual	B.Com. ACA, ACMA	27	14th July 2016	50	RPG Life Sciences Ltd
4	Sanjay Sapru	Executive Vice President	16.546	Regular	B.E. (Mech)	26	20th November 2014	49	SAB Miller India Ltd
5	Ghanashyam Deshpande	President	10.382	Contractual	M. E. (Chemical)	34	1st February 1990	57	Aker Solutions
6	S. Suresh Kumar	Executive Vice President	9.305	Regular	B. Tech. (Mech)	34	13th May 2011	57	MARG Ltd.
7	Dr. Pramod Kumbhar	President	9.680	Regular	M. E. (Chemical), Ph.D. in Chemical Engineering	29	5th July 2012	57	SI Group India Ltd.
8	Mallikarjun Navalgund	President	9.562	Contractual	B. Tech. (Chemical)	39	17th August 1987	62	Dhake Dyes & Chemicals Pvt Ltd
9	Atul Mulay	President	9.392	Contractual	DME. DMM	34	1st January 1985	57	N.A.
10	Sameer Kukade	President	8.094	Contractual	B. Com, Masters in Social Work, Diploma in HRD and Labour Laws	31	3rd September 2018	54	Lear Corporation

ANNEXURE 9
BUSINESS RESPONSIBILITY REPORT

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number (CIN) of the Company : L27101PN1985PLC038031
2. Name of the Company : Praj Industries Ltd.
3. Registered address : "Praj Tower", S.No. 274 & 275/2, Bhumkar Chowk- Hinjewadi Road, Hinjewadi, Pune – 411 057.
4. Website : www.praj.net
5. E-mail id : info@ praj.net
6. Financial Year reported : 01.04.2020- 31.03.2021
7. Sector(s) that the Company is engaged in (industrial activity code-wise) - Manufacture of other Special- Purpose Machinery n.e.c. NIC Code of the Product/ Service : 28299
8. Three key products/services that the Company manufactures/provides (as in Balance sheet)
   a. Bioenergy Plants - 1st and 2nd Generation ethanol and renewable bio-gas that can substitute fossil fuels and promote Sustainable Decarbonization through Circular Bio-Economy
   b. Engineering Businesses - Critical Process Equipment & Skids, Processes & Systems, Brewery Plants, Water and Wastewater Plants
   c. R&D
9. Total number of locations where business activity is undertaken by the Company
   a. Number of International Locations:

      During financial year 2020/21, Praj Industries Limited has undertaken business activity in 6 international locations. The major ones with construction/ erection/ commissioning/supervision activities are 3 in Thailand, 2 in Philippines and Office activities are in Houston, USA.
   b. Number of National Locations:

      Praj Industries Limited has business activity undertaken in 2 offices i.e. Corporate office in Pune , Praj HiPurity Systems Ltd office at Goregaon West, Mumbai , manufacturing activities in 4 factories , R&D in 2 Research Centers, 65 project sites , totaling to 73 national locations as on 31 March 2021. Largest two of its manufacturing facilities are located at following places;
      1. S. No. 748, Sanaswadi, Pune-412307, Maharashtra, India
      2. EOU at Kandla SEZ Unit I Plot No. 307 to 314 and Unit II at Plot No. 282 to 286 and 294 to 298, Sector IV Gandhidham, Kutch 370230, Gujarat, India.
10. Markets served by the Company – Local/State/National/International

    The Company serves both national and international markets.

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. Paid up Capital (INR Mn.) : 366.458
2. Total Turnover (INR Mn.) : 10885.370
3. Total Profit After Taxes and OCI (INR Mn.): 722.187
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of Profit Before Tax (%) : 2.5% of average Net Profits for last three financial years.
5. List of activities in which expenditure in 4 above has been incurred:-

   (a) ensuring environmental sustainability

   (b) eradicating hunger, poverty.

   (c) promoting preventive health care.

   (d) promoting education

   (e) promoting gender equality.

SECTION C: OTHER DETAILS

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

Yes. The Company has subsidiaries as on 31st March, 2021

2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s).

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

1. Praj HiPurity Systems Ltd., India
2. Praj Engineering & Infra Ltd., India
3. Praj Far East Co. Ltd., Thailand
4. Praj Far East Philippines Ltd Inc., The Philippines
5. Praj Americas Inc., USA.
6. Praj Industries (Africa) (Pty) Ltd., South Africa

3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]

Praj Industries Ltd. encourages its other entities/associates to participate in the BR initiatives of the Company. The percentage of the same is more than 60.

There are 1540 Suppliers /Transporters collectively addressed as Business partners. All are registered and issued the Code of Conduct for Suppliers. 963 have issued us undertaking / self-certification regarding critical labor, health , safety and other compliances and there are 573 suppliers who are evaluated and periodically re-evaluated as per Company standard.

Physical audits of suppliers at our site have commenced this year in a structured manner.

In addition, there are 148 business partners who have successfully undertaken Praj Green Certification that involves HSE Criteria. Further, there are more than 330 suppliers with ISO certified QMS, 132 suppliers that have ISO certified Environment Management Systems and 92 suppliers who have ISO certified Health and Safety Management Systems. Based on these records, number of business partners participating in BR initiatives of the company will score in excess of 60 %.

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for BR

   (a) Details of the Director/Director responsible for implementation of the BR policy/policies:

   1. Name : Mr. Sachin Raole
   2. DIN : 00431438
   3. Designation : CFO and Director – Finance & Commercial
   4. Telephone number : 020- 71802000
   5. e-mail id : sachinraole@praj.net

Principle-wise (as per the National Guidelines on Responsible Business Conduct, 2018) BR Policy/policies:

The National Guidelines on Social, Environmental and Economic Responsibilities of Business released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These are as follows:

P1	Business should conduct and govern themselves with Integrity in a manner that is Ethical, Transparent and Accountable.
P2	Businesses should provide goods and services in a manner that is safe and sustainable.
P3	Businesses should respect and promote the well-being of all employees, including in the value chain.
P4	Businesses should respect the interests of and be responsive towards all stakeholders.
P5	Businesses should respect and promote human rights.

P6	Business should respect and make efforts to protect and to restore the environment.
P7	Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transperant.
P8	Businesses should promote inclusive growth and equitable development.
P9	Businesses should engage with and provide value to their consumers in a responsible manner.

(a) Details of compliance (Reply in Y/N)

No.	Principle wise polices	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	Do you have a policy/ policies for respective principles?	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Y	Y	Y	Y	Y	Y	Y	Y	Y
About business responsibility policy The Board approved policies and Codes of Conduct cover the National Guidelines on Responsible Business Conduct, 2018 (NGRBC) besides all applicable national and international regulations as well as International Norms of Behavior. In addition, they reflect the purpose and intent of the international standards such as ISO 26000, GRI – Global Reporting Initiative, TfS –Together for Sustainability and RSB – Roundtable on Sustainable Bio Materials. The certification by Internal Standards Organization for ISO 9001, ISO 14001 and ISO 45001 and its updating is satisfactorily carried out over a period of decade. This demonstrates the seriousness of purpose behind the formation of the policies.										
4	Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5	Does the company have a specified Committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online.	http://www.praj.net/investorslounge/policies								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8	Does the company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

3. Governance related to BR

(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year

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

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

CEO/Board take care of any budgetary or policy needs that are necessary for the improvements planned.

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

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

The Company publishes Business Sustainability Report every year. The same can be accessed at www. praj.net.

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1 - Business should conduct and govern themselves with Ethics, Transparency and Accountability

1. Does the policy relating to ethics, bribery and corruption cover only the company? (yes/no). Does it extend to the Group/ Joint Ventures/ Suppliers/Contractors/NGOs /Others?

Yes. The Board approved Policies and Codes of Conduct serves as the ethical roadmap for all Praj Companies and Business Associates. All suppliers, partners and associates are expected to adopt and follow these Policies and Code of Conduct.

There is a separate compliance certificate taken from Supply Chain members. As on 31 March 2021 more than 85 % vendors have given the undertaking and acknowledged the receipt of Code of Conduct. Above includes business partners handled by individual plants / project site location and Admin at various offices and factories.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

There were no stake holder complaints during Financial Year 2020-21 related to Ethics, Transparency and Accountability.

Principle 2 - Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

Ethanol Plants, Brewery Plants, Compressed Bio- Gas plants, Water and Waste water plants

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

Sr No	Description of Impact on resource utilisation.	Ethanol Plants		Brewery Plants	
		Unit	Details for FY 2020-21	Unit	Details for FY 2020-21
1	Energy consumption – steam	kgs / litre of product	Up to 3.4	Kgs / Hectolitres of product	24.4
2	Energy consumption – electricity	kwh / litre of product	Up to 0.40	kwh / Hectolitres of product	8.6
3	Water consumption	Litres / litre of product	Up to 5.5	Litres / litre of product	1.9
4	Liquid effluent	Litres / litre of product	Nil	Litres / litre of product	3.4

3. Does the company have procedures in place for sustainable sourcing (including Transportation)? If yes, what percentage of your inputs was sourced sustainably? Also provide details thereof in about 50 words or so.

Yes

Praj considers Sustainable Sourcing as the integration of social, ethical and environmental performance factors into the process of selecting business partners. Praj considers that this restraint is needed to ensure that when we seek lower costs and greater production capacity, we do not expose ourselves to an ever wider array of risks. These risks include not only risk of supply disruption, cost volatility and compliance with local laws and regulations, but also in brand reputation. Praj therefore has made responsible sourcing an integral part of our procurement and supply chain management processes to understand and manage these risks.

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

The nature of Company's business is such that the sourcing has to be compulsorily done from supply chain partners with specific technical competencies and makes as specified by customers. However, where ever feasible, your Company ensures procurement of goods and services from local & small producers

(a) **If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

N.A

5. **Does the Company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as <5%, 5 to 10% and >10%). Also, provide details thereof, in about 50 words or so.**

   Recycling of waste arising in manufacturing process - Praj manufactures plants and machinery for bio-energy, chemical, water treatment, beer making industries. Equipment is mostly metallic and % of non-recyclable material is virtually nil. In the manufacturing process the scrap generation is under 6%. Scrap is sold to recycling vendors. The percentage of recycling of scrap is 100.

   Recycling of product - The product being plant and machinery, its life cycle could be in decades. Even then, the metal characteristics do not change and the entire product can be disintegrated and reused or converted in to metallic scrap and sold to recyclers. Here again the percentage of recycling of product at the end of its life cycle is 100.

Principle 3 -Businesses should promote the well-being of all employees

1. Total number of permanent employees: 940.
2. Total number of employees on temporary/contractual/casual basis: 435
3. Number of permanent women employees: 95
4. Number of permanent employees with disabilities : 5
5. Do you have an employee association that is recognized by management. : There is no employee association that is recognized by management
6. Percentage of permanent employees who are members of recognized employee association? Not Applicable
7. Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

   During the year, there were no cases of child labour/forced or labour/involuntary labour. No discriminatory employment was reported and no complaints were received for sexual harassment.
8. Following is the Percentage of employees who were given safety & skill up- gradation training in the last year

   (a) Permanent Employees Safety : 100 % & Skills: 75%

   (b) Permanent Women Employees Safety: 100 % & Skill: 85%

   (c) Casual/Temporary/Contractual Employees: Safety: 100 % & Skill: 50

   (d) Employees with Disabilities Safety: 100 % & Skill : 70%

Principle 4- Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised

1. **Has the company mapped its internal and external stakeholders?**

   Yes, Company has mapped all its significant stake holders
2. **Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?**

   Yes - Company has identified certain groups of disadvantaged, vulnerable & marginalized stakeholders with the help of reputed NGOs and conducts CSR activities among them
3. **Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.**

   Praj has been implementing specific community development initiatives around its manufacturing and R&D units. These projects are based on the needs of the community. The selected interventions are sustainable, innovative and replicable. Some of the initiatives include Preventive Healthcare, Education and Skills development, Water resources Development & Biodiversity conservation.

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

Principle 5-Businesses should respect and promote human rights

1. **Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/ Contractors/ NGOs/ Others?**

   Yes. The policy extends to the Company and its Subsidiaries. Efforts are extended to implement the policy with company's Suppliers, Contractors, our own and associated Foundations and others within our sphere of influence.

2. **How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

   There were no complaints received during the year.

Principle 6 - Business should respect, protect and make efforts to restore the environment

1. **Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/ Contractors/ NGOs/others.**

   Policy related to Environment applies to the Company and its Subsidiaries. As part of ISO 14001, it is subjected to rigorous assessment at our large engineering units. It is extended to Contractors' working at our premises. Indirectly, the Company extends this policy to its Suppliers through Green Purchase Initiative and evaluation and re-evaluation of vendors on sustainability Principles. The policy is also extended to NGOs through environment support projects.

2. **Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc. https://www.praj.net/business-lines/bio-energy/**

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

   Company monitors its own carbon print for manufacture of plant and equipment, supply chain, its administration offices and construction work. During FY 2020-21, the carbon foot print has been 14117 MT as against 16402 MT during FY 2019-20. Ethanol making capacity generated during the period has potential to save CO2, 80 times more. Details of the last 3 years of performance are given below:

   Potential saving in CO2 emission

   All ethanol plants built by plants can be converted to fuel ethanol with minimum capital and zero down time for conversion and hence the estimate is prepared considering 100 % use for blending.

   Ethanol when used for blending leads to saving in CO2 emission @1.65 kg C/ltrs of ethanol. Considering annual production from plants commissioned during the year potential carbon saving is calculated as below

   Ethanol Plants:

Carbon print of Organization FY 2020-21	Carbon print of Organization FY 19-20	Carbon print of Organization FY 18-19
MT	MT	MT
14117	16402	17578
Capacity of the plant commissioned in FY 2020-21 , KL/Day	Capacity of the plant commissioned in FY 2019-20 , KL/Day	Capacity of the plant commissioned in FY 18-19 KL/Day
1894	1943	3021
Potential C print saving from ethanol plants during an year of production and @ 1.65kg C/litre ethanol	Potential C print saving from ethanol plants during an year of production and @ 1.65kg C/litre ethanol	Potential C print saving from ethanol plants during an year of production and @ 1.65kg C/litre ethanol
MT	MT	MT
1140661	1170172	1819397
80 times that of the organizations c print	68 times that of the organizations c print	104 times that of the organizations c print

Water Treatment and Recycling

Capacity generated for water treatment by company's Water & Waste Water Division, Ethanol Plants Overseas and Ethanol Plants India are given below: Recycling capacity involves water being cleaned enough for reuse for irrigation and back to some processes.

ZLD- Zero Liquid Discharge means effluent is completely evaporated, dry sludge is given for dry disposal or burning in a boiler and steam is condensed in to water for using it back in process.

Period	Division	Fy 18-19	FY 19-20	FY 20-21
Recycling capacity generated Cum/day	Water and Waste water Division	1884	10760	2475
	Ethanol Plants Overseas	0	0	0
	Ethanol Plants India	960	1640	3100
	Operation& Maintenance	0	0	325
ZLD Capacity generated Cum/day	Water and Waste water Division	1678	3468	860
	Ethanol Plants Overseas	0	0	0
	Ethanol Plants India	0	8334	1844
Total Cum/day capacity generation		4522	24202	8604

b) Orders for the innovative Second Generation technology are being processed this year. This new technology uses agro waste such as sugarcane bagasse, wheat and rice stocks, corn cobs etc, which were hitherto burnt, to manufacture fuels such as ethanol for petrol replacement.

c) PRAJ's Technology for converting various feed stocks like agri residues, Industrial wastes, variety of grasses into the Compressed Bio Gas (CBG) "PRAJ Rengas", focuses on Circular Bioeconomy with nature's balance in a carbon negative manner.

Our first commercial project for production of 10 MT/day of CBG from pressmud is being commissioned.We are executing 2 more commercial plants one of 10 MT/day of CBG from pressmud and other 15 MT/day of CBG on rice straws

d) Water & waste water division of the Company deals with manufacture of systems for water recycling.

3. Does the company identify and assess potential environmental risks? Y/N

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

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

No. However technologies developed and plants built up by Praj qualify for CDM. These include all our 1st Generation, 2nd Generation Ethanol Plants and Bio CNG gas plants

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

The company constantly endeavors to reduce its carbon footprints through advancement in the areas of clean technology, energy efficiency and renewable energy. This is aptly spelt out in the vision statement of the Company which is as follows: "To make the world a better place". Company measures and monitors its own and its subsidiaries' carbon print and the result shows a continual reduction

A summary of FY 2020-21 carbon print generation is given below for ready reference.

- carbon print from factories and R&D = 6235MT
- carbon print from business travel and office operations =1397 MT
- carbon print from Supply chain =6485MT
- Total carbon print for the organization = 14117 MT

Carbon print per kg of product weight is not relevant since there are different raw materials with different input C Print values and some services are charged on basis of man-days.

On the basis of consolidated revenue, carbon print of organization has reduced this year as indicated below

	Fy 18-19	Fy 19-20	Fy 20-21
Carbon print from factories and R&D	5478	6362	6235
Business travel and office operations	5450	3756	1397
Carbon print from Supply chain	6650	6284	6485
Total for the year	17578	16402	14117
Consolidated Revenue	1141	1102	1305
Carbon print MT/Rs Cr Revenue	15.41	14.88	10.82

6. **Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

   Yes - The Emissions/Waste generated by the Company are within the permissible limits given by Central/State Pollution Control Boards for the financial year being reported.

7. **Number of show cause / legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

   Nil

Principle 7 - Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

1. **Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

   (a) ePure : An association of stakeholders of fuel ethanol industry in European Union

   (b) CII National Bioenergy Committee: Committee of Stakeholders for promotion of Bioenergy in India

   (c) Petrofed: Association of Petroleum Companies

   (d) Association of Bio Technology led Enterprises

   (e) Indo-German Chamber of Commerce

   (f) Distillers' Association of Maharashtra

   (g) All India Biotech Association

   (h) The Sugar Technologists' Association of India

   (i) Federation Of Indian Chambers Of Commerce And Industry (FICCI)

   (j) National Chemical Laboratory

   (k) Process Plant & Machinery Association of India

   (l) British Business Group

   (m) Indo-American Chamber of Commerce

   (n) Council of EU Chambers of Commerce in India

   (o) Maratha Chamber of Commerce, Industries & Agriculture

   (p) Deccan Sugar Technologists' Association

   (q) Petroleum Federation of India

   (r) National Alcohol Producers' Association

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas**

   Yes. As member of CII National Bioenergy Committee, the Company advocates use of bioenergy to mitigate GHG emissions. A policy document called Report on Bioenergy Sector, was also prepared enabling Sustainable Energy Access for India.

As a member of CII Affirmative Action Committee (Pune Zone council) the Company and other Committee members have taken initiative to create awareness regarding the importance of Affirmative Actions to enhance social stability and cohesion, which are necessary for business . As a result of this, many companies have embedded affirmative actions in their HR and business processes under four heads: Employability, Entrepreneurship, Education and Employment.

The CII Affirmative Action's Committee facilitates organising SC/ST vendor meet in collaboration with Dalit Chamber of Commerce & Industries (DCCI). Some of the vendors are part of our vendor community.

Principle 8 - Businesses should support inclusive growth and equitable development

1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

Yes Praj has specific projects which support inclusive growth and equitable development

These projects are based on the needs of the community. The selected interventions are sustainable, innovative and replicable. In fact many of the projects selected are complimentary to overall national agenda like Preventive Healthcare, Drinking Water & Sanitation, Education and Skills development, Water Resources Development, Protection of Environment and Biodiversity conservation.

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/ any other organization?

The projects are undertaken through our own foundation as well as local NGOs.

3. Have you done any impact assessment of your initiative?

Yes, the impact assessment is periodically done for the long term projects where substantial impact on the community can be measured.

4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.

Rs. 19.141 Mn. Refer page No 24 of Annual Report 2020-21.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

Yes.

Company's project interventions were need based, cost effective leading to positive results in a short span. The interventions are implemented through reputed NGOs and monitored by team of internal experts. Extensive involvement of community in planning and implementation helped in capacity building as well as created ownership of the project.

Through regular interaction with the community, positive impact created was shared with them to further enhance adoption level by the NGOs as well as our expert team.

Principle 9 - Businesses should engage with and provide value to their customers and consumers in a responsible manner

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year:

Around 10%

2. Does the company display product information on the product label, over and above what is mandated as per local laws

N.A.

Majority of your Company's products are customised and hence, it is not applicable . However, for Bio products, the Company displays product information on the product label as is mandated as per local laws.

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year? If so, provide details thereof, in about 50 words or so.

No.

4. Did your company carry out any consumer survey/ consumer satisfaction trends?

The Company does not have a connect with the end users of the product (s) produced in the plants. However, the Company carries out the Customer Satisfaction Survey on an annual basis.

ANNEXURE 10
DIVIDEND DISTRIBUTION POLICY

The equity shares of Praj Industries Limited (the 'Company') are listed on the BSE Ltd. (BSE) and National Stock Exchange of India limited (NSE), Mumbai. As per notification No. SEBI/ LAD-NRO/GN/2016-17/008, dtd. 8th July, 2016, SEBI has amended SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 by insertion of Regulation 43(A) which mandates that the top five hundred listed entities based on market capitalization (calculated as on March 31 of every financial year) shall formulate a dividend distribution policy which shall be disclosed in their annual reports and on their websites.

Accordingly, the Board of Directors of the Company ("the Board"), in its meeting held on 20th October, 2016 has approved the Dividend Distribution Policy of the Company ('the Policy") which endeavors for fairness, consistency and sustainability while distributing profits to the shareholders.

The factors considered while arriving at the quantum of dividend(s) are:

- Current year profits and outlook in line with the development of internal and external environment.
- Operating cash flows and treasury position.
- Possibilities of alternate usage of cash, e.g. capital expenditure etc., with potential to create greater value for shareholders.
- Providing for unforeseen events and contingencies with financial implications.

The Board may declare interim dividend(s) as and when they consider it fit, and recommend final dividend to the shareholders for their approval in the general meeting of the Company.

In case the Board proposes not to distribute the profit; the grounds thereof and information on utilization of the undistributed profit, if any, shall be disclosed to the shareholders in the Annual Report of the Company.

The dividend distribution shall be in accordance with the applicable provisions of the Companies Act, 2013, Rules framed thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other legislations governing dividends and the Articles of Association of the Company, as in force and as amended from time to time.

Independent Auditors' Report

TO THE MEMBERS OF PRAJ INDUSTRIES LIMITED

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the Standalone Financial Statements of Praj Industries Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the Standalone Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Standalone Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its profit and other comprehensive income, its changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Standalone Financial Statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

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

Key Audit Matters

Key Audit matters are those matters that, in our professional judgement, were of most significance in our audit of Standalone Financial Statements of the current period. These matters were addressed in the context of our audit of Standalone Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be key audit matters to be communicated in our report.

1) Recognition of Revenue from Contracts with Customers

Description of Key Audit Matters

Revenue from Projects is recognized as per Ind-AS 115 on satisfaction of performance obligation overtime, where progress towards complete satisfaction of performance obligation is measured under Input Method. For the year ended 31st March 2021 project revenue recognized amounted to Rs. 10149.208 Mn, opening and closing Contracts in Progress amounted to Rs. 761.386 Mn and Rs. 726.742 Mn respectively.

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

Description of Auditors' Response

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

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

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

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

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

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

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

2) Trade Receivables

Description of Key Audit Matters

Trade Receivables, net of impairment allowance, amounts to Rs. 3727.288 Mn as on 31st March 2021, which constitutes about 25% of the total Assets of the Company. Impairment provision carried in the books as on 31st March 2021 is Rs. 915.233 Mn.

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

Description of Auditors' Response

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

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

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

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

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

3) Investment in Subsidiaries

Description of Key Audit Matters

In terms of option of Deemed Cost as per Ind-AS 101 'First Time Adoption of Indian Accounting Standards' the Company has valued its investments in Subsidiaries amounting to Rs. 1673.233 Mn as on 31st March 2021 at cost. Provision for impairment as on 31st March 2021 is Rs. 97.558 Mn.

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

Description of Auditors' Response

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

a) We have obtained representation from the Management regarding indication of likely impairment loss in respect of Investments made in Subsidiaries and process of estimation of recoverable amount. During the year the management has not identified any impairment in the value of investment in its subsidiaries other than the impairment of Rs. 97.558 Mn identified and provided for in the previous year.

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

Our Audit process did not identify any requirement of provisioning for impairment in the value of Investment in Subsidiaries other than the investment in subsidiary against which the provision has been made.

Other Information

The Company's Board of Directors is responsible for the Other Information. The Other Information comprises the Management Discussion and Analysis; Board of Directors' Report along with its Annexures and Corporate Governance Report included in the Annual Report, but does not include the Standalone Financial Statements and our auditor's report thereon. Our opinion on the Standalone Financial Statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone Financial Statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information; we are required to report that fact.

Draft of the Other Information is provided to us by the management with the representation that the same is near final and any change in the same would be intimated to us. We have read the draft of Other Information and state that we have nothing to report in this regard. When we read the final Other Information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

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

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

We also:

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

   d) In our opinion, the aforesaid Standalone Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended.

   e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.

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

   g) As required by section 197 (16) of the Act; in our opinion and according to information and explanation provided to us, the remuneration paid by the Company to its directors is in accordance with the provisions of section 197 of the Act and remuneration paid to directors is not in excess of the limit laid down under this section.

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

      (i) The Company has disclosed the impact of pending litigations on its financial position in its Standalone Financial Statements – Refer Note 28

      (ii) The Company did not have any long-term contracts including derivative contracts as at 31st March, 2021 for which there were any material foreseeable losses for which provision was required.

      (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **P G BHAGWAT LLP**
Chartered Accountants
Firm Registration Number: 101118W/W100682

Sandeep Rao
Partner
Membership Number: 047235
UDIN: 21047235AAAACP4617

Pune: 06th May 2021

Annexure A to Independent Auditors' Report

Referred to in paragraph 1 under the heading, "Report on Other legal and Regulatory Requirements" of our report on even date:

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

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

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

ii. Physical verification of inventory has been conducted at reasonable intervals by the management during the current year. In our opinion, the interval of such verification is reasonable. Discrepancies noticed on physical verification of inventory were not material and the same have been properly dealt with in the books of account.

iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii) (a), (iii) (b) and (iii) (c) of the said Order are not applicable to the Company.

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

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

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

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, Goods and Service Tax, cess and other material statutory dues, as applicable, with the appropriate authorities. According to the information and explanation provided to us, no undisputed amounts payable in respect of statutory dues were in arrears as at March 31, 2021, for a period more than six months from the date they became payable.

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

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

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

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

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or on the Company by its officers or employees nor have we been informed of such case by the Management.

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

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

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Ind AS 24, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. Refer Note No.31.

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

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

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

For **P G BHAGWAT LLP**
Chartered Accountants
Firm's Registration Number: 101118W/ W100682

Sandeep Rao
Partner
Membership Number: 47235
UDIN: 21047235AAAACP4617

Pune: 06th May 2021

Annexure B to the Independent Auditors’ Report

Referred to in paragraph 2 (f) under the heading, “Report on Other legal and Regulatory Requirements” of our report on even date:

Report on the Internal Financial Controls

Under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of Praj Industries Limited (“the Company”) as of March 31, 2021 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial statements and their operating effectiveness. Our audit of internal financial controls over financial statements included obtaining an understanding of internal financial controls over financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial statements.

Meaning of Internal Financial Controls Over Financial Statements

A company's internal financial control over financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Standalone Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Standalone Financial Statements.

Inherent Limitations of Internal Financial Controls Over Financial Statements

Because of the inherent limitations of internal financial controls over financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial statements to future periods are subject to the risk that the internal financial control over financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial statements and such internal financial controls over financial statements were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **P G BHAGWAT LLP**
Chartered Accountants
Firm's Registration Number: 101118W/ W100682

Sandeep Rao
Partner
Membership Number: 47235
UDIN: 21047235AAAACP4617

Pune: 06th May 2021

Balance Sheet as at 31st March 2021

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

Particulars	Note no.	31 March 2021	31 March 2020
ASSETS			
Non-current assets			
Property, plant and equipment	3	**1864.596**	1962.508
Capital work-in-progress	3	**6.144**	20.795
Investment property	3	**136.928**	136.928
Intangible assets	3	**5.850**	7.609
Financial assets			
Investments	4	**1973.735**	1973.735
Loans	5	**59.635**	49.511
Others	6	**30.260**	60.710
Deferred tax assets (net)	26	**74.964**	126.432
Other assets	7	**17.770**	21.895
		4169.882	**4360.123**
Current assets			
Inventories	8	**894.476**	728.621
Financial assets			
Investments	4	**2777.567**	1150.090
Trade receivables	9	**3727.288**	2657.179
Cash and cash equivalents	10	**721.294**	215.788
Other bank balances	11	**250.514**	15.224
Loans	5	**-**	0.141
Others	6	**44.778**	42.488
Current tax asset (net)		**-**	32.099
Other assets	7	**2094.961**	1425.411
		10510.878	**6267.041**
TOTAL ASSETS		**14680.760**	**10627.164**
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	12	**366.458**	366.320
Other equity	13	**7403.480**	6677.197
TOTAL EQUITY		**7769.938**	**7043.517**
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Borrowings	14	**-**	-
Other financial liabilities	17	**113.159**	138.918
Provisions	15	**144.004**	161.587
		257.163	300.505
Current liabilities			
Financial liabilities			
Trade payables	16	**2908.163**	1492.454
Other financial liabilities	17	**138.733**	137.584
Other current liabilities	18	**3341.496**	1596.234
Provisions	15	**231.901**	56.870
Current tax liabilities (net)		**33.366**	-
		6653.659	**3283.142**
TOTAL LIABILITIES		**6910.822**	**3583.647**
TOTAL EQUITY AND LIABILITIES		**14680.760**	**10627.164**
Corporate Information	1		
Summary of significant accounting policies	2		
The accompanying notes are an integral part of the financial statements.			

As per our report of even date.

For **P G BHAGWAT LLP**
Chartered Accountants
Firm Regn. No: 101118W/W100682

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

Sandeep Rao
Partner
Membership No.: 47235

Dr. Pramod Chaudhari
Executive Chairman
(DIN : 00196415)

Shishir Joshipura
CEO and Managing Director
(DIN : 00574970)

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

Place: Pune
Date: 06 May 2021

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

Statement of profit and loss for the year ended 31st March 2021

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

Particulars	Note no.	31 March 2021	31 March 2020
INCOME			
Revenue from operations	19	**10885.371**	9418.502
Other income	20	**232.070**	337.792
Total income		**11117.441**	**9756.294**
EXPENSES			
Cost of materials consumed	21	**6248.985**	4789.573
Changes in inventories of finished goods and work-in-progress	22	**35.364**	16.352
Employee benefits expense	23	**1431.712**	1338.656
Finance costs	24	**23.306**	24.455
Depreciation and amortisation expense	3	**190.694**	187.999
Other expenses	25	**2220.621**	2526.227
Total expenses		**10150.682**	**8883.262**
Profit before exceptional items and tax		**966.759**	873.032
Exceptional items- Impairment of investment in subsidiary		**-**	97.558
Profit before tax		**966.759**	**775.474**
Tax expense	26		
Current tax		**204.500**	173.400
Deferred tax		**46.218**	(44.952)
Adjustments of tax relating to earlier periods		**3.628**	(0.087)
Total tax expense		**254.346**	**128.361**
Profit for the year		**712.413**	**647.113**
Other comprehensive income			
Items that will not be reclassified to profit and loss:			
Re-measurement of defined benefit plans		**15.024**	(18.133)
Income tax effect		**(5.250)**	6.336
Other comprehensive income		**9.774**	(11.797)
Total comprehensive income for the year		**722.187**	**635.316**
Earnings per equity share (Nominal value per share INR 2 each)	27		
Basic		**3.89**	3.54
Diluted		**3.89**	3.53
Corporate Information	1		
Summary of significant accounting policies	2		
The accompanying notes are an integral part of the financial statements.			

As per our report of even date.

For **P G BHAGWAT LLP**
Chartered Accountants
Firm Regn. No: 101118W/W100682

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

Sandeep Rao
Partner
Membership No.: 47235

Dr. Pramod Chaudhari
Executive Chairman
(DIN : 00196415)

Shishir Joshipura
CEO and Managing Director
(DIN : 00574970)

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

Place: Pune
Date: 06 May 2021

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

Cash Flow Statement for the year ended 31st March 2021

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

		31 March 2021	31 March 2020
A.	Cash flow from operating activities		
	Net profit before tax	**966.759**	775.474
	Adjustments for:		
	Loss / (profit) on sale of property, plant and equipment	**(0.014)**	-
	Gain on redemption of mutual fund investments	**(3.981)**	(38.148)
	Gain on redemption of bonds	**-**	(4.315)
	Bad debts / provision for doubtful debts and advances	**87.479**	171.808
	Excess provision / creditors written back (including advances)	**(8.795)**	(1.092)
	Unrealised foreign exchange (gain) / loss (net)	**(57.747)**	(2.264)
	Depreciation and amortisation	**190.694**	187.999
	Interest earned	**(49.557)**	(88.125)
	Provision for Impairement	**-**	97.558
	Unrealised gain on mutual fund investments	**(81.386)**	(71.182)
	Dividend from mutual fund investments/ Subsidiary	**(15.818)**	(54.749)
	Interest on Lease Liability	**17.394**	18.357
	Interest expense	**-**	0.007
	Equity-settled share-based payment transactions	**0.791**	13.765
	Operating profit before working capital changes	**1045.819**	**1005.093**
	Changes in working capital		
	Decrease/ (increase) in trade receivables	**(1181.318)**	(514.927)
	(Increase)/decrease in inventories (including contracts in progress)	**(499.770)**	508.522
	(Increase)/decrease in non-current loans	**(10.124)**	(8.991)
	(Increase)/decrease in other non-current financial assets	**30.450**	139.310
	Decrease/(increase) in other non-current assets	**2.032**	(1.282)
	Decrease/(increase) in current loans	**0.141**	1.438
	(Increase)/decrease in current financial assets-others	**34.292**	(0.075)
	Decrease/(increase) in other current assets	**(555.107)**	131.029
	(Decrease)/increase in trade payables	**1459.954**	(411.879)
	(Decrease) in other current financial liabilities	**(1.908)**	(69.818)
	(Decrease)/increase in other current liabilities	**1745.262**	(411.068)
	(Decrease)/Increase in long term provisions	**(2.559)**	(6.802)
	(Decrease)/Increase in short term provisions	**175.031**	(56.891)
	Cash generated from operations	**2242.195**	**303.659**
	Direct taxes paid (including taxes deducted at source), net of refunds	**(142.663)**	(167.952)
	NET CASH FROM OPERATING ACTIVITIES	**2099.532**	**135.707**

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

		31 March 2021	31 March 2020
B.	**Cash flow from investing activities**		
	Purchase of property, plant and equipment and intangible assets	**(63.730)**	(60.533)
	Investments:		
	- in mutual funds	**(2,078.132)**	(650.000)
	Sale of investments		
	- in mutual funds	**386.022**	1183.231
	- in debentures and bonds	**-**	54.315
	Proceeds from sale of property, plant and equipment	**1.227**	2.912
	Interest received on investments	**51.141**	91.954
	(Investment) /redemption in fixed deposits	**150.000**	50.000
	NET CASH FROM / (USED) IN INVESTING ACTIVITIES	**(1,553.472)**	**671.879**
C.	**Cash flow from financing activities**		
	Proceeds from exercise of employee stock options	**3.443**	25.610
	Dividend paid including dividend distribution tax	**(4.321)**	(949.458)
	(Decrease)/Increase in short term borrowings	**-**	(0.410)
	Interest on Lease Liability	**(17.394)**	(18.357)
	Principal payment on Leases	**(30.142)**	(21.113)
	Interest paid	**-**	(0.007)
	NET CASH FROM / (USED) IN FINANCING ACTIVITIES	**(48.414)**	**(963.735)**
	Net increase/(decrease) in cash and cash equivalents (A+B+C)	**497.646**	**(156.149)**
	Cash and cash equivalents at the beginning of the year (Refer Note 10)	**215.788**	**336.175**
	Add: effect of exchange rate changes on cash and cash equivalents	**7.860**	**35.762**
	Cash and cash equivalents at the end of the year (Refer Note 10)	**721.294**	**215.788**

Notes:

The statement of cash flows has been prepared under the 'Indirect method' as set out in Ind AS 7

The accompanying notes are an integral part of the cash flow statement

As per our report of even date.

For **P G BHAGWAT LLP**
Chartered Accountants
Firm Regn. No: 101118W/W100682

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

Sandeep Rao
Partner
Membership No.: 47235

Dr. Pramod Chaudhari
Executive Chairman
(DIN : 00196415)

Shishir Joshipura
CEO and Managing Director
(DIN : 00574970)

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

Place: Pune
Date: 06 May 2021

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

Statement of changes in equity for the year ended 31st March 2021

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

A. Equity share capital

Balance as on 1 April 2019	Changes in equity share capital during the year	Balance as on 31 March 2020
365.296	1.024	366.320
Balance as on 1 April 2020	**Changes in equity share capital during the year**	**Balance as on 31 March 2021**
366.320	0.138	366.458

B. Other equity

Particulars	Reserves and Surplus								
	Capital Reserve	Securities Premium Reserve	Other Reserves				General reserve	Retained earnings	Total
			Capital redemption reserve	Amalgamation reserve	Share option outstanding account	Special Economic Zone Re-investment Reserve			
Balance at the beginning of the reporting period as at 1 April 2019	**0.033**	**937.165**	**14.627**	**3.063**	**25.592**	**132.948**	**956.511**	**4926.411**	**6996.350**
Profit for the year								647.113	647.113
Other comprehensive income								(11.797)	(11.797)
Dividends (including dividend distribution tax)								(953.162)	(953.162)
Employee stock options exercised during the year		40.141			(15.555)				24.586
Equity settled share based payment to employees					13.766				13.766
Employee stock options expired and transferred to/from statement of profit and loss					(4.305)			4.305	-
Adjustments to Opening Retained Earnings - Ind AS 116								(39.659)	(39.659)
Transfer to Special Economic Zone Re-investment Reserve						159.500		(159.500)	-
Balance as at 31 March 2020	**0.033**	**977.306**	**14.627**	**3.063**	**19.498**	**292.448**	**956.511**	**4413.711**	**6677.197**
Balance at the beginning of the reporting period as at 1 April 2020	**0.033**	**977.306**	**14.627**	**3.063**	**19.498**	**292.448**	**956.511**	**4413.711**	**6677.197**
Profit for the year								712.413	712.413
Other comprehensive income								9.774	9.774
Dividends (including dividend distribution tax)								-	-
Employee stock options exercised during the year		4.970			(1.665)				3.305
Equity settled share based payment to employees					0.791				0.791
Employee stock options expired and transferred to/from statement of profit and loss					-			-	-
Transfer to/from Special Economic Zone Re-investment Reserve						91.452		(91.452)	-
Balance as at 31 March 2021	**0.033**	**982.276**	**14.627**	**3.063**	**18.624**	**383.900**	**956.511**	**5044.446**	**7403.480**

Notes to the financial statements for the year ended 31st March 2021

1 The corporate overview

Praj Industries Limited ('PIL' or 'the company') is a public company domiciled in India and incorporated under the provisions of Indian Companies Act. The company's registered office is "Praj Tower", S. No. 274 and 275/2, Bhumkar Chowk-Hinjewadi road, Hinjewadi, Pune – 411057, Maharashtra, India. The company's ordinary shares are listed on the Bombay Stock Exchange and National Stock Exchange in India.

The company is engaged in the business of process and project engineering. The company caters to both domestic and international markets. Further, the company also provides design and engineering services.

2 Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements of the company comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The financial statements were authorised for issue by the Board of Directors on 6 May 2021.

2.2 Basis of measurement

The financial statements have been prepared on a historical cost basis, except for the following items, which are measured on an alternative basis on each reporting date.

Items	Measurement basis
Derivative financial instruments at fair value through profit or loss	Fair value
Certain non-derivative financial instruments at fair value through profit or loss	Fair value
Equity-settled share based payment transactions	Grant date fair value
Defined benefit plan assets	Fair value

2.3 Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is the company's functional currency. All amounts have been rounded-off to the nearest million, as per the requirements of Schedule III, unless otherwise stated.

2.4 Significant accounting judgments, estimates and assumptions

The preparation of the financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, current assets, non-current assets, current liabilities, non-current liabilities and disclosure of the contingent liabilities at the end of each reporting period. Actual estimates may differ from these estimates.

Detailed information about each of these estimates and judgements is included in relevant notes.

The areas involving critical estimates and judgements are:

- Estimation of current tax expense and payable – Note 26
- Estimation of defined benefit obligation – Note 33
- Recognition of revenue – Note 29
- Recognition of deferred tax assets for carried forward tax losses – Note 26
- Impairment of trade receivables – Note 40

Estimation and underlying assumptions are reviewed on ongoing basis. Revisions to estimates are recognised prospectively.

2.5 Current versus non-current classification

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

An asset as current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

All other liabilities are classified as non-current.

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

2.6 Property, plant and equipment

- **Recognition and measurement**

  Items of property, plant and equipment are measured at cost of acquisition or construction less accumulated depreciation and/or accumulated impairment loss, if any. The cost of an item of property, plant and equipment comprises its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use; any trade discounts and rebates are deducted in arriving at the purchase price. Borrowing costs directly attributable to the construction of a qualifying asset are capitalised as part of the cost.

  When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

  Property, plant and equipment under construction are disclosed as capital work-in-progress.

  Advances paid towards the acquisition of property, plant and equipment outstanding at each reporting date are disclosed under 'Other non-current assets'.

- **Subsequent costs**

  The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of profit and loss as incurred.

- **Disposal**

  An item of property, plant and equipment is derecognised upon disposal or when no future benefits are expected from its use or disposal. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income/ expenses in the statement of profit and loss.

- **Depreciation**

  Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognised in the statement of profit and loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment as prescribed in Schedule II of the Companies Act, 2013, as assessed by the management of the company based on technical evaluation. Freehold land is not depreciated.

Notes to the financial statements for the year ended 31st March 2021

The property, plant and equipment acquired under finance leases is depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the company will obtain ownership by the end of the lease term.

The estimated useful lives of items of property, plant and equipment for the current and comparative periods are as follows:

Asset	Useful life (in years)
Buildings	30-60
Plant and machinery	7.5-15
Computers and office equipment	3-5
Vehicles	8
Furniture and fixtures	10

2.7 Intangible assets

- **Recognition and measurement**

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

Expenditure on research activities is recognised in the statement of profit and loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the company intends to and has sufficient resources to complete development and to use or sell the asset.

Intangible assets acquired by the company that have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level.

- **Subsequent measurement**

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

- **Amortisation**

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value. Amortisation is recognised in statement of profit and loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for current and comparative periods are as follows:

Asset	Useful life (in years)
Technical know-how	5 - 10
Software	5

2.8 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the company, is classified as investment property.

Investment property is initially measured at cost, including related transaction costs. The cost of investment property includes its purchase price and directly attributable expenditure, if any. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with expenditure will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

Subsequent to the initial recognition, investment property is stated at cost less accumulated depreciation and accumulated impairment loss, if any. Depreciation on investment property has been provided in a manner that amortises the cost of the assets over their estimated useful lives on straight line method as per the useful life prescribed under Schedule II to the Act. Investment property in the form of land is not depreciated.

Investment property is derecognised either when it is disposed off or permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statement of profit and loss in the period of derecognition.

2.9 Impairment of non-financial assets

The company assesses at each balance sheet date whether there is any indication that an asset or cash generating unit (CGU) may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset. The recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal or its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are considered.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in the statement of profit and loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.10 Inventories

Raw materials, components, stores and spares, work-in-progress and finished goods are valued at lower of cost and net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

Cost of raw materials, components, stores and spares comprises cost of purchases. Cost of work-in-progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated based on normal operating capacity. Cost of inventories also includes all other costs incurred in bringing the inventories to their present location and condition. Costs are assigned to individual items of inventory based on weighted average basis.

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

2.11 Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

2.12 Revenue recognition

Revenue is recognised when performance obligation is satisfied by transferring promised goods or services and to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured, regardless of when the payment is being made.

Revenue is measured at the fair value of the consideration received or receivable. Amounts included in revenue are inclusive of excise duty and net of returns, trade allowances, rebates, value added taxes, goods and services tax and amounts collected on behalf of third parties.

- **Contract revenue**

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

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

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

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

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

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

- **Sale of goods and rendering of services**

  Revenue from sale of goods in the course of ordinary activities is recognised when property in the goods or all significant risks and rewards of their ownership are transferred to the customer and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of the goods and regarding its collection.

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

2.13 Other income

- **Interest income**

  Interest income from debt instruments is recognised using effective interest rate method (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability.

- **Dividends**

  Dividends are recognised in the statement of profit and loss only when the right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the company, and the amount can be measured reliably.

- **Export benefits**

  Export benefits in the form of Duty Draw Back / Focus Market Scheme (FMS) / Focus Product Scheme (FPS) / Merchandise Exports Incentive Scheme (MEIS) claims are recognised in the statement of profit and loss on receipt basis.

2.14 Foreign currency transactions and balances

Transactions in foreign currency are recorded at exchange rates prevailing at the date of transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the statement of profit and loss of the year.

Monetary assets and liabilities denominated in foreign currencies which are outstanding, as at the reporting period are translated at the closing exchange rates and the resultant exchange differences are recognised in the statement of profit and loss.

Non-monetary assets and liabilities denominated in foreign currencies that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

2.15 Employee benefits

- **Short-term employee benefits**

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

- **Post-employment benefits**

  Defined contribution plans

  Contributions to the provident fund and superannuation fund, which are defined contribution schemes, are recognised as an employee benefit expense in the statement of profit and loss in the period in which the contribution is due.

  Defined benefit plans

  The employees' gratuity scheme is a defined benefit plan. The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the projected unit credit method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

  The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans, is based on the market yields on government securities as at the reporting date, having maturity periods approximating to the terms of related obligations.

  Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income (OCI) in the period in which they occur. Remeasurements are not reclassified to the statement of profit and loss in subsequent periods.

  In case of funded plans, the fair value of the plan's assets is reduced from the gross obligation under the defined benefit plans, to recognise the obligation on net basis.

  When the benefits of the plan are changed or when a plan is curtailed, the resulting change in benefits that relates to past service or the gain or loss on curtailment is recognised immediately in the statement of profit and loss. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The company recognises gains/ losses on settlement of a defined plan when the settlement occurs.

  Other long-term employee benefits

  The liabilities for earned leave are not expected to be settled wholly within twelve months after the end of the reporting period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method as determined by actuarial valuation. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating the terms of the related obligation. Remeasurements as a result of experience adjustments and change in actuarial assumptions are recognised in the statement of profit and loss. The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

  Termination benefits

  Termination benefits are expensed at the earlier of when the company can no longer withdraw the offer of those benefits and when the company recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

2.16 Share-based payments

The grant fair value of equity settled share based payment awards granted to employees is recognised as employee benefit expense with corresponding increase in equity. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are required to be satisfied. At the end of each reporting period, the company revises its estimates of the number of options that are expected to vest based on the service and non-vesting conditions. It recognises the impact of the revision to original estimates, if any, in the statement of profit and loss, with a corresponding adjustment to equity.

2.17 Leases

Lease is a contract that provides to the customer (lessee) the right to use an asset for a period of time in exchange for consideration.

Notes to the financial statements for the year ended 31st March 2021

a. Company as a Lessee

A lessee is required to recognise assets and liabilities for all leases and to recognise depreciation of leased assets separately from interest on lease liabilities in the statement of Profit and Loss. The Company uses the practical expedient to apply the requirements of this standard to a portfolio of leases with similar characteristics if the effects on the financial statements of applying to the portfolio does not differ materially from applying the requirement to the individual leases within that portfolio.

However according to Ind AS 116, for leases with a lease term of 12 months or less (short-term leases) and for leases for which the underlying asset is of low value, not to recognize a right-of-use asset and a lease liability. The Company applies both recognition exemptions. The lease payments associated with those leases are generally recognized as an expense on a straight-line basis over the lease term or another systematic basis if appropriate.

a.1 Right to use asset

Right-of-use assets, which are included under property, plant and equipment, are measured at cost less any accumulated depreciation and, if necessary, any accumulated impairment. The cost of a right-of-use asset comprises the present value of the outstanding lease payments plus any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs and an estimate of costs to be incurred in dismantling or removing the underlying asset. In this context, the Company also applies the practical expedient that the payments for non-lease components are generally recognized as lease payments. If the lease transfers ownership of the underlying asset to the lessee at the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the right-of-use asset is depreciated to the end of the useful life of the underlying asset. Otherwise, the right-of-use asset is depreciated to the end of the lease term.

a.2 Lease liability

Lease liabilities, which are assigned to financing liabilities, are measured initially at the present value of the lease payments. Subsequent measurement of a lease liability includes the increase of the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payments made.

b. Company as a Lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Where the Company is a lessor under an operating lease, the asset is capitalised within property, plant and equipment and depreciated over its useful economic life. Payments received under operating leases are recognised in the Statement of profit and Loss on a straight-line basis over the term of the lease.

Critical accounting estimates and judgements

Critical judgements required in the application of Ind AS 116 may include, among others, the following:

- Identifying whether a contract (or part of a contract) includes a lease;
- Determining whether it is reasonably certain that an extension or termination option will be exercised;
- Classification of lease agreements (when the entity is a lessor);
- Determination of whether variable payments are in-substance fixed;
- Establishing whether there are multiple leases in an arrangement;
- Determining the stand-alone selling prices of lease and non-lease components.

Key sources of estimation uncertainty in the application of Ind AS 116 may include, among others, the following:

- Estimation of the lease term;
- Determination of the appropriate rate to discount the lease payments;
- Assessment of whether a right-of-use asset is impaired.

2.18 Borrowing costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. All other borrowing costs are expensed in the period in which they are incurred.

2.19 Income tax

Income tax expense comprises current and deferred tax. It is recognised in the statement of profit and loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

- **Current tax**

  Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, at the reporting date in the country where the company operates and generates taxable income. Current tax assets and liabilities are offset only if there is a legally enforceable right to set it off the recognised amounts and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

  Minimum Alternate Tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The company recognises MAT credit available as an asset only to the extent that there is convincing evidence that the company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. The company reviews the 'MAT credit entitlement' asset at each reporting date and writes down the asset to the extent the company does not have convincing evidence that it will pay normal tax during the specified period.

- **Deferred tax**

  Deferred tax is provided using the balance sheet method on temporary differences between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

  Deferred tax liabilities are recognised for all taxable temporary differences, except:

  - When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;

  - Taxable temporary differences arising on the initial recognition of goodwill.

  Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

  - When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

  The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

  Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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

Notes to the financial statements for the year ended 31st March 2021

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

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

2.20 Provisions and contingencies

A provision is recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost in the statement of profit and loss.

Contingent liability is disclosed in case of

- a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation.
- present obligation arising from past events, when no reliable estimate is possible
- a possible obligation arising from past events where the probability of outflow of resources is not remote.

Contingent asset is not recognised in the financial statements. A contingent asset is disclosed, where an inflow of economic benefits is probable.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

2.21 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit for the year attributable to equity holders of the company by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

Diluted EPS adjust the figures used in the determination of basic EPS to consider

- The after-income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- The weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

2.22 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

2.23 Financial instruments

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

Financial assets

Classification

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

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

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

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

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

Measurement

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

Debt instruments

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

Notes to the financial statements for the year ended 31st March 2021

Debt instruments at amortised cost

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

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- The contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

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

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

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

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

Equity investments

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

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

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

Derecognition

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

Impairment of financial assets

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

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

Non-derivative financial liabilities

Recognition

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

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

Measurement

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

Derecognition

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

Financial guarantee contracts

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

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

Offsetting of financial instruments

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

2.24 Cash dividend to equity holders

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

2.25 Government grant

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

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

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

2.26 Standards issued but not effective

Amendments:

On 24 March 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III (Division I, II and III) of the Companies Act, 2013. The amendment is applicable from 1 April 2021 and it specifies additional disclosures in the financial statements.

Notes to the financial statements for the year ended 31st March 2021

Key amendments in Division II applicable to the Company include:

- Disclosures for prior period errors in the statement of changes in equity
- Disclosure of shareholdings of promoters
- Disclosure for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development
- Disclosure of deviation from stated purpose in use of borrowings from banks and financial institutions
- Disclosures under 'additional regulatory requirements' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable properties not held in the name of the company, loans and advances to promoters, directors, key managerial personnel and related parties, details of benami property held etc.
- Disclosures relating to amount of expenditure on CSR, crypto or virtual currency, undisclosed income etc.

The amendments are extensive and the Company is in the process of evaluating the same to give effect to the same as required by law.

Exposure Drafts:

Following exposure drafts have been issue by the Institute of Chartered Accountants of India:

1. **Amendment to Ind AS 116, "Leases" - Covid-19-Related Rent Concessions beyond 30 June 2021**

   On 24 July 2020, the MCA issued the Companies (Indian Accounting Standard) Amendment Rules, 2020 which amended Ind AS 116 to provide relief for lessees in accounting for eligible rent concessions upto 31 July 2021 that are a direct consequence of COVID-19. The exposure draft on amendments to Ind AS 116 issued by the Institute of Chartered Accountants of India proposes amendments to extend the relief for lessees in accounting for eligible rent concessions upto 31 July 2022.

2. **Amendment to Ind AS 116, "Leases" - Interest Rate Benchmark Reform: Phase 2**

   The exposure draft on amendments to Ind AS 116 issued by the Institute of Chartered Accountants of India proposes amendments to include a practical expedient in respect of all lease modifications that change the basis for determining future lease payments as a result of interest rate benchmark reform.

3. **Amendments to Ind AS 37, "Provisions, Contingent Liabilities and Contingent Assets" – Onerous Contracts**

   The exposure draft on amendments to Ind AS 37 issued by the Institute of Chartered Accountants of India proposes amendments regarding costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.

4. **Amendments to Ind AS 16, "Property, Plant and Equipment" – Proceeds before Intended Use**

   The exposure draft on amendments to Ind AS 16 issued by the Institute of Chartered Accountants of India proposes amendments regarding proceeds from selling items produced while bringing an asset into the location and condition necessary for it to be capable of operating in the manner intended by management.

5. **Amendments to Ind AS 103, "Business Combinations" – Reference to the Conceptual Framework**

   The exposure draft on amendments to Ind AS 103 issued by the Institute of Chartered Accountants of India proposes amendments to change out updated reference to "Framework for the Preparation and Presentation of Financial Statements in accordance with Indian Accounting Standards" and update it with reference to "Conceptual Framework for Financial Reporting under Indian Accounting Standards". It also proposes certain consequential amendments.

6. **Amendments to 101, "First-time Adoption of Indian Accounting Standards" – Subsidiary as a First-time Adopter**

   The exposure draft on amendments to Ind AS 101 issued by the Institute of Chartered Accountants of India proposes amendments to simplify the application of Ind AS 101 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.

7. Amendments to 41, "Agriculture" – Taxation in Fair Value Measurements

The exposure draft on amendments to Ind AS 41 issued by the Institute of Chartered Accountants of India proposes amendments to remove a requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in Ind AS 41 with those in other Ind AS's.

8. Amendments to Ind AS 109, "Financial Instruments" and Ind AS 107, "Financial Instruments: Disclosures" - Interest Rate Benchmark Reform: Phase 2

The exposure draft on amendments to Ind AS 109 and Ind AS 107 issued by the Institute of Chartered Accountants of India proposes amendments to assist entities in providing useful information about the effects of the transition to alternative benchmark rates and support preparers in applying the requirements of Ind AS's when changes are made to contractual cash flows or hedging relationships as a result of the transition to an alternative benchmark interest rate.

9. New Indian Accounting Standard (Ind AS) 117, Insurance Contracts

The exposure draft of Ind AS 117 is issued by the Institute of Chartered Accountants of India as replacement for Ind AS 104 Insurance Contracts.

The above exposure drafts have not been notified by the Ministry of Corporate Affairs ('MCA') to be applicable from 1 April, 2021 as at the date of approval of these financial statements. On issue of the amendment by MCA, the Company would evaluate the impact of the change in the standalone financial statements.

Notes to the financial statements for the year ended 31st March 2021

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

3 Property, plant and equipment, capital Work-in-progress, investment property and intangible assets

	Property, plant and equipment										Intangible Assets			Investment property	
	Land		Land Freehold	Buildings	Plant and machinery	Computers and office equipment		Vehicles	Furniture and fixtures	Total	Technical knowhow	Software	Total	Land (Freehold)	Grand total
	Leasehold Refer note 1	Right-of-Use				Owned	Right-of-Use								
Gross block															
As at 1 April 2020	11.000	243.955	363.850	1278.114	1484.004	282.484	12.916	54.209	226.324	3956.856	93.753	96.495	190.248	136.928	4284.032
Additions during the year	-	-	-	7.678	67.169	3.960	11.761	-	0.246	90.814	-	1.421	1.421	-	92.235
Deletions during the year	-	-	-	-	-	-	-	5.550	-	5.550	-	-	-	-	5.550
As at 31 March 2021	**11.000**	**243.955**	**363.850**	**1285.792**	**1551.173**	**286.444**	**24.677**	**48.659**	**226.570**	**4042.120**	**93.753**	**97.916**	**191.669**	**136.928**	**4370.717**
Accumulated depreciation and amortisation															
As at 1 April 2020	0.882	139.508	-	321.790	1050.862	263.301	1.070	26.265	190.670	1994.348	91.764	90.875	182.639	-	2176.987
Charge for the year	0.122	21.488	-	41.689	89.126	9.627	8.225	5.975	11.262	187.514	0.541	2.639	3.180	-	190.694
Depreciation on deletions	-	-	-	-	-	-	-	4.338	-	4.338	-	-	-	-	4.338
As at 31 March 2021	**1.004**	**160.996**	**-**	**363.479**	**1139.988**	**272.928**	**9.295**	**27.902**	**201.932**	**2177.524**	**92.305**	**93.514**	**185.819**	**-**	**2363.343**
Net carrying value															
As at 31 March 2021	9.996	82.959	363.850	922.313	411.185	13.516	15.382	20.757	24.638	1864.596	1.448	4.402	5.850	136.928	2007.374
As at 31 March 2020	10.118	104.447	363.850	956.324	433.142	19.183	11.846	27.944	35.654	1962.508	1.989	5.620	7.609	136.928	2107.045

Note:

1. The land has been taken on a long term lease i.e. for 99 years.

2. Refer Note 28 for contractual commitments for the acquisition of property plant and equipment.

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

3 Property, plant and equipment, capital work-in-progress, investment property and intangible assets

Details of capital work-in-progress

Particulars	31 March 2021	31 March 2020
Balance at start of the year	**20.795**	22.254
Add: Additions during the year	**4.956**	18.475
Less: Capitalised during the year	**19.607**	19.934
Balance at the end of the year	**6.144**	20.795

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

a. Building INR 0.847 million (31 March 2020 INR 0.847 million)

b. Machinery INR 2.719 million (31 March 2020 INR 19.948 million)

c. Software INR 2.578 million (31 March 2020 INR Nil)

Investment property: Reconciliation of Fair Value

Particulars	Land
Fair value as at 31 March 2020	**387.593**
Fair value difference	**19.380**
Fair value as at 31 March 2021	**406.973**

The Company had obtained independent valuation for year ended 31 March 2019, for its investment property from a government approved valuer who is a specialist in valuing these types of investment properties.

The valuation had been made with reference to the prevailing market rates and using the approved valuation method. Considering the current scenario and constraints in physical verification, the Company has considered a marginal increase of 5% in the valuation which is based on the trend for the earlier years.

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

Notes to the financial statements for the year ended 31st March 2021

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

		31 March 2021	31 March 2020
4	**Investments**		
	Non-current investments		
	(i) Trade investments		
	Unquoted equity investments		
	Investments in subsidiaries (valued at cost)		
	Praj Engineering & Infra Limited	**5.359**	5.359
	308,750 (31 March 2020 : 308,750) equity shares of INR 10 each fully paid		
	Praj Far East Co., Limited	**6.125**	6.125
	19,598 (31 March 2020 : 19,598) equity shares of Thai Baht 100 each fully paid and 78,400 (31 March 2020 : 78,400) equity shares of Thai Baht 100 each partly paid		
	Praj Americas Inc.	**9.281**	9.281
	40,000 (31 March 2020 : 40,000) equity shares of US Dollar 5 each fully paid		
	Praj HiPurity Systems Limited	**1536.743**	1536.743
	5,000,000 (31 March 2020: 5,000,000) equity shares of INR 10 each fully paid		
	Praj Industries (Africa) Pty Limited	**104.558**	104.558
	125 equity shares at no par value (31 March 2020 : 125)		
	Praj Far East Philippines Ltd Inc.	**11.167**	11.167
	8,313,281 equity shares of 1PHP each (31 March 2020 : 8,313,281)		
	Total	**1673.233**	1673.233
	Less: Provision for Impairmanet	**97.558**	97.558
		1575.675	1575.675
	(ii) Investments at amortised cost		
	Quoted investments in non-convertible debentures / bonds:		
	300 Bonds issued by HDFC Bank Limited Unsecured Non-Convertible Perpetual Bonds Series 1/2017-18, Coupon 8.85% (31 March 2020 : 300)	**300.210**	300.210
	100 Bonds issued by SBI Bank Unsecured Non-Convertible Perpetual Bonds Series IV, Coupon 8.15% (31 March 2020 : 100)	**97.850**	97.850
	Total	**398.060**	398.060
	Total non-current	**1973.735**	1973.735
	Current investments		
	(i) Investments at fair value through profit and loss (FVTPL)		
	Quoted mutual funds		
	ADITYA BIRLA MONEY MANAGER FUND - 179,007.910 Units (31 March 2020 : Nil Units)	**51.010**	-
	ADITYA BIRLA SUN LIFE FMP SR-SI 1141 DAYS - 3,000,000 Units (31 March 2020 : 3,000,000 Units)	**36.373**	33.402
	ADITYA BIRLA SUN LIFE FMP SR-SI 1120 DAYS - 5,000,000 Units (31 March 2020 : 5,000,000 Units)	**59.856**	55.149
	ADITYA BIRLA SUN LIFE MONEY MANAGER FUND - GW-DIR PLAN - 174,134 .084 Units (31 March 2020 : Nil Units)	**50.006**	-
	ADITYA BIRLA SUN LIFE SAVING FUND -GROWT-DIRECT PLAN - 117,192.838 Units (31 March 2020 : Nil Units)	**50.022**	-
	ADITYA BIRLA SUN LIFE SAVING FUND -GROWT-DIRECT PLAN - 121,474.07 Units (31 March 2020 : Nil Units)	**51.850**	-
	AXIS MONEY MARKET FUND DIRECT GROWTH (MM-DG) - 90,822.649 Units (31 March 2020 : Nil Units)	**100.530**	-

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

	31 March 2021	31 March 2020
AXIS STF DIRECT GROWTH (US-DG) - 4,314,629.926 Units (31 March 2020 : Nil Units)	**51.617**	-
DSP FMP S 220 - 40 M - DIRECT GW - 5,000,000 Units (31 March 2020 : 5,000,000 Units)	**63.161**	59.313
FRANKLIN INDIA SAVING FUND-DIRECT - 1,344,892.234 Units (31March 2020 : 1,344,892.234 Units)	**53.728**	50.989
FRANKLIN INDIA SAVINGS FUND RETAIL-GW - 2,862,420.019 Units (31 March 2020 : 2,862,420.019 Units)	**111.433**	105.912
HDFC FMP 1133 DAYS DIRECT GR SR-44 - 5,000,000 Units (31 March 2020 : 5,000,000 Units)	**60.590**	55.742
HDFC MONEY MARKET FUND-DIRECT PLAN-GROWTH OPTION- 22,469.800 Units (31 March 2020 : Nil Units)	**100.528**	-
HDFC ULTRA STF-DIRECT GRW - 4,331,975.923 Units (31 March 2020 : Nil Units)	**51.721**	-
HSBC FTS 128 -GROWTH DIRECT PLAN - 1106 DAYS -Nil Units (31 March 2020 : 5,000,000 Units)	**-**	61.468
HSBC ULTRA SHORT DURATION FUND DIRECT GROWTH - 107,342.205 Units (31 March 2020 : Nil Units)	**113.912**	-
ICICI FIXED MATURITY PLAN SRS 82 - 1135 DAYS - 5,000,000 Units (31 March 2020 : 5,000,000 Units)	**62.671**	58.936
ICICI FIXED MATURITY PLAN SRS 82 - 1185 DAYS - 5,000,000 Units (31 March 2020 : 5,000,000 Units)	**63.238**	59.496
ICICI PRUDENTIAL MONEY MARKET FUND - DRT PLAN GROWTH - 1,71,060.227 Units (31 March 2020 : Nil Units)	**50.510**	-
ICICI PRUDENTIAL MONEY MARKET FUND - DRT PLAN GROWTH - 1,71,407.111 Units (31 March 2020 : Nil Units)	**50.613**	-
ICICI PRUDENTIAL MONEY MARKET FUND - GROWTH-P1571- 170,635.448 (31 March 2020 : Nil Units)	**50.008**	-
ICICI PRUDENTIAL MONEY MARKET FUND - GROWTH-P8123- 2,186,036.654 Units (31 March 2020 : Nil Units)	**50.011**	-
ICICI PRUDENTIAL ULTRA SHORT TERM FUND-GRW - Nil Units (31 March 2020 : 2,673,868.285 Units)	**-**	54.456
IDFC FLOATING RATE FUND DIRECT PLAN-GROWTH - 9,999,500.025 Units (31 March 2020 : Nil Units)	**100.378**	-
IDFC MONEY MANAGER FUND-GROWTH-REGULAR PLAN- 1,567,412.078 Units (31 March 2020 : Nil Units)	**50.004**	-
INVESCO INDIA ACTIVE INCOME FUND-DIR PL-GW - 24,862.734 Units (31 March 2020 : 24,862.734 Units)	**65.013**	59.859
KOTAK FMP SERIES 267 DIRECT GW - 5,000,000 Units (31 March 2020 : 5,000,000 Units)	**59.874**	55.127
KOTAK MONEY MARKET FUND -GROWTH (REGULAR PLAN) - 14,423.871 Units (31 March 2020 : Nil Units)	**50.007**	-
KOTAK SAVING FUND-GROWTH (REGULAR PLAN) - 1,523,106.687 Units (31 March 2020 : Nil Units)	**51.375**	-
L&T ULTRA SHORT TERM FUND DIRECT PLAN - GROWTH - 1,459,734.143 Units (31 March 2020 : Nil Units)	**51.228**	-
L&T ULTRA SHORT TERM FUND DIRECT PLAN-GROWTH - 14,40,592.751 Units (31 March 2020 : Nil Units)	**50.556**	-
LIC MF ULTRA SHORT TERM FUND-DIR PLAN- 47,200.787 Units (31 March 2020 : Nil Units)	**49.997**	-

Notes to the financial statements for the year ended 31st March 2021

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

	31 March 2021	31 March 2020
MIRAE ASSETS ULTRA SHORT DURATION FUND DIR-GROWTH - 49,131.836 Units (31 March 2020 : Nil Units)	**49.997**	-
NIPPON INDIA MONEY MARKET FUND -DIRECT GROWTH OPTION - 15,844.307 Units (31 March 2020 : Nil Units)	**51.031**	-
NIPPON INDIA MONEY MARKET FUND -GW-GW OPTION(LQGPG) - 15,647.158 Units (31 March 2020 : Nil Units)	**50.010**	-
RELAINCE FIXED HORIZON-XXXVII-SR04 - 5,000,000 Units (31 March 2020 : 5,000,000 Units)	**64.931**	60.297
RELIANCE FIXED HORIZON FUND-XXXV-SR14 - 5,000,000 Units (31 March 2020 : 5,000,000 Units)	**63.398**	59.561
SBI DEBT FUND SERIES - C - 8(1175 DAYS)-DG - 5,001,814.194 Units (31 March 2020 : 5,001,814.194 Units)	**62.979**	59.342
SBI MAGNUM ULTRA SHORT DURATION FUND DIRECT GROWTH - 10,694.706 Units (31 March 2020 : Nil Units)	**50.468**	-
SBI MAGNUM ULTRA SHORT DURATION FUND REGULAR GRW - 10,994.137 Units (31 March 2020 : Nil Units)	**51.429**	-
SBI SAVING FUND-REGULAR PLAN-GROWTH- 1,535,361.139 Units (31 March 2020 : Nil Units)	**50.008**	-
SUNDARAM ULTRA SHORT TERM FUND-DIRECT GROWTH - 4,585,286.010 Units (31 March 2020 : Nil Units)	**50.749**	-
TATA FIXED MATURITY PLAN SRS 53 SCHEME A - 5,000,000 Units (31 March 2020 : 5,000,000 Units)	**62.777**	58.970
TATA MONEY MARKET FUND DIRECT PLAN - GROWTH - 13,779.202 Units (31 March 2020 : Nil Units)	**50.568**	-
TATA MONEY MARKET FUND DIRECT PLAN - GROWTH- 13,628.288 Units (31 March 2020 : Nil Units)	**50.014**	-
UTI - FIXED TERM INCOME FUND SRS XXIX (1112 DAYS) - 5,000,000 Units (31 March 2020 : 5,000,000 Units)	**55.859**	52.071
UTI MONEY MARKET FUND - DIRECT GROWTH PLAN - 14,794.600 Units (31 March 2020 : Nil Units)	**50.509**	-
UTI MONEY MARKET FUND - DIRECT GROWTH PLAN - 21,294.742 Units (31 March 2020 : Nil Units)	**51.005**	-
UTI MONEY MARKET FUND - DIRECT GROWTH PLAN- 20,881.554 Units (31 March 2020 : Nil Units)	**50.015**	-
Total	**2777.567**	1000.090
(ii) Investments at amortised cost		
Unquoted investments:		
Deposit with Bajaj Finance Limited	**-**	150.000
Total current	**2777.567**	1150.090
Total Investments	**4751.302**	3123.825
Aggregate book value of quoted investments	**3175.627**	1398.150
Aggregate market value of quoted investments	**3184.820**	1393.563
Aggregate book value of unquoted investments	**1575.675**	1725.675

Notes to the financial statements for the year ended 31st March 2021

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

		31 March 2021	31 March 2020
5	**Loans**		
	Non-current		
	Security deposits		
	Unsecured considered good	**59.635**	49.511
		59.635	49.511
	Current		
	Security deposits		
	Unsecured considered good	**-**	0.141
		-	0.141
	Total Loans	**59.635**	49.652
	No loans are due from directors or other officers of the Company either severally or jointly with any other person. Nor any loans are due from firms or private companies respectively in which any director is a partner, a director or a member.		
6	**Other financial assets**		
	Non-current		
	Deposits with banks with an original maturity of more than 12 months	**30.260**	60.710
	Note: Includes deposits under lien INR 30.240 (31 March 2020 INR Nil)		
		30.260	60.710
	Current		
	Advances to subsidiaries	**7.810**	8.030
	Foreign exchange forward contracts	**4.095**	-
	Interest accrued on fixed deposits and bonds	**32.873**	34.458
		44.778	42.488
	Total other financial assets	**75.038**	103.198

		31 March 2020	31 March 2019
7	**Other assets**		
	Non-current		
	Capital advances	**3.787**	5.880
	Prepaid expenses	**3.894**	4.981
	Others	**10.089**	11.034
		17.770	21.895
	Current		
	Contracts in progress (Refer Note 29)	**1343.105**	1009.190
	Advances to suppliers	**523.875**	221.452
	Balances with Indirect tax authorities	**138.414**	51.322
	Prepaid expenses	**20.786**	13.687
	Amounts receivable in cash or kind	**68.781**	129.760
		2094.961	1425.411
	Total Other assets	**2112.731**	1447.306

Notes to the financial statements for the year ended 31st March 2021

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

		31 March 2021	31 March 2020
8	**Inventories (valued at lower of cost and net realisable value)**		
	Raw materials	**801.750**	600.531
	Work in progress	**77.380**	96.151
	Finished goods	**15.346**	31.939
		894.476	728.621

Note: Write-down of inventories to net realizable value amounted to INR 19.084 (31 March 2020: INR 3.850). These were recognized as an expense during the year and included in 'Cost of materials consumed'.

		31 March 2021	31 March 2020
9	**Trade Receivables**		
	Current		
	- **From related parties**		
	Unsecured, considered good	**0.683**	1.278
	- **From others**		
	Unsecured, considered good	**3726.605**	2655.901
	Unsecured, considered doubtful	**915.233**	897.934
		4642.521	3555.113
	Less: Impairment allowance (allowance for bad and doubtful debts)	**915.233**	897.934
		3727.288	2657.179

No trade receivables are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade receivables are due from firms or private companies respectively in which any director is a partner, a director or a member. Trade receivables are non-interest bearing and generally on credit terms of 3 to 6 months

		31 March 2021	31 March 2020
10	**Cash and cash equivalents**		
	Balances with banks		
	On current accounts	**494.252**	145.735
	Deposits with original maturity of less than 3 months	**226.202**	69.090
	Cash on hand	**0.840**	0.963
		721.294	215.788
11	**Other bank balances**		
	Unclaimed dividend account	10.891	15.224
	Deposits with original maturity for more than 3 months but less than 12 months	**239.623**	-
	Note: Includes deposits under lien INR 239.623 (31 March 2020 INR Nil)		
		250.514	15.224

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

		31 March 2021	31 March 2020
12	**Equity Share Capital**		
	Authorised shares		
	450,000,000 (31 March 2020: 450,000,000) equity shares of INR 2 each	**900.000**	900.000
	Issued, subscribed and fully paid-up shares		
	183,228,904 (31 March 2020: 183,160,060) equity shares of INR 2 each	**366.458**	366.320
	Total	**366.458**	366.320

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

	31 March 2021 No.	31 March 2021 Amount	31 March 2020 No.	31 March 2020 Amount
At the beginning of the period	**18,31,60,060**	**366.320**	18,26,47,850	365.296
Add: Allotted during the period pursuant to exercise of employees stock options (Refer note 34)	**68,844**	**0.138**	512,210	1.024
Outstanding at the end of the period	**18,32,28,904**	**366.458**	18,31,60,060	366.320

b. Terms / Rights attached to equity shares:

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

The Board of Directors proposed a final dividend of INR 2.16 per equity share for the financial year ended 31 March 2021. The proposal is subject to the approval of shareholders at the Annual General Meeting to be held and if approved, will be recognised as distributions to equity shareholders during the year ended 31 March 2022. This event is considered as non-adjusting event.

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

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

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

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

	31 March 2021		31 March 2020	
Equity shares of INR 2 each fully paid	**No.**	**% of holding**	No.	% of holding
Dr. Pramod Chaudhari (Promoter)	**38,700,000**	**21.12%**	38,700,000	21.13%
Parimal Chaudhari (Promoter)	**14,400,000**	**7.86%**	14,400,000	7.86%
HDFC Trustee Company Limited - HDFC Equity Fund	**14,350,034**	**7.83%**	14,713,221	8.03%
Tata Capital Financial Services Limited	**3,684,593**	**2.01%**	13,256,223	7.24%

e. Shares reserved for issue under options:

Shares reserved for issue under the Employee Stock Option Plan (ESOP) please refer note 34.

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

	31 March 2021	31 March 2020
Number of bonus shares issued, shares issued for consideration other than cash and shares bought back	-	-

Notes to the financial statements for the year ended 31st March 2021

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

		31 March 2021	31 March 2020
13	**Other Equity**		
	Capital Reserve	**0.033**	0.033
	Amalgamation Reserve	**3.063**	3.063
	Capital Redemption Reserve	**14.627**	14.627
	Securities Premium		
	Balance as at the beginning of the year	**977.306**	937.165
	Add : Employee stock options exercised	**3.305**	24.586
	Add : Transfer from Share option outstanding account on exercise of options	**1.665**	15.555
	Balance at the end of the year	**982.276**	977.306
	Share option outstanding account		
	Balance as at the beginning of the year	**19.498**	25.592
	Add : Employee stock option expense	**0.791**	13.766
	Less: Employee stock options expired and transferred to surplus in statement of profit and loss	**-**	4.305
	Less : Transfer to Securities Premium on exercise of options	**1.665**	15.555
	Balance at the end of the year	**18.624**	19.498
	Special Economic Zone Re-investment Reserve		
	Balance as at the beginning of the year	**292.448**	132.948
	Add : Transfer from Surplus in the Statement of Profit and Loss	**163.000**	159.500
	Less : Transfer to Surplus in the Statement of Profit and Loss on completion of required period	**71.548**	-
	Balance at the end of the year	**383.900**	292.448
	General Reserve		
	Balance as at the beginning of the year	**956.511**	956.511
	Add : Amounts transferred from surplus balance in statement of profit and loss	**-**	-
	Balance at the end of the year	**956.511**	956.511
	Surplus in the Statement of Profit and Loss		
	Balance as at the beginning of the year	**4413.711**	4926.411
	Profit as per statement of profit and loss	**712.413**	647.113
	Other comprehensive income	**9.774**	(11.797)
	Add: Employee stock options expired and transferred from share option outstanding account	**-**	4.305
	Add : Transfer from Special Economic Zone Re-investment Reserve on completion of required period	**71.548**	-
	Less: Appropriations		
	Final equity dividend	**-**	790.643
	Tax on final equity dividend	**-**	162.519
	Adjustments to Opening Retained Earnings - Ind AS 116	**-**	39.659
	Transfer to Special Economic Zone Re-investment Reserve	**163.000**	159.500
	Net Surplus in Statement of profit and loss	**5044.446**	4413.711
	Total Other Equity	**7403.480**	6677.197

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

		31 March 2021	31 March 2020
14	**Borrowings**		
	Non-current		
	Unsecured loan	-	-
		-	-
15	**Provisions**		
	Non-current		
	Provision for employee benefits		
	Compensated absences	81.138	73.564
	Gratuity	62.866	88.023
		144.004	161.587
	Current		
	Provision for employee benefits		
	Compensated absences	47.631	36.870
	Gratuity	30.000	20.000
	Performance incentive	154.270	-
		231.901	56.870
	Total provisions	375.905	218.457
16	**Trade payables**		
	Current		
	-To related parties	4.746	5.853
	-To others		
	Total outstanding dues of micro enterprises and small enterprises (Refer note ii)	251.620	115.253
	Total outstanding dues of creditors other than micro enterprises and small enterprises (MSMED)	2651.797	1371.348
		2908.163	1492.454

Notes:

i. Trade payables are non-interest bearing and are normally settled on 30-90 days terms

ii. Interest due/payable to parties registered under MSMED Act, 2006

		31 March 2021	31 March 2020
17	**Other financial liabilities**		
	Non-current		
	Lease Liability	113.159	138.918
		113.159	138.918
	Current		
	Unclaimed dividends	10.886	15.207
	Employee benefits payable	37.939	36.068
	Foreign exchange forward contracts	-	34.072
	Lease Liability	33.908	26.530
	Other payables	56.000	25.707
		138.733	137.584

Notes to the financial statements for the year ended 31st March 2021

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

			31 March 2021	31 March 2020
18	**Other liabilities**			
	Current			
	Advances received from customers		**2690.562**	1318.860
	Dues to customers relating to contracts in progress (Refer Note 29)		**616.363**	247.804
	Statutory dues payable		**34.571**	29.570
			3341.496	1596.234
19	**Revenue from operations**			
	Sale of Products and Projects		**10421.623**	8553.341
	Add: Closing Contracts in progress		**726.742**	761.386
	Less: Opening Contracts in progress		**761.386**	833.304
		(a)	**10386.979**	8481.423
	Sale of services	(b)	**307.481**	713.835
	Other Operating Revenue			
	Scrap Sales		**169.106**	223.244
	Sale of Licenses		**21.805**	-
		(c)	**190.911**	223.244
	Total Revenue from operations (a+b+c)		**10885.371**	9418.502
20	**Other income**			
	Foreign Exchange fluctuation gain (net)		**65.160**	39.066
	Dividend from mutual fund investments/ from Subsidiary		**15.818**	54.749
	Gain on redemption of investments (net)		**3.981**	42.463
	Investment In Mutual Fund-Fair Valuation Gain/(Loss)		**81.386**	71.182
	Interest			
	- on fixed deposits		**14.794**	44.134
	- others		**34.763**	43.991
	Income calculated using effective interest rate method		**2.477**	2.314
	Profit / (loss) on sale of property,plant and equipment (net)		**0.014**	-
	Excess provision / creditors written back (including advances)		**8.795**	1.092
	Other non-operating income		**4.882**	38.801
			232.070	337.792
21	**Cost of materials consumed**			
	Raw material consumed		**6248.985**	4789.573
			6248.985	4789.573

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

		31 March 2021	31 March 2020
22	**(Increase) / Decrease in inventories of Finished Goods and Work in Progress**		
	Inventories at the end of the year		
	Work in progress	**77.380**	96.151
	Finished goods	**15.346**	31.939
		92.726	128.090
	Inventories at the beginning of the year		
	Work in progress	**96.151**	116.764
	Finished goods	**31.939**	27.678
		128.090	144.442
	(Increase) / Decrease in inventories	**35.364**	16.352
23	**Employee Benefit Expenses**		
	Salaries, wages and bonus	**1305.560**	1182.626
	Contributions to provident and other funds (Refer note 33 a)	**55.979**	57.964
	Gratuity expense (Refer note 33 b)	**19.279**	15.846
	Employee stock option expense	**0.791**	13.765
	Staff welfare	**50.103**	68.455
		1431.712	1338.656
24	**Finance costs**		
	Interest expense	**-**	0.007
	Net interest on defined benefit plan	**5.912**	6.091
	Interest on Lease Liability	**17.394**	18.357
		23.306	24.455

Notes to the financial statements for the year ended 31st March 2021

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

		31 March 2021	31 March 2020
25	**Other Expenses**		
	Consumption of Stores and spares	**125.608**	128.719
	Site expenses and labour charges	**809.435**	892.376
	Freight and transport	**349.583**	215.936
	Bad debts written off (INR 70.180 ; 31 March 2020 INR 43.689) / Provision for doubtful debts and advances	**87.479**	171.808
	Sales commission	**55.084**	138.384
	Travel and conveyance	**58.097**	175.139
	Professional consultancy charges	**157.183**	156.094
	Insurance	**33.098**	27.031
	Rent (Refer note 32)	**13.170**	23.767
	Power and fuel	**53.848**	54.873
	Advertising and exhibition expenses	**16.266**	20.521
	Communication expenses	**12.774**	17.543
	Testing charges	**42.923**	40.813
	Repairs and maintenance:		
	Building	**8.699**	7.026
	Plant and Machinery	**19.111**	23.214
	Others	**17.660**	31.581
	Auditors' remuneration		
	for audit services	**3.600**	3.600
	for taxation services	**0.650**	0.650
	out of pocket expenses	**0.097**	0.017
	Directors' commission	**8.100**	7.200
	Rates and taxes	**3.366**	5.068
	Reimbursement of Marketing Support Expenses	**72.888**	99.457
	Miscellaneous expenses	**271.902**	285.410
		2220.621	2526.227

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

		31 March 2021	31 March 2020
26	**Income tax**		
A	**Statement of profit and loss:**		
	Current income tax:		
	Current income tax charge (net of MAT credit utlisation of INR 53.342 ; 31 March 2020 INR 85.405)	**204.500**	173.400
	Tax relating to earlier periods	**3.628**	(0.087)
	Deferred tax:		
	Relating to origination and reversal of temporary differences	**46.218**	(44.952)
	Income tax expense reported in the statement of profit and loss	**254.346**	128.361
B	**Statement of other comprehensive income:**		
	Deferred tax:		
	Remeasurements gains and losses on post employment benefits	**5.250**	(6.336)
	Income tax expense reported in the statement of other comprehensive income	**5.250**	(6.336)
C	**Reconciliation of effective tax rate**		
	Accounting profit before tax	**966.759**	775.474
	Tax using the Company's domestic tax rate 34.944% (31 March 2020: 34.944%)	**337.824**	270.982
	Adjustments in respect of current income tax of previous years	**3.628**	(0.087)
	Less: Tax effect of:		
	i MAT credit utilsation not considered as asset	**(53.342)**	-
	ii Income chargeable at lower rate	**(29.704)**	-
	iii IND-AS adjustment	**(13.582)**	-
	iv Deduction claimed for which Deferred Tax Asset was not created	**(13.741)**	-
	v Gratuity provision reduction considered in OCI	**(5.250)**	-
	vi Tax rate difference on book profit as per Minimum Alternate Tax	**-**	(173.379)
	Add: Tax effect of		
	i Deferred Tax Liability on conditional exemption (net)	**21.820**	-
	ii Donations ineligible under Income tax	**0.874**	-
	iii Others including rounding off	**5.819**	-
	iv Tax liability on IND AS adjustment to Retained earnings	**-**	1.769
	v Tax liability on Doubtful debt provision under MAT	**-**	44.770
	vi Tax liability on Provision for Impairment of Investment under MAT	**-**	34.090
	vii Tax liability on Expenditure debited to Reserves-ESOP expenses under MAT	**-**	1.504
	viii Deferred Tax expenses accounted as no effect of Timing differences on MAT liability	**-**	(51.288)
	Total	**254.346**	128.361
	Income tax expense reported in the statement of profit and loss	**254.346**	128.361

Notes to the financial statements for the year ended 31st March 2021

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

D Deferred tax

Deferred tax relates to the following: Deferred tax asset / (liability)	**Balance sheet**		**Statement of profit and loss/ other comprehensive income & other equity**	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Deferred tax asset				
Provision for doubtful debts and advances	**323.700**	317.655	**(6.045)**	(44.770)
Gratuity	**32.451**	37.747	**5.296**	(4.730)
Long term capital losses	**-**	-	**-**	14.283
Compensated absences	**44.997**	38.590	**(6.407)**	(6.424)
Other disallowances under Income Tax	**9.883**	6.444	**(3.439)**	(1.674)
Lease Liability	**51.391**	57.814	**6.423**	(57.814)
Total	**462.422**	458.250	**(4.172)**	(101.129)
Deferred tax liability				
Property, plant & equipment and intangible assets	**(303.141)**	(329.796)	**(26.655)**	29.327
Conditional exemptions calimed under Income tax / others	**(84.317)**	(2.022)	**82.295**	(0.788)
Total	**(387.458)**	(331.818)	**55.640**	28.539
Net deferred tax asset / (liability)	**74.964**	126.432		
Deferred tax expense/(income)			**51.468**	(72.590)
- Recognised in the statement of profit and loss			**46.218**	(44.952)
- Recognised in the statement of other comprehensive income			**5.250**	(6.336)
- Recognised in retained earnings			**-**	(21.302)

27 Earnings per share

Particulars	31 March 2021	31 March 2020
Reconciliation of basic and diluted shares used in computing earnings per share		
Weighted average number of basic equity shares	**183,172,607**	182,904,986
Add: effect of dilutive potential equity shares:		
- Employee stock options	**156,519**	250,680
Weighted average number of diluted equity shares	**183,329,126**	183,155,666
Computation of basic and diluted earnings per share		
Net profit after tax attributable to equity shareholders	**712.413**	647.113
Basic earnings per equity share of INR 2 each	**3.89**	3.54
Diluted earnings per equity share of INR 2 each	**3.89**	3.53

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

28 Capital commitments and contingent liabilities

Particulars	31 March 2021	31 March 2020
Capital commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	**26.032**	13.230
Other commitments		
Partly paid shares-Praj Far East Co. Ltd	**13.770**	13.592
Contingent liabilities		
Claims against Company not acknowledged as debts (primarily relating to performance related claims filed by customers) (net of insurance cover of INR 109.162)	**17.550**	17.550
Disputed demands in appeal towards income tax, service tax & sales tax	**201.795**	200.189
Guarantee issued in respect of obligations of a subsidiary	**571.060**	589.280

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

Particulars	31 March 2021	31 March 2020
Contract revenue recognised during the year (excluding taxes)	**10149.208**	8639.590
Aggregate amount of contract costs incurred and recognised profits (less recognised losses)	**18943.506**	12148.788
Customer advances outstanding for contracts in progress	**1939.215**	952.725
Retention money due from customers for contracts in progress	**506.348**	504.674
Gross amount due from customers for contract work (presented as contracts in progress)	**1343.105**	1009.190
Gross amount due to customers for contract work (presented as dues to customers relating to contracts in progress)	**(616.363)**	(247.804)

I) Revenue by category of contracts:

Particulars	31 March 2021	31 March 2020
Over a period of time basis	**10149.208**	8639.592
At a point-in-time basis	**736.163**	778.910
Total revenue from contracts with customers	**10885.371**	9418.502

Revenue by geographical market:

Particulars	31 March 2021	31 March 2020
Within India	**7433.333**	5891.589
Outside India	**3452.038**	3526.913
Total revenue from contracts with customers	**10885.371**	9418.502

Notes to the financial statements for the year ended 31st March 2021

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

II) Contract balances

Particulars	31 March 2021	31 March 2020
Trade receivables	**3727.288**	2657.179
Unbilled Revenue (Contract Asset)	**1343.105**	1009.190
Unearned Revenue (Contract Liability)	**616.363**	247.804
Customer Advances (Contract Liability)	**2690.562**	1318.860

Contract assets primarily relate to the Company's rights to consideration for work completed but not billed at the reporting date. The Contract assets are transferred to Trade receivables on completion of milestones and its related invoicing.

The Contract liabilities relate to unearned revenue and customer advances where performance obligations are yet to be fulfilled as per the contracts. The fulfilment of the performance obligations will extingusih these liabilities and revenue will be recognised.

30 Segment reporting

The business activities of the Company from which it earns revenues and incurs expenses; whose operating results are regularly reviewed by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available involve predominantly one operating segment i.e. process and project engineering.

31 Related party transactions

a) Parties where control exists

Subsidiaries

Praj Engineering & Infra Limited

Praj Far East Co. Limited

Praj Americas Inc.

Praj Industries (Africa) Pty Limited

Praj HiPurity Systems Limited

Praj Far East (Philippines) Inc.

b) Key management personnel and their close members of family

Executive chairman	Dr. Pramod Chaudhari
CEO & Managing Director	Shishir Joshipura
Chief Financial Officer & Director-F&C	Sachin Raole
Chief Internal Auditor & Company Secretary	Dattatraya Nimbolkar
Non-executive directors	Berjis Desai
	Parimal Chaudhari
	Sivaramakrishnan S. Iyer
	Mrunalini Joshi
	Dr. Shridhar Shukla
	Suhas Baxi
Close members of family of key management personnel	Parimal Chaudhari (Director)
	Parth Chaudhari

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

Praj Foundation

Plutus Properties LLP

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

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

Particulars	31 March 2021	31 March 2020
Praj Engineering & Infra Limited		
Sales of goods and services(without taxes)	**4.914**	-
Advances provided & recovered during the year	**5.634**	4.925
Expenses incurred and reimbursed by the Company	**0.108**	1.016
Expenses incurred and reimbursed by subsidiary	**0.323**	0.331
Rent received	**0.060**	0.060
Receivable	**0.195**	0.173
Payable	**-**	0.687
Praj Far East Co. Ltd		
Expenses incurred and reimbursed by the Company	**24.100**	36.604
Payable	**0.161**	0.166
Receivable	**7.810**	8.030
Praj Americas Inc.		
Expenses incurred and reimbursed by the Company	**48.788**	62.853
Payable	**4.585**	5.000
Praj HiPurity Systems Limited		
Sales of goods and services(without taxes)	**4.763**	-
Purchase of goods & services(without taxes)	**-**	2.845
Expenses incurred and reimbursed by the Company	**0.061**	-
Expenses incurred and reimbursed by subsidiary	**1.692**	4.469
Receivable	**0.496**	1.105
Praj Industries Philippines Limited		
Dividend income	**15.818**	54.749
Dividend receivable	**13.445**	46.537
Praj Foundation		
Donation paid	**7.000**	13.044
Plutus Properties LLP		
Rent paid	**3.596**	3.423
Dr. Pramod Chaudhari		
Short term employee benefits	**44.552**	44.975
Post employment benefits	**4.284**	4.392
Other long term employee benefits	**(1.500)**	1.200
Dividend	**-**	167.184
Payable	**3.240**	-
Shishir Joshipura		
Short term employee benefits	**29.286**	27.723
Post employment benefits	**3.564**	3.523
Other long term employee benefit	**0.847**	0.800
Share based payment	**0.396**	4.993
Payable	**6.495**	1.750

Notes to the financial statements for the year ended 31st March 2021

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

Particulars	31 March 2021	31 March 2020
Sachin Raole		
Short term employee benefits	**12.203**	11.394
Post employment benefits	**1.052**	0.981
Other long term employee benefit	**0.359**	0.293
Share based payment	**0.396**	4.993
Dividend	-	0.243
Payable	**4.362**	1.740
Dattatraya Nimbolkar		
Short term employee benefits	**7.468**	5.870
Post employment benefits	**0.342**	0.574
Other long term employee benefit	**0.113**	0.107
Dividend	-	0.004
Payable	**2.437**	0.200
Parimal Chaudhari		
Commission on profit	**1.750**	1.550
Dividend	-	93.312
Payable	**1.750**	1.550
Parth Chaudhari		
Remuneration	-	2.916

Note:
Transactions with related parties are at arms length price and the balances receivable / payable are un-secured. The terms of payment are generally similar to those of other non-related parties.

32 Leases

The company classifies the lease transactions as per the requirements of IND-AS 116 “Leases”

Nature of Leasing activity:

The Company has entered into lease arrangements for office and factory premises, residential premises for its employees, office equipments and computers.

The disclosures relating to leases are as summarised below:

Particulars	31 March 2021	31 March 2020
Depreciation for right-of-use asset	**29.713**	22.557
Interese expense on lease liabilities	**17.394**	18.357
Expenses relating to short-term / low value leases	**13.170**	23.767
Total Cash outhflow for leases	**60.705**	63.237
Carrying amount of right-of-use asset	**98.341**	116.293
Maturity analysis of lease liabilities:		
- less than 1 year	**33.908**	26.530
- between 1 to 3 years	**77.811**	103.570
- more than 3 years	**35.348**	35.348

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

33 Employee benefits

a) Defined contribution plans

The Company has recognised INR 55.979 (31 March 2020: INR 57.964) towards post-employment defined contribution plans comprising of provident and superannuation fund in the statement of profit and loss.

b) Defined benefit plan

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

The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:

Particulars	31 March 2021	31 March 2020
Present value of obligation as at the beginning of the period	**263.252**	221.659
Interest cost	**15.599**	16.355
Current service cost	**19.279**	15.846
Benefits paid	**(23.325)**	(7.176)
Remeasurements on obligation - (gain) / loss	**(13.326)**	16.568
Present value of obligation as at the end of the period	**261.479**	263.252

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

Particulars	31 March 2021	31 March 2020
Fair value of plan assets at the beginning of the period	**155.230**	127.174
Interest income	**9.686**	10.264
Contributions	**2.000**	19.357
Return on plan assets, excluding amount recognized in interest income - gain / (loss)	**1.698**	(1.565)
Fair value of plan assets as at the end of the period	**168.614**	155.230

Amounts recognised in the balance sheet are as follows:

Particulars	31 March 2021	31 March 2020
Present value of obligation as at the end of the period	**261.479**	263.252
Fair value of plan assets as at the end of the period	**168.614**	155.230
Surplus / (deficit)	**(92.865)**	(108.022)

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

Particulars	31 March 2021	31 March 2020
Current service cost	**19.279**	15.846
Net interest (income) / expense	**5.912**	6.091
Net periodic benefit cost recognised in the statement of profit and loss at the end of the period	**25.191**	21.937

Notes to the financial statements for the year ended 31st March 2021

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

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

Particulars	31 March 2021	31 March 2020
Remeasurement for the year - obligation (gain) / loss	**(13.326)**	16.568
Remeasurement for the year - plan assets (gain) / loss	**(1.698)**	1.565
Total remeasurements cost / (credit) for the year	**(15.024)**	18.133

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

Particulars	31 March 2021	31 March 2020
Interest (income) / expense - obligation	**15.599**	16.355
Interest (income) / expense - plan assets	**(9.686)**	(10.264)
Net interest (income) / expense for the year	**5.913**	6.091

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

Particulars	31 March 2021	31 March 2020
Funds managed by insurer	**100%**	100%
Total	**100%**	100%

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

Particulars	31 March 2021	31 March 2020
Discount rate	**6.30%**	6.20%
Rate of increase in compensation levels	**8.00%**	8.00%
Expected rate of return on plan assets	**6.20%**	7.50%
Expected average remaining working lives of employees (in years)	**9.63**	9.58
Withdrawal rate		
Age upto 30 years	**7.00%**	7.00%
Age 31 - 40 years	**7.00%**	7.00%
Age 41 - 50 years	**7.00%**	7.00%
Age above 50 years	**7.00%**	7.00%

A quantitative sensitivity analysis for significant assumptions is shown as follows:

Sensitivity analysis indicates the influence of a reasonable change in certain significant assumptions on the outcome of the present value of obligation. Sensitivity analysis is done by varying (increasing/ decreasing) one parameter by 100 basis points (1%)

a) Impact of change in discount rate when base assumption is decreased / increased by 100 basis point

Discount rate	Present value of obligation	
	31 March 2021	31 March 2020
Decrease by 1% to 5.30%	**274.603**	276.960
Increase by 1% to 7.30%	**249.919**	251.171

b) Impact of change in salary increase rate when base assumption is decreased / increased by 100 basis point

Salary increment rate	Present value of obligation	
	31 March 2021	31 March 2020
Decrease by 1% to 7.00%	**251.558**	252.833
Increase by 1% to 9.00%	**272.495**	274.805

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

c) Impact of change in withdrawal rate when base assumption is decreased / increased by 100 basis point

Withdrawal rate	Present value of obligation	
	31 March 2021	31 March 2020
Decrease by 1% to 6.00%	**262.724**	264.614
Increase by 1% to 8.00%	**260.357**	262.025

Risk Exposure and Asset Liability Matching

Provision of a defined benefit scheme poses certain risks, some of which are detailed hereunder, as companies take on uncertain long term obligations to make future benefit payments.

1) Liability Risks

a. Asset-Liability Mismatch Risk-

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the company is successfully able to neutralize valuation swings caused by interest rate movements. Hence companies are encouraged to adopt asset-liability management.

b. Discount Rate Risk-

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practise can have a significant impact on the defined benefit liabilities.

c. Future Salary Escalation and Inflation Risk-

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

2) Asset Risks

All plan assets are maintained in a trust fund managed by a public sector insurer viz; LIC of India. LIC has a sovereign guarantee and has been providing consistent and competitive returns over the years.

The company has opted for a traditional fund wherein all assets are invested primarily in risk averse markets. The company has no control over the management of funds but this option provides a high level of safety for the total corpus. A single account is maintained for both the investment and claim settlement and hence 100% liquidity is ensured. Also interest rate and inflation risk are taken care of.

34 Employee Stock Option Plan (ESOP)

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

The stock options vest in a graded manner equally over the period of vesting, each vesting taking effect as per the terms of the grant. The stock options granted are exercisable at 100% of the fair market value of the underlying equity shares of the Company as on the date of grant.

Amount of employee compensation expense recognised for employee services received during the year:

Particulars	31 March 2021	31 March 2020
Expense arising from equity-settled share-based payment transactions	**0.791**	13.765

Notes to the financial statements for the year ended 31st March 2021

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

Movements during the year
ESOP 2011 Grant I to X

Particulars	31 March 2021		31 March 2020	
	Options	**Weighted average exercise price INR**	Options	Weighted average exercise price INR
Number of options outstanding at the beginning of the year	**1,827,308**	**66.47**	2,395,098	62.82
Number of options granted during the year	**-**	**-**	-	-
Number of options exercised during the year	**(68,844)**	**50.00**	(512,210)	50.00
Number of options forfeited/lapsed during the year	**(1,305,000)**	**70.00**	(55,580)	60.80
Number of options outstanding at the end of the year	**453,464**	**58.82**	1,827,308	66.47
Number of options exercisable at the end of the year	**453,464**	**58.82**	322,308	50.00
Range of exercise price of options outstanding at the end of the year	**INR 50.00 to 70.00**		INR 50.00 to 70.00	
Average share price during the year	**INR 89.83**		INR 113.78	
Weighted average remaining contractual life of options outstanding at the end of the year	**1.35 years**		2.90 years	
Weighted average fair value of option as on date of grant (granted during the year)			-	-

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

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

Particulars	FY 2017-18	FY 2018-19
Grant date	**27 Sep 2017**	**28 Jan 2019**
Risk-free interest rate	**6.45%**	**6.78%**
Expected life	**1.5 years**	**1.65 years**
Expected volatility*	**43.01%**	**61.51%**
Expected dividend yield	**2.96%**	**2.07%**
Price of the underlying share in market at the time of grant of option (INR)	**68.50**	**121.30**

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

35 Expenditure on research & development activities

Revenue expenditure on research and development is charged under respective heads of account in the year in which it is incurred. Capital expenditure on research and development is included as part of property, plant and equipment and depreciated on the same basis as other property, plant and equipment.

Particulars	31 March 2021	31 March 2020
Capital expenditure (excluding advances)	**44.735**	31.955
Revenue expenditure	**167.516**	198.958

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

36 Taxes

During the year un-recognised MAT credit to the extent of INR 53.342 (31 March 2020 INR 85.405) has been utilised. After utilisation of this MAT credit, the balance MAT credit is INR Nil.

37 Note on COVID-19 impact

The impact of Covid 19 pandemic started in March 2020 with the Government announcing lockdown across the country to control the spread of the virus. This was followed by the restricted easing of services across different states. There was also positive news in the latter half of the year with vaccine approvals and the launch of the vaccination drive.

In terms of impact on the financial performance, the Company's performance was adversely impacted during the first quarter of the year. Subsequently, with easing out of lockdown conditions, operations gradually resumed from the second quarter of the year. The second wave of Covid 19 may have an impact because of the uncertainties like market closures, supply constraints, and commodity cost volatility.

The Company has evaluated and factored in the possible impact that may result from this pandemic and all events and circumstances up to the date of approval of these financial results on the carrying value of its assets and liabilities as at 31 March 2021. Considering the continuing uncertainties, the Company will continue to closely monitor any material changes to future economic conditions.

38 Corporate Social Responsibility (CSR) expenditure

The Company was required to spend INR 15.612 as expenditure on CSR as per requirements of the Companies Act, 2013. During the year, the Company has incurred CSR expenses of INR 19.000 as follows:

Amount spent on	Amounts paid	Yet to be paid
Construction/acquisition of asset	Nil	Nil
On other purposes covered under Schedule VII to Companies Act, 2013	19.000*	Nil

*Includes INR 7.000 given to Praj Foundation which is a related party.

The above expenditure includes contribution/donation of INR 19.000 to trusts / institute which are engaged in activities eligible under section 135 of Companies Act, 2013 read with Schedule VII thereto.

Notes to the financial statements for the year ended 31st March 2021

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

39 Fair value measurements

As per assessments made by the management, fair values of all financial instruments carried at amortised cost (except as specified below) are not materially different from their carrying amounts since they are either short term nature or the interest rates applicable are equal to the current market rate of interest.

The Company has performed a fair valuation of its investment in mutual funds which are classified as FVTPL using quoted prices.

Sr. No	Particulars	Carrying value	
		31 March 2021	31 March 2020
	Levelled at level 2		
	Financial asset		
a)	**Carried at amortised cost**		
	Investment in quoted non-convertible bonds*	**398.060**	398.060
	Investment in deposits	**-**	150.000
	Security deposits	**59.635**	49.652
	Trade receivable	**3727.288**	2657.179
	Deposits with banks	**30.260**	60.710
	Advances to subsidiaries	**7.810**	8.030
	Other receivables	**32.873**	34.458
	Cash and cash equivalents and other bank balances	**971.808**	231.012
b)	**Carried at fair value through profit and loss (FVTPL)**		
	Foreign exchange forward contracts	**4.095**	-
	(The fair value is as per the mark-to-market valuation from banks)		
	Levelled at level 1		
a)	Investments in mutual funds	**2777.567**	1000.090
	Levelled at level 2		
	Financial liabilities		
a)	**Carried at amortised cost**		
	Borrowings	**-**	-
	Trade payables	**2908.163**	1492.454
	Unclaimed dividends	**10.886**	15.207
	Lease Liability	**147.067**	165.448
	Other payables	**93.939**	61.775
b)	**Carried at fair value through profit and loss (FVTPL)**		
	Foreign exchange forward contracts	**-**	34.072
	(The fair value is as per the mark-to-market valuation from banks)		

*	Fair value of investment in quoted non-convertible bonds	**407.253**	393.473

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

40 Financial risk management policy and objectives

Company's principal financial liabilities, comprise loans and borrowings, trade and other payables, and financial guarantee contracts. The main purpose of these financial liabilities is to finance company's operations and to provide guarantees to support its operations. Company's principal financial assets include advances to subsidiaries, trade and other receivables, security deposits and cash and cash equivalents, that derive directly from its operations.

In order to minimise any adverse effects on the financial performance of the company, it has taken various measures. This note explains the source of risk which the entity is exposed to and how the entity manages the risk and impact of the same in the financial statements.

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

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

(A) Credit risk

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

Credit risk management

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

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

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

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

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

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

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

Notes to the financial statements for the year ended 31st March 2021

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

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

Provision for expected credit loss

Financial assets for which loss allowance is measured using 180 days Expected Credit Losses (ECL)

Exposure to risk	31 March 2021	31 March 2020
Trade receivables	**4642.521**	3555.113
Less : expected loss	**915.233**	897.934
Total	**3727.288**	2657.179

	31 March 2021	31 March 2020
Trade receivables		
Neither past due nor impaired	**1160.741**	856.012
Less than 180 days	**2390.177**	1420.976
181 - 365 days	**37.347**	170.250
More than 365 days	**139.023**	209.941
Total	**3727.288**	2657.179

Reconciliation of loss provision

	Trade receivables
Loss allowance as at 31 March 2020	**897.934**
Changes in loss allowance	**17.299**
Loss allowance as at 31 March 2021	**915.233**

B) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, company maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. This is carried out in accordance with practice and limits set by the group. In addition, the company's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

Exposure to risk	31 March 2021	31 March 2020
Interest bearing borrowings		
On demand		
Less than 180 days	-	-
181 - 365 days	-	-
More than 365 days	-	-
Total	-	-

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

Exposure to risk	31 March 2021	31 March 2020
Other liabilities		
On demand	**10.886**	15.207
Less than 180 days	**110.203**	74.692
181 - 365 days	**17.644**	13.613
More than 365 days	**113.159**	138.918
Total	**251.892**	242.430
Trade payables		
On demand	**-**	-
Less than 180 days	**2908.163**	1492.454
181 - 365 days	**-**	-
More than 365 days	**-**	-
Total	**2908.163**	1492.454

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

	31 March 2021	31 March 2020
Expiring within one year	**180.000**	180.000
Expiring beyond one year	**-**	-

(C) Foreign currency risk

The company is exposed to foreign exchange risk mainly through its sales to overseas customers and purchases from overseas suppliers in various foreign currencies.

The company evaluates exchange rate exposure arising from foreign currency transactions and the company follows established risk management policies, including use of derivatives like foreign exchange forward contracts to hedge exposure to foreign currency risk, where the economic conditions match the company's policy.

Foreign currency exposure :

Financial assets	**Currency**	**Amount in foreign currency**		**Amount in INR**	
		31 March 2021	31 March 2020	31 March 2021	31 March 2020
Trade receivables	EUR	**0.150**	0.150	**12.748**	12.319
	USD	**10.960**	12.872	**800.263**	964.592
	GBP	**0.180**	0.180	**17.972**	16.584
Bank accounts	EUR	**0.690**	0.047	**58.770**	3.880
	USD	**2.256**	1.291	**164.666**	96.592
Foreign exchange forward contracts	EUR	**2.400**	-	**204.504**	-
	USD	**10.450**	11.350	**763.059**	850.569

Financial liabilities	**Currency**	**Amount in foreign currency**		**Amount in INR**	
		31 March 2021	31 March 2020	31 March 2021	31 March 2020
Trade payables	EUR	**1.000**	0.571	**86.890**	47.952
	USD	**(0.308)**	1.727	**(22.826)**	131.231
	GBP	**(0.005)**	0.000	**(0.524)**	0.012
	SEK	**5.276**	-	**44.294**	-

Notes to the financial statements for the year ended 31st March 2021

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

Currency wise net exposure (assets - liabilities)

Particulars	Amount in foreign currency		Amount in INR	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
EUR	**2.240**	(0.374)	**189.132**	(31.753)
USD	**23.974**	23.786	**1750.814**	1780.522
GBP	**0.185**	0.180	**18.495**	16.572
SEK	**(5.276)**	-	**(44.294)**	-

Sensitivity analysis

Currency	Amount in INR		Sensitivity %	Impact on profit- strengthen [Loss / (Gain)]		Impact on profit - weakening [Loss / (Gain)]	
	2021	2020		2021	2020	2021	2020
EUR	**189.132**	(31.753)	5.00%	**(9.457)**	1.588	**9.457**	(1.588)
USD	**1750.814**	1780.522	5.00%	**(87.541)**	(89.026)	**87.541**	89.026
GBP	**18.495**	16.572	5.00%	**(0.925)**	(0.829)	**0.925**	0.829
SEK	**(44.294)**	-	5.00%	**2.215**	-	**(2.215)**	-
Total	**1914.147**	1765.341		**(95.708)**	(88.267)	**95.708**	88.267

(GBP - Great Britain Pound, EUR - Euro, USD - US Dollar, SEK- Swedish Krona)

41 Capital management

Risk management

The company's objectives when managing capital are to

- safeguard it's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry, the company monitors capital on the basis of the following gearing ratio: Net debt (total borrowings net of cash and cash equivalents) divided by total 'equity' (as shown in the balance sheet).

The company's strategy is to maintain a gearing ratio of 0%. The gearing ratios were as follows:

	31 March 2021	31 March 2020
Loans and borrowings	**-**	-
Less: cash and cash equivalents	**721.294**	215.788
Net debt	**-**	-
Equity	**7769.938**	7043.517
Capital and net debt	**7769.938**	7043.517
Gearing ratio	**0%**	0%

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

Dr. Pramod Chaudhari
Executive Chairman
(DIN : 00196415)

Shishir Joshipura
CEO and Managing Director
(DIN : 00574970)

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

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

Place: Pune
Date: 06 May 2021

Independent Auditors' Report

TO THE MEMBERS OF PRAJ INDUSTRIES LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying Consolidated Financial Statements of Praj Industries Limited ("the Holding Company") and its subsidiaries (Holding Company and its Subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2021, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2021, of the consolidated profit (including other comprehensive income), consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing ("SAs") specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Consolidated Financial Statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

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

Key Audit Matters

Key Audit matters are those matters that, in our professional judgement, were of most significance in our audit of Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of Consolidated Financial Statement as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be key audit matters to be communicated in our report with respect to the Group.

1) Recognition of Revenue from Contracts with Customers

Description of Key Audit Matters

Revenue from Projects is recognized as per Ind-AS 115 on satisfaction of performance obligation overtime, where progress towards complete satisfaction of performance obligation is measured under Input Method. For the year ended 31st March 2021 project revenue recognized amounted to Rs. 10654.688 Mn, opening and closing Contracts in Progress amounted to Rs.750.081 Mn and Rs. 670.956 Mn respectively.

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

Description of Auditors' Response

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

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

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

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

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

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

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

2) **Trade Receivables**

Description of Key Audit Matters

Trade Receivables, net of impairment allowance, amounts to Rs. 4534.411 Mn as on 31st March 2021, which constitutes about 28 % of the total Assets of the Company. Impairment provision carried in the books as on 31st March 2021 is Rs. 963.185 Mn.

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

Description of Auditors' Response

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

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

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

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

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

Other Information

The Holding Company's Board of Directors is responsible for the Other Information. The Other Information comprises the Management Discussion and Analysis; Board of Directors' Report along with its Annexures and Corporate Governance Report included in the Annual Report, but does not include the Consolidated Financial Statements and our auditor's report thereon. Our opinion on the Consolidated Financial Statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information; we are required to report that fact.

Draft of the Other Information is provided to us by the management with the representation that the same is near final and any change in the same would be intimated to us. We have read the draft of Other Information and state that we have nothing to report in this regard. When we read the final Other Information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

The Holding Company's Board of Directors is responsible for the preparation and presentation of these Consolidated Financial Statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance (including other comprehensive income), the consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

The respective Board of Directors of the Companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

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

The respective Board of Directors of the Company and its Subsidiaries are responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

We also:

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

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

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

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

Other Matters

We did not audit the financial statements/financial information of two subsidiaries, whose financial statements/ financial information reflect total assets of Rs 84.50 Mns as at 31 March 2021, total revenue of Rs. 119.57 Mns, profit after tax of Rs. 23.96 Mns and net cash flows amounting to Rs (11.501) Mns for the year ended on that date, as considered in the consolidated Ind AS financial statements. These financial statements/ financial information have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the consolidated Ind AS financial statements insofar as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) and (11) of Section 143 of the Act insofar as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

We did not audit the financial statements/financial information of one subsidiary, whose financial statements/ financial information reflect total assets of Rs 8.178 Mns as at 31 March 2021, total revenue of Rs. Nil, profit after tax of Rs. NIL and net cash flows amounting to Rs 1.164 Mns for the year ended on that date, as considered in the consolidated Ind AS financial statements. These financial statements/ financial information are unaudited and have been furnished to us by the Management, and our opinion on the consolidated Ind AS financial statements insofar as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of sub-section (3) and (11) of Section 143 of the Act insofar as it relates to the aforesaid subsidiary, is based solely on such unaudited financial statements/ financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements/ financial information are not material to the Group.

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report that:
    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements.
    b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
    c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.
    d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended.
    e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2021 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its Subsidiary companies incorporated in India, none of the directors of the Group Company incorporated in India, is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164(2) of the Act.
    f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and its Indian Subsidiaries and the operating effectiveness of such controls, refer to our separate Report in Annexure I.
    g) As required by section 197 (16) of the Act; in our opinion and according to the information and explanations given to us, the remuneration paid during the current year by the Holding Company and its subsidiaries to its directors is in accordance with the provisions of section 197 of the Act. The remuneration paid to any director by the Holding Company and its subsidiaries is not in excess of the limit laid down under section 197 of the Act.
    h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
        (i) The Consolidated Financial Statements disclose the impact of pending litigations as at March 31, 2021 on the consolidated financial position of the Group – Refer Note 28 to the Consolidated Financial Statements.
        (ii) The Company and its Subsidiaries did not have any material foreseeable losses on long-term contracts including derivative contracts as at March 31, 2021.
        (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its Subsidiaries during the year ended March 31, 2021.

For **P G BHAGWAT LLP**
Chartered Accountants
Firm Registration Number: 101118W/W100682

Sandeep Rao
Partner
Membership Number: 47235
UDIN: 21047235AAAACQ2463

Pune: 06th May 2021

Annexure I to the Independent Auditors' Report

Referred to in paragraph 1 (f) under the heading, "Report on Other legal and Regulatory Requirements" of our report on even date:

Report on the Internal Financial Controls with reference to Consolidated Financial Statements

Under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting with reference to the Consolidated Financial Statements of Praj Industries Limited ("the Holding Company") and its Subsidiaries (the Holding company and its Subsidiaries together referred to as "the Group") as of March 31, 2021 in conjunction with our audit of the Consolidated Financial Statements of the Group for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Holding Company's and its Subsidiaries Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Group considering the essential components of internal control stated in the Guidance Note on Audit of Internal financial controls over financial reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Group's internal financial controls over financial statements with reference to the Consolidated Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal financial controls over financial reporting (the "Guidance Note") and the Standards on Auditing, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial statements with reference to Consolidated Financial Statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial control system with reference to Consolidated Financial Statements and their operating effectiveness. Our audit of internal financial controls over financial statements with reference to Consolidated Financial Statements included obtaining an understanding of internal financial controls over financial statements with reference to Consolidated Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Group's internal financial controls over financial statements with reference to Consolidated Financial Statements.

Meaning of Internal Financial Controls Over Financial Statements

A company's internal financial control over financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Consolidated Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Consolidated Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Consolidated Financial Statements.

Inherent Limitations of Internal Financial Controls Over Financial Statements

Because of the inherent limitations of internal financial controls over financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial statements to future periods are subject to the risk that the internal financial control over financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Group has maintained, in all material respects, adequate internal financial controls system over financial statements with reference to Consolidated Financial Statements and such internal financial controls over financial statements with reference to Consolidated Financial Statements were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal financial controls over financial reporting issued by the Institute of Chartered Accountants of India.

Other Matters

We did not audit the internal financial controls over financial reporting of 4 subsidiaries which are located outside India and are not companies registered under the Companies Act 2013.

For **P G BHAGWAT LLP**
Chartered Accountants
Firm Registration Number: 101118W/W100682

Sandeep Rao
Partner
Membership Number: 47235
UDIN: 21047235AAAACQ2463

Pune: 06th May 2021

Consolidated Balance Sheet as at 31st March 2021

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

Particulars	Note no.	31 March 2021	31 March 2020
ASSETS			
Non-current assets			
Property, plant and equipment	3	**2064.172**	2167.065
Capital work-in-progress	3	**6.144**	20.795
Investment property	3	**136.928**	136.928
Goodwill	3	**626.150**	626.150
Intangible assets	3	**8.400**	8.196
Financial assets			
Investments	4	**398.073**	398.073
Loans	5	**65.903**	59.859
Others	6	**84.983**	126.689
Deferred tax assets (net)	26	**104.205**	180.606
Other assets	7	**89.709**	92.889
		3584.667	**3817.250**
Current assets			
Inventories	8	**1289.136**	1111.388
Financial assets			
Investments	4	**2950.067**	1237.090
Trade receivables	9	**4534.411**	3301.379
Cash and cash equivalents	10	**1011.087**	458.427
Other bank balances	11	**313.375**	34.696
Loans	5	**-**	0.141
Others	6	**45.657**	39.383
Current tax asset (net)		**-**	85.156
Other assets	7	**2209.810**	1531.558
		12353.543	**7799.218**
TOTAL ASSETS		**15938.210**	**11616.468**
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	12	**366.458**	366.320
Other equity	13	**7651.774**	6826.168
Sub-total - total equity attributable to parent		**8018.232**	7192.488
Non-controlling interests		**6.815**	6.697
Total equity		**8025.047**	**7199.185**
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Borrowings	14	**-**	-
Other financial liabilities	17	**113.159**	151.679
Provisions	15	**157.014**	171.770
		270.173	323.449
Current liabilities			
Financial liabilities			
Trade payables	16	**3416.142**	1874.933
Other financial liabilities	17	**197.473**	174.726
Other current liabilities	18	**3762.605**	1971.657
Provisions	15	**251.130**	72.518
Current tax liabilities (net)		**15.640**	-
		7642.990	**4093.834**
TOTAL LIABILITIES		**7913.163**	**4417.283**
TOTAL EQUITY AND LIABILITIES		**15938.210**	**11616.468**
Corporate Information	1		
Summary of significant accounting policies	2		
The accompanying notes are an integral part of the financial statements.			

As per our report of even date.

For **P G BHAGWAT LLP**
Chartered Accountants
Firm Regn. No: 101118W/W100682

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

Sandeep Rao
Partner
Membership No.: 47235

Dr. Pramod Chaudhari
Executive Chairman
(DIN : 00196415)

Shishir Joshipura
CEO and Managing Director
(DIN : 00574970)

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

Place: Pune
Date: 06 May 2021

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

Consolidated Statement of profit and loss for the year ended 31st March 2021

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

Particulars	Note no.	31 March 2021	31 March 2020
INCOME			
Revenue from operations	19	**13046.687**	11023.657
Other income	20	**257.364**	300.214
Total Income		**13304.051**	**11323.871**
EXPENSES			
Cost of materials consumed	21	**7309.688**	5670.174
Changes in inventories of finished goods, stock-in -trade and work-in-progress	22	**51.470**	(146.479)
Employee benefits expense	23	**1721.979**	1639.765
Finance costs	24	**28.575**	30.962
Depreciation and amortization expense	3	**221.218**	218.461
Other expenses	25	**2840.075**	3079.642
Total expenses		**12173.005**	**10492.525**
Profit before tax		**1131.046**	**831.346**
Tax expenses	26		
Current tax		**241.576**	181.906
Deferred tax		**71.149**	(57.919)
Adjustments of tax relating to earlier periods		**7.734**	2.996
Total tax expenses		**320.459**	**126.983**
Profit for the year		**810.587**	**704.363**
Attributable to :			
Non-controlling interests		**0.118**	0.054
Owners of the company		**810.469**	704.309
Profit for the year		**810.469**	**704.309**
Other comprehensive income			
Items that will not be reclassified to profit and loss:			
Re-measurement of defined benefit plans		**15.102**	(19.589)
Income tax effect		**(5.252)**	5.926
		9.850	(13.663)
Items that will be reclassified to profit and loss:			
Exchange differences on translation of foreign operations		**1.191**	10.369
		1.191	10.369
Other comprehensive income		**11.041**	**(3.294)**
Total comprehensive income for the year		**821.628**	**701.069**
Attributable to :			
Non-controlling interests		**0.118**	0.054
Owners of the company		**821.510**	701.015
Earnings per equity share (Nominal value per share INR 2 each)	27		
(1) Basic		**4.43**	3.85
(2) Diluted		**4.42**	3.85
Corporate Information	1		
Summary of significant accounting policies	2		
The accompanying notes are an integral part of the financial statements.			

As per our report of even date.

For **P G BHAGWAT LLP**
Chartered Accountants
Firm Regn. No: 101118W/W100682

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

Sandeep Rao
Partner
Membership No.: 47235

Dr. Pramod Chaudhari
Executive Chairman
(DIN : 00196415)

Shishir Joshipura
CEO and Managing Director
(DIN : 00574970)

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

Place: Pune
Date: 06 May 2021

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

Consolidated Cash Flow Statement for the year ended 31st March 2021

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

		31 March 2021	31 March 2020
A.	**Cash flow from operating activities**		
	Net profit before tax	**1131.046**	831.346
	Adjustments for:		
	Loss / (profit) on sale of property, plant and equipment	**0.756**	-
	Net Gain on termination of lease	**(7.890)**	-
	Gain on redemption of mutual fund investments	**(3.981)**	(38.148)
	Gain on redemption of bonds	**-**	(4.315)
	Bad Debts / Provision for doubtful debts and advances	**95.261**	210.101
	Excess provision / creditors written back (including advances)	**(9.785)**	(1.864)
	Unrealised foreign exchange (gain) / loss (net)	**(56.556)**	8.105
	Sundry Balances Written Off	**1.145**	0.766
	Depreciation and amortisation	**221.218**	218.461
	Interest earned	**(72.027)**	(103.518)
	Unrealised gain on mutual fund investments	**(81.386)**	(71.182)
	Interest on Lease Liability	**21.679**	23.669
	Interest charged	**-**	0.405
	Equity-settled share-based payment transactions	**0.791**	13.765
	Operating profit before working capital changes	**1240.271**	**1087.591**
	Changes in working capital		
	(Increase) /decrease in trade receivables	**(1,353.168)**	(422.919)
	(Increase)/decrease in inventories (including contracts in progress)	**(518.058)**	330.864
	(Increase)/decrease in non-current loans	**(6.044)**	(9.730)
	(Increase)/decrease in other non-current financial assets	**41.706**	104.825
	(Increase)/decrease in other non-current assets	**1.087**	8.713
	(Increase)/decrease in current loans	**0.141**	1.438
	(Increase)/decrease in current financial assets-others	**(4.095)**	-
	(Increase)/decrease in other current assets	**(616.621)**	97.442
	Increase/(decrease) in trade payables	**1586.444**	(483.799)
	Increase/(decrease) in other current financial liabilities	**57.867**	(83.377)
	Increase/(decrease) in other current liabilities	**1790.948**	(247.125)
	Increase/(decrease) in long term provisions	**(14.756)**	12.972
	Increase/(decrease) in short term provisions	**193.714**	(72.309)
	Cash generated from operations	**2399.436**	**324.586**
	Direct taxes paid (including taxes deducted at source), net of refunds	**(148.514)**	(177.862)
	NET CASH FROM OPERATING ACTIVITIES	**2250.922**	**146.724**

		31 March 2021	31 March 2020
B.	**Cash flow from investing activities**		
	Purchase of property, plant and equipment and intangible assets	**(86.707)**	(71.196)
	Investments:		
	- in mutual funds	**(2,078.132)**	(650.000)
	Sale of investments		
	- in mutual funds	**386.022**	1183.231
	- in debentures & bonds	**-**	54.417
	Proceeds from sale of property, plant and equipment	**1.229**	2.912
	Interest received on investments	**69.847**	105.361
	Investment /(redemption) in fixed deposits	**64.500**	(4.050)
	NET CASH FROM / (USED) IN INVESTING ACTIVITIES	**(1,643.241)**	**620.675**
C.	**Cash flow from financing activities**		
	Proceeds from exercise of employee stock options	**3.443**	25.611
	Increase / (Decrease) in Long term borrowings	**-**	(0.410)
	Dividend paid including dividend distribution tax	**(4.321)**	(949.458)
	Interest on Lease Liability	**(21.679)**	(23.669)
	Principal Payment on Leases	**(40.324)**	(32.001)
	Interest paid	**-**	(0.405)
	NET CASH FROM / (USED) IN FINANCING ACTIVITIES	**(62.881)**	**(980.332)**
	Net increase/(decrease) in cash and cash equivalents (A+B+C)	**544.800**	**(212.933)**
	Cash and cash equivalents at the beginning of the year (Refer Note 10)	**458.427**	**635.598**
	Add: effect of exchange rate changes on cash and cash equivalents	**7.860**	**35.762**
	Cash and cash equivalents at the end of the year (Refer Note 10)	**1011.087**	**458.427**

Notes:

The statement of cash flows has been prepared under the 'Indirect method' as set out in Ind AS 7

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

As per our report of even date.

For **P G BHAGWAT LLP**
Chartered Accountants
Firm Regn. No: 101118W/W100682

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

Sandeep Rao
Partner
Membership No.: 47235

Dr. Pramod Chaudhari
Executive Chairman
(DIN : 00196415)

Shishir Joshipura
CEO and Managing Director
(DIN : 00574970)

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

Place: Pune
Date: 06 May 2021

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

Statement of changes in equity for the year ended 31st March 2021

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

A. Equity share capital

Balance as on 1 April 2019	Changes in equity share capital during the year	Balance as on 31 March 2020
365.296	1.024	366.320
Balance as on 1 April 2020	**Changes in equity share capital during the year**	**Balance as on 31 March 2021**
366.320	0.138	366.458

B. Other equity

Particulars	Reserves and Surplus									Total attributable to owners of the company	Non controlling interest	Total
	Capital Reserve	Securities Premium Reserve	Other Reserves			Special Economic Zone Re-investment Reserve	General reserve	Retained earnings	Exchange differences on translating the financial statements of a foreign operation			
			Capital redemption reserve	Amalgamation reserve	Share option outstanding account							
Balance at the beginning of the reporting period as at 1 April 2019	**0.033**	**937.165**	**14.627**	**3.063**	**25.592**	**132.948**	**958.500**	**4994.340**	**18.588**	**7084.856**	**6.643**	**7091.499**
Investment by Minority shareholders												
Profit for the year								704.309		704.309	0.054	704.363
Other comprehensive income								(13.663)	10.369	(3.294)		(3.294)
Dividends (including dividend distribution tax)								(953.162)		(953.162)		(953.162)
Employee stock options exercised during the year		40.141			(15.555)					24.586		24.586
Equity settled share based payment to employees					13.766					13.766		13.766
Employee stock options expired and transferred to/from statement of profit and loss					(4.305)			4.305		-		-
Transfer to Special Economic Zone Re-investment Reserve						159.500		(159.500)		-		-
Adjustments to Opening Retained Earnings - Ind AS 116								(44.893)		(44.893)		(44.893)
Balance as on 31 March 2020	**0.033**	**977.306**	**14.627**	**3.063**	**19.498**	**292.448**	**958.500**	**4531.736**	**28.957**	**6826.168**	**6.697**	**6832.865**
Balance at the beginning of the reporting period as at 1 April 2020	**0.033**	**977.306**	**14.627**	**3.063**	**19.498**	**292.448**	**958.500**	**4531.736**	**28.957**	**6826.168**	**6.697**	**6832.865**
Investment by Minority shareholders												
Profit for the year								810.469		810.469	0.118	810.587
Other comprehensive income								9.850	1.191	11.041		11.041
Dividends (including dividend distribution tax)										-		-
Employee stock options exercised during the year		4.970			(1.665)					3.305		3.305
Equity settled share based payment to employees					0.791					0.791		0.791
Employee stock options expired and transferred to/from statement of profit and loss					-					-		-
Transfer to/ From Special Economic Zone Re-investment Reserve						91.452		(91.452)		-		-
Balance as on 31 March 2021	**0.033**	**982.276**	**14.627**	**3.063**	**18.624**	**383.900**	**958.500**	**5260.603**	**30.148**	**7651.774**	**6.815**	**7658.589**

Notes to the Consolidated financial statements for the year ended 31st March 2021

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

1 The corporate overview

Praj Industries Limited ('PIL' or 'the holding company' or 'the company') is a public company domiciled in India and incorporated under the provisions of Indian Companies Act. The company's registered office is "Praj Tower", S. No. 274 and 275/2, Bhumkar Chowk-Hinjewadi road, Hinjewadi, Pune – 411057, Maharashtra, India. The company's ordinary shares are listed on the Bombay Stock Exchange and National Stock Exchange in India.

The consolidated financial statements comprise the financial statements of the company and its subsidiaries (together referred to as "the group").

The group is engaged in the business of process and project engineering. The group caters to both domestic and international markets. Further, the group also provides design and engineering services.

2 Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements of the group comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The consolidated financial statements were authorised for issue by the Board of Directors on 6 May 2021.

2.2 Basis of measurement

The financial statements have been prepared on a historical cost basis, except for the following items, which are measured on an alternative basis on each reporting date.

Items	Measurement basis
Derivative financial instruments at fair value through profit or loss	Fair value
Certain non-derivative financial instruments at fair value through profit or loss	Fair value
Equity-settled share based payment transactions	Grant date fair value
Defined benefit plan assets	Fair value

2.3 Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is the group's functional currency. All amounts have been rounded-off to the nearest million, as per the requirements of Schedule III, unless otherwise stated.

2.4 Significant accounting judgments, estimates and assumptions

The preparation of the financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, current assets, non-current assets, current liabilities, non-current liabilities and disclosure of the contingent liabilities at the end of each reporting period. Actual results may differ from these estimates.

Detailed information about each of these estimates and judgements is included in relevant notes.

The areas involving critical estimates and judgements are:

- Estimation of current tax expense and payable – Note 26
- Estimation of defined benefit obligation – Note 33
- Recognition of revenue – Note 29
- Recognition of deferred tax assets for carried forward tax losses – Note 26
- Impairment of trade receivables – Note 40

Estimation and underlying assumptions are reviewed on ongoing basis. Revisions to estimates are recognised prospectively.

2.5 Current versus non-current classification

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

An asset as current when it is:

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

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

All other assets are classified as non-current.

A liability is current when:

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

All other liabilities are classified as non-current.

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

2.6 Principles of consolidation

The consolidated financial statements comprise the financial statements of the company and its subsidiaries as at 31 March 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the holding company, i.e., year ended on 31 March 2021. The subsidiaries considered in the consolidated financial statements are summarized below:

% of shareholding in equity shares

Name of the subsidiary	Country of incorporation	31 March 2021	31 March 2020
Praj Engineering & Infra Ltd.	India	99.65%	99.65%
Praj Far East Co Ltd.	Thailand	100.00%	100.00%
Praj Americas Inc	United States of America	100.00%	100.00%
Praj HiPurity Systems Limited	India	100.00%	100.00%
Praj Industries (Africa) Pty. Ltd.	South Africa	100.00%	100.00%
Praj far East Philippines Inc.,	Philippines	100.00%	100.00%

In preparing the consolidated financial statements, the Group has used the following key consolidation procedures:

- Combine like items of assets, liabilities, equity, income, expenses and cash flows of the holding company with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of assets and liabilities recognised in the consolidated financial statements at the acquisition date.

Notes to the Consolidated financial statements for the year ended 31st March 2021

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

- Offset (eliminate) the carrying amount of the holding company's investment in each subsidiary and the holding company's portion of equity of each subsidiary. Business combinations policy explains accounting for any related goodwill.
- Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group. Profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full. However, intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 - Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit and loss and each component of other comprehensive income ('OCI') are attributed to the equity holders of the holding company of the group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it deconsolidates the subsidiary from the date it ceases control.

2.7 Business combination and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed (including contingent liabilities) are recognised/ measured at their acquisition date fair values, except for certain cases.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in in OCI and accumulated in equity as capital reserve.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

2.8 Property, plant and equipment

- **Recognition and measurement**

  Items of property, plant and equipment are measured at cost of acquisition or construction less accumulated depreciation and/or accumulated impairment loss, if any. The cost of an item of property, plant and equipment comprises its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use; any trade discounts and rebates are deducted in arriving at the purchase price. Borrowing costs directly attributable to the construction of a qualifying asset are capitalised as part of the cost.

  When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

  Property, plant and equipment under construction are disclosed as capital work-in-progress.

  Advances paid towards the acquisition of property, plant and equipment outstanding at each reporting date are disclosed under 'Other non-current assets'.

- **Subsequent costs**

  The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of profit and loss as incurred.

- **Disposal**

  An item of property, plant and equipment is derecognised upon disposal or when no future benefits are expected from its use or disposal. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income/ expenses in the statement of profit and loss.

- **Depreciation**

  Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognised in the statement of profit and loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment as prescribed in Schedule II of the Companies Act, 2013, as assessed by the management of the group based on technical evaluation. Freehold land is not depreciated.

  The property, plant and equipment acquired under finance leases is depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the group will obtain ownership by the end of the lease term.

  The estimated useful lives of items of property, plant and equipment for the current and comparative periods are as follows:

Asset	Useful life (in years)
Buildings	30-60
Plant and machinery	7.5-15
Computers and office equipment	3-5
Vehicles	8
Furniture and fixtures	10

2.9 Intangible assets

- **Recognition and measurement**

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

  Expenditure on research activities is recognised in the statement of profit and loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the group intends to and has sufficient resources to complete development and to use or sell the asset.

  Intangible assets acquired by the group that have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level.

- **Subsequent measurement**

  Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

- **Amortisation**

  Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value. Amortisation is recognised in statement of profit and loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

  The estimated useful lives for current and comparative periods are as follows:

Asset	Useful life
Technical know-how	5 - 10 years
Software	5 years

Notes to the Consolidated financial statements for the year ended 31st March 2021

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

2.10 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the group, is classified as investment property.

Investment property is initially measured at cost, including related transaction costs. The cost of investment property includes its purchase price and directly attributable expenditure, if any. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with expenditure will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

Subsequent to the initial recognition, investment property is stated at cost less accumulated depreciation and accumulated impairment loss, if any. Depreciation on investment property has been provided in a manner that amortises the cost of the assets over their estimated useful lives on straight line method as per the useful life prescribed under Schedule II to the Act. Investment property in the form of land is not depreciated.

Investment property is derecognised either when it is disposed off or permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statement profit and loss in the period of derecognition.

2.11 Impairment of non-financial assets

The group assesses at each balance sheet date whether there is any indication that an asset or cash generating unit (CGU) may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset. The recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal or its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are considered.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in the statement of profit and loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.12 Inventories

Raw materials, components, stores and spares, work-in-progress and finished goods are valued at lower of cost and net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

Cost of raw materials, components, stores and spares comprises cost of purchases. Cost of work-in-progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated based on normal operating capacity. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Costs are assigned to individual items of inventory based on weighted average basis.

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

2.13 Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

2.14 Revenue recognition

Revenue is recognised when performance obligation is satisfied by transferring promised goods or services and to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured, regardless of when the payment is being made.

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

Revenue is measured at the fair value of the consideration received or receivable. Amounts included in revenue are inclusive of excise duty and net of returns, trade allowances, rebates, value added taxes, goods and services tax and amounts collected on behalf of third parties.

- **Contract revenue**

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

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

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

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

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

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

- **Sale of goods and rendering of services**

Revenue from sale of goods in the course of ordinary activities is recognised when property in the goods or all significant risks and rewards of their ownership are transferred to the customer and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of the goods and regarding its collection.

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

2.15 Other income

- **Interest income**

Interest income from debt instruments is recognised using effective interest rate method (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability.

- **Dividends**

Dividends are recognised in the statement of profit and loss only when the right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the group, and the amount can be measured reliably.

- **Export benefits**

Export benefits in the form of Duty Draw Back / Focus Market Scheme (FMS) / Focus Product Scheme (FPS) / Merchandise Exports Incentive Scheme (MEIS) claims are recognised in the statement of profit and loss on receipts basis.

2.16 Foreign currency transactions and balances

The Group's consolidated financial statements are presented in Indian Rupees, which is also the functional currency of the holding company. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Notes to the Consolidated financial statements for the year ended 31st March 2021

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

(i) Transaction and balances

Transactions in foreign currency are recorded at exchange rates prevailing at the date of transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the statement of profit and loss of the year.

Monetary assets and liabilities denominated in foreign currencies which are outstanding, as at the reporting period are translated at the closing exchange rates and the resultant exchange differences are recognised in the statement of profit and loss.

Non-monetary assets and liabilities denominated in foreign currencies that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

(ii) Group companies

On consolidation, the assets and liabilities of the subsidiaries are translated into Indian Rupees at the rate of exchange prevailing at the reporting date and their statements of profit and loss are translated at average exchange rates. Equity items, other than retained earnings, are translated at the spot rate in effect on each related transaction date (specific identification). Retained earnings are translated at the weighted average exchange rate for the relevant year.

The exchange differences arising on translation for consolidation are recognised in other comprehensive income.

2.17 Employee benefits

- **Short-term employee benefit**

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

- **Post-employment benefits**

Defined contribution plans

Contributions to the provident fund and superannuation fund, which are defined contribution schemes, are recognised as an employee benefit expense in the statement of profit and loss in the period in which the contribution is due.

Defined benefit plans

The employees' gratuity scheme is a defined benefit plan. The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the projected unit credit method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans, is based on the market yields on government securities as at the reporting date, having maturity periods approximating to the terms of related obligations.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income (OCI) in the period in which they occur. Remeasurements are not reclassified to the statement of profit and loss in subsequent periods.

In case of funded plans, the fair value of the plan's assets is reduced from the gross obligation under the defined benefit plans, to recognise the obligation on net basis.

When the benefits of the plan are changed or when a plan is curtailed, the resulting change in benefits that relates to past service or the gain or loss on curtailment is recognised immediately in the statement of profit and loss. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The group recognises gains/ losses on settlement of a defined plan when the settlement occurs.

Other long-term employee benefits

The liabilities for earned leave are not expected to be settled wholly within twelve months after the end of the reporting period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method as determined by actuarial valuation. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating the terms of the related obligation. Remeasurements as a result of experience adjustments and change in actuarial assumptions are recognised in the statement of profit and loss. The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

Termination benefits

Termination benefits are expensed at the earlier of when the group can no longer withdraw the offer of those benefits and when the group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

2.18 Share-based payments

The grant fair value of equity settled share based payment awards granted to employees is recognised as employee benefit expense with corresponding increase in equity. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are required to be satisfied. At the end of each reporting period, the group revises its estimates of the number of options that are expected to vest based on the service and non-vesting conditions. It recognises the impact of the revision to original estimates, if any, in the statement of profit and loss, with a corresponding adjustment to equity.

2.19 Leases

Lease is a contract that provides to the customer (lessee) the right to use an asset for a period of time in exchange for consideration.

a. Company as a Lessee

A lessee is required to recognise assets and liabilities for all leases and to recognise depreciation of leased assets separately from interest on lease liabilities in the statement of Profit and Loss. The Company uses the practical expedient to apply the requirements of this standard to a portfolio of leases with similar characteristics if the effects on the financial statements of applying to the portfolio does not differ materially from applying the requirement to the individual leases within that portfolio.

However according to Ind AS 116, for leases with a lease term of 12 months or less (short-term leases) and for leases for which the underlying asset is of low value, not to recognize a right-of-use asset and a lease liability. The Company applies both recognition exemptions. The lease payments associated with those leases are generally recognized as an expense on a straight-line basis over the lease term or another systematic basis if appropriate.

a.1 Right to use asset

Right-of-use assets, which are included under property, plant and equipment, are measured at cost less any accumulated depreciation and, if necessary, any accumulated impairment. The cost of a right-of-use asset comprises the present value of the outstanding lease payments plus any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs and an estimate of costs to be incurred in dismantling or removing the underlying asset. In this context, the Company also applies the practical expedient that the payments for non-lease components are generally recognized as lease payments. If the lease transfers ownership of the underlying asset to the lessee at the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the right-of-use asset is depreciated to the end of the useful life of the underlying asset. Otherwise, the right-of-use asset is depreciated to the end of the lease term.

a.2 Lease liability

Lease liabilities, which are assigned to financing liabilities, are measured initially at the present value of the lease payments. Subsequent measurement of a lease liability includes the increase of the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payments made.

b. Company as a Lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an

Notes to the Consolidated financial statements for the year ended 31st March 2021

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

asset are classified as operating leases. Where the Company is a lessor under an operating lease, the asset is capitalised within property, plant and equipment and depreciated over its useful economic life. Payments received under operating leases are recognised in the Statement of profit and Loss on a straight-line basis over the term of the lease.

Critical accounting estimates and judgements

Critical judgements required in the application of Ind AS 116 may include, among others, the following:

- Identifying whether a contract (or part of a contract) includes a lease;
- Determining whether it is reasonably certain that an extension or termination option will be exercised;
- Classification of lease agreements (when the entity is a lessor);
- Determination of whether variable payments are in-substance fixed;
- Establishing whether there are multiple leases in an arrangement;
- Determining the stand-alone selling prices of lease and non-lease components.

Key sources of estimation uncertainty in the application of Ind AS 116 may include, among others, the following:

- Estimation of the lease term;
- Determination of the appropriate rate to discount the lease payments;
- Assessment of whether a right-of-use asset is impaired.

2.20 Borrowing costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. All other borrowing costs are expensed in the period in which they are incurred.

2.21 Income tax

Income tax expense comprises current and deferred tax. It is recognised in the statement of profit and loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

- **Current tax**

  Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted at the reporting date in the country where the group operates and generates taxable income. Current tax assets and liabilities are offset only if there is a legally enforceable right to set it off the recognised amounts and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

  Minimum Alternate Tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The group recognises MAT credit available as an asset only to the extent that there is convincing evidence that the group will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. The group reviews the ‘MAT credit entitlement’ asset at each reporting date and writes down the asset to the extent the group does not have convincing evidence that it will pay normal tax during the specified period.

- **Deferred tax**

  Deferred tax is provided using the balance sheet method on temporary differences between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

  Deferred tax liabilities are recognised for all taxable temporary differences, except:

  - When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
  - Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

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

2.22 Provisions and contingencies

A provision is recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost in the statement of profit and loss.

Contingent liability is disclosed in case of

- a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation.
- present obligation arising from past events, when no reliable estimate is possible
- a possible obligation arising from past events where the probability of outflow of resources is not remote.

Contingent asset is not recognised in the financial statements. A contingent asset is disclosed, where an inflow of economic benefits is probable.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

Notes to the Consolidated financial statements for the year ended 31st March 2021

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

2.23 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit for the year attributable to equity holders of the group by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

Diluted EPS adjust the figures used in the determination of basic EPS to consider

- The after-income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- The weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

2.24 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

2.25 Financial instruments

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

Financial assets

Classification

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

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

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

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

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

Measurement

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

Debt instruments

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

Debt instruments at amortised cost

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

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- The contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

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

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

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

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

Equity investments

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

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

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

Derecognition

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

Notes to the Consolidated financial statements for the year ended 31st March 2021

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

Impairment of financial assets

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

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

Non-derivative financial liabilities

Recognition

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

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

Measurement

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

Derecognition

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

Offsetting of financial instruments

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

2.26 Cash dividend to equity holders

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

2.27 Government grant

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

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

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

2.28 Standards issued but not effective

Amendments:

On 24 March 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III (Division I, II and III) of the Companies Act, 2013. The amendment is applicable from 1 April 2021 and it specifies additional disclosures in the financial statements.

Key amendments in Division II applicable to the Company include:

- Disclosures for prior period errors in the statement of changes in equity
- Disclosure of shareholdings of promoters

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

- Disclosure for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development
- Disclosure of deviation from stated purpose in use of borrowings from banks and financial institutions
- Disclosures under 'additional regulatory requirements' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable properties not held in the name of the company, loans and advances to promoters, directors, key managerial personnel and related parties, details of benami property held etc.
- Disclosures relating to amount of expenditure on CSR, crypto or virtual currency, undisclosed income etc.

The amendments are extensive and the Company is in the process of evaluating the same to give effect to the same as required by law.

Exposure Drafts:

Following exposure drafts have been issue by the Institute of Chartered Accountants of India:

1. Amendment to Ind AS 116, "Leases" - Covid-19-Related Rent Concessions beyond 30 June 2021

On 24 July 2020, the MCA issued the Companies (Indian Accounting Standard) Amendment Rules, 2020 which amended Ind AS 116 to provide relief for lessees in accounting for eligible rent concessions upto 31 July 2021 that are a direct consequence of COVID-19. The exposure draft on amendments to Ind AS 116 issued by the Institute of Chartered Accountants of India proposes amendments to extend the relief for lessees in accounting for eligible rent concessions upto 31 July 2022.

2. Amendment to Ind AS 116, "Leases" - Interest Rate Benchmark Reform: Phase 2

The exposure draft on amendments to Ind AS 116 issued by the Institute of Chartered Accountants of India proposes amendments to include a practical expedient in respect of all lease modifications that change the basis for determining future lease payments as a result of interest rate benchmark reform.

3. Amendments to Ind AS 37, "Provisions, Contingent Liabilities and Contingent Assets" – Onerous Contracts

The exposure draft on amendments to Ind AS 37 issued by the Institute of Chartered Accountants of India proposes amendments regarding costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.

4. Amendments to Ind AS 16, "Property, Plant and Equipment" – Proceeds before Intended Use

The exposure draft on amendments to Ind AS 16 issued by the Institute of Chartered Accountants of India proposes amendments regarding proceeds from selling items produced while bringing an asset into the location and condition necessary for it to be capable of operating in the manner intended by management.

5. Amendments to Ind AS 103, "Business Combinations" – Reference to the Conceptual Framework

The exposure draft on amendments to Ind AS 103 issued by the Institute of Chartered Accountants of India proposes amendments to change out updated reference to "Framework for the Preparation and Presentation of Financial Statements in accordance with Indian Accounting Standards" and update it with reference to "Conceptual Framework for Financial Reporting under Indian Accounting Standards". It also proposes certain consequential amendments.

6. Amendments to 101, "First-time Adoption of Indian Accounting Standards" – Subsidiary as a First-time Adopter

The exposure draft on amendments to Ind AS 101 issued by the Institute of Chartered Accountants of India proposes amendments to simplify the application of Ind AS 101 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.

7. Amendments to 41, "Agriculture" – Taxation in Fair Value Measurements

The exposure draft on amendments to Ind AS 41 issued by the Institute of Chartered Accountants of India proposes amendments to remove a requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in Ind AS 41 with those in other Ind AS's.

Notes to the Consolidated financial statements for the year ended 31st March 2021

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

8. **Amendments to Ind AS 109, "Financial Instruments" and Ind AS 107, "Financial Instruments: Disclosures" - Interest Rate Benchmark Reform: Phase 2**

   The exposure draft on amendments to Ind AS 109 and Ind AS 107 issued by the Institute of Chartered Accountants of India proposes amendments to assist entities in providing useful information about the effects of the transition to alternative benchmark rates and support preparers in applying the requirements of Ind AS's when changes are made to contractual cash flows or hedging relationships as a result of the transition to an alternative benchmark interest rate.

9. **New Indian Accounting Standard (Ind AS) 117, Insurance Contracts**

   The exposure draft of Ind AS 117 is issued by the Institute of Chartered Accountants of India as replacement for Ind AS 104 Insurance Contracts.

The above exposure drafts have not been notified by the Ministry of Corporate Affairs ('MCA') to be applicable from 1 April, 2021 as at the date of approval of these financial statements. On issue of the amendment by MCA, the Company would evaluate the impact of the change in the standalone financial statements.

Notes to the Consolidated financial statements for the year ended 31st March 2021

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

3 Property, plant and equipment, capital Work-in-progress, investment property and intangible assets

	Property, plant and equipment												Intangible Assets			Goodwill	Investment property	Grand total
	Land			Buildings		Plant and machinery		Computers & Office Equipment		Vehicles	Furniture and fixtures	Total	Technical knowhow	Software	Total		Land (Freehold)	
	(Leasehold) Refer Note 1	Right-of-Use	(Freehold)	Owned	Leased	Owned	Leased	Owned	Leased									
Gross Block																		
As at 1 April 2020	11.000	243.954	370.517	1,506.260	62.975	1,669.095	-	304.488	12.914	63.853	261.104	4,506.160	93.753	104.441	198.194	822.712	136.928	5,663.994
Additions / adjustments	-	-	-	7.678	25.270	82.559	5.450	5.217	11.761	-	3.429	141.364	-	4.568	4.568	-	-	145.932
Deletions	-	-	-	-	62.974	-	-	0.034	-	5.550	1.250	69.808	-	-	-	-	-	69.808
As at 31 March 2021	**11.000**	**243.954**	**370.517**	**1,513.938**	**25.271**	**1,751.654**	**5.450**	**309.671**	**24.675**	**58.303**	**263.283**	**4,577.716**	**93.753**	**109.009**	**202.762**	**822.712**	**136.928**	**5,740.118**
Accumulated depreciation and amortisation																		
As at 1 April 2020	0.882	139.509	-	461.139	28.021	1,182.008	-	283.726	1.070	29.883	212.857	2,339.095	91.764	98.234	189.998	196.562	-	2,725.655
Charge for the year	0.122	21.487	-	46.139	11.033	97.237	1.816	10.463	8.225	7.222	13.111	216.855	0.540	3.823	4.363	-	-	221.218
Deletions / Adjustments	-	-	-	-	37.555	-	-	0.034	-	4.337	0.479	42.405	-	-	-	-	-	42.405
As at 31 March 2021	**1.004**	**160.996**	**-**	**507.278**	**1.499**	**1,279.245**	**1.816**	**294.155**	**9.295**	**32.768**	**225.489**	**2,513.545**	**92.304**	**102.057**	**194.361**	**196.562**	**-**	**2,904.468**
Net Carrying value																		
As at 31 March 2021	9.996	82.958	370.517	1,006.660	23.772	472.409	3.634	15.516	15.380	25.535	37.794	2,064.171	1.449	6.952	8.401	626.150	136.928	2,835.650
As at 31 March 2020	10.118	104.445	370.517	1,045.121	34.954	487.087	-	20.762	11.844	33.970	48.247	2,167.065	1.989	6.207	8.196	626.150	136.928	2,938.339

Note:

1. The land has been taken on a long term lease i.e. for 99 years.
2. Refer Note 28 for contractual commitments for the acquisition of property plant and equipment.

Notes to the Consolidated financial statements for the year ended 31st March 2021

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

3 Property, plant and equipment, capital work-in-progress, investment property and intangible assets

Details of capital work-in-progress and intangible under development

Particulars	Capital work-in-progress	
	31 March 2021	31 March 2020
Balance at start of the year	**20.795**	22.254
Add: Additions during the year	**4.956**	18.475
Less: Capitalised during the year	**19.607**	19.934
Balance at the end of the year	**6.144**	20.795

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

a. Building INR 0.847 million (31 March 2020 INR 0.847 million)

b. Machinery INR 2.719 million (31 March 2020 INR 19.948 million)

c. Software INR 2.578 million (31 March 2020 INR Nil)

Investment property: Reconciliation of Fair Value

Particulars	Land
Fair value as at 31 March 2020	**387.593**
Fair value difference	**19.380**
Fair value as at 31 March 2021	**406.973**

The Company had obtained independent valuation for year ended 31 March 2019, for its investment property from a government approved valuer who is a specialist in valuing these types of investment properties.

The valuation had been made with reference to the prevailing market rates and using the approved valuation method. Considering the current scenario and constraints in physical verification, the Company has considered a marginal increase of 5% in the valuation which is based on the trend for the earlier years.

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

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

		31 March 2021	31 March 2020
4	**Investments**		
	(i) Unquoted Investments:		
	Investment in National saving certificate	**0.013**	0.013
		0.013	0.013
	Other Investments (valued at cost unless stated otherwise)		
	(ii) Investments at amortised cost		
	Quoted investments in non-convertible debentures / bonds:		
	300 Bonds issued by HDFC Bank Limited Unsecured Non-Convertible Perpetual Bonds Series 1/2017-18, Coupon 8.85% (31 March, 2020 : 300)	**300.210**	300.210
	100 Bonds issued by SBI Unsecured Non-Convertible Perpetual Bonds Series IV, Coupon 8.15% (31 March, 2020 : 100)	**97.850**	97.850
		398.060	398.060
	Total non-current	**398.073**	398.073
	Market value of quoted investments		
	Current investments		
	(i) Investments at fair value through profit and loss (FVTPL)		
	Quoted mutual funds		
	ADITYA BIRLA MONEY MANAGER FUND - 179,007.910 Units (31 March 2020 : Nil Units)	**51.010**	-
	ADITYA BIRLA SUN LIFE FMP SR-SI 1141 DAYS - 3,000,000 Units (31 March 2020 : 3,000,000 Units)	**36.373**	33.402
	ADITYA BIRLA SUN LIFE FMP SR-SI 1120 DAYS - 5,000,000 Units (31 March 2020 : 5,000,000 Units)	**59.856**	55.149
	ADITYA BIRLA SUN LIFE MONEY MANAGER FUND - GW-DIR PLAN - 174,134 .084 Units (31 March 2020 : Nil Units)	**50.006**	-
	ADITYA BIRLA SUN LIFE SAVING FUND -GROWT-DIRECT PLAN - 117,192.838 Units (31 March 2020 : Nil Units)	**50.022**	-
	ADITYA BIRLA SUN LIFE SAVING FUND -GROWT-DIRECT PLAN - 121,474.07 Units (31 March 2020 : Nil Units)	**51.850**	-
	AXIS MONEY MARKET FUND DIRECT GROWTH (MM-DG) - 90,822.649 Units (31 March 2020 : Nil Units)	**100.530**	-
	AXIS STF DIRECT GROWTH (US-DG) - 4,314,629.926 Units (31 March 2020 : Nil Units)	**51.617**	-
	DSP FMP S 220 - 40 M - DIRECT GW - 5,000,000 Units (31 March 2020 : 5,000,000 Units)	**63.161**	59.313
	FRANKLIN INDIA SAVING FUND-DIRECT - 1,344,892.234 Units (31March 2020 : 1,344,892.234 Units)	**53.728**	50.989
	FRANKLIN INDIA SAVINGS FUND RETAIL-GW - 2,862,420.019 Units (31 March 2020 : 2,862,420.019 Units)	**111.433**	105.912
	HDFC FMP 1133 DAYS DIRECT GR SR-44 - 5,000,000 Units (31 March 2020 : 5,000,000 Units)	**60.590**	55.742
	HDFC MONEY MARKET FUND-DIRECT PLAN-GROWTH OPTION- 22,469.800 Units (31 March 2020 : Nil Units)	**100.528**	-
	HDFC ULTRA STF-DIRECT GRW - 4,331,975.923 Units (31 March 2020 : Nil Units)	**51.721**	-
	HSBC FTS 128 -GROWTH DIRECT PLAN - 1106 DAYS -Nil Units (31 March 2020 : 5,000,000 Units)	**-**	61.468

Notes to the Consolidated financial statements for the year ended 31st March 2021

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

	31 March 2021	31 March 2020
HSBC ULTRA SHORT DURATION FUND DIRECT GROWTH - 107,342.205 Units (31 March 2020 : Nil Units)	**113.912**	-
ICICI FIXED MATURITY PLAN SRS 82 - 1135 DAYS - 5,000,000 Units (31 March 2020 : 5,000,000 Units)	**62.671**	58.936
ICICI FIXED MATURITY PLAN SRS 82 - 1185 DAYS - 5,000,000 Units (31 March 2020 : 5,000,000 Units)	**63.238**	59.496
ICICI PRUDENTIAL MONEY MARKET FUND - DRT PLAN GROWTH - 1,71,060.227 Units (31 March 2020 : Nil Units)	**50.510**	-
ICICI PRUDENTIAL MONEY MARKET FUND - DRT PLAN GROWTH - 1,71,407.111 Units (31 March 2020 : Nil Units)	**50.613**	-
ICICI PRUDENTIAL MONEY MARKET FUND - GROWTH-P1571- 170,635.448 (31 March 2020 : Nil Units)	**50.008**	-
ICICI PRUDENTIAL MONEY MARKET FUND - GROWTH-P8123- 2,186,036.654 Units (31 March 2020 : Nil Units)	**50.011**	-
ICICI PRUDENTIAL ULTRA SHORT TERM FUND-GRW - Nil Units (31 March 2020 : 2,673,868.285 Units)	**-**	54.456
IDFC FLOATING RATE FUND DIRECT PLAN-GROWTH - 9,999,500.025 Units (31 March 2020 : Nil Units)	**100.378**	-
IDFC MONEY MANAGER FUND-GROWTH-REGULAR PLAN- 1,567,412.078 Units (31 March 2020 : Nil Units)	**50.004**	-
INVESCO INDIA ACTIVE INCOME FUND-DIR PL-GW - 24,862.734 Units (31 March 2020 : 24,862.734 Units)	**65.013**	59.859
KOTAK FMP SERIES 267 DIRECT GW - 5,000,000 Units (31 March 2020 : 5,000,000 Units)	**59.874**	55.127
KOTAK MONEY MARKET FUND -GROWTH (REGULAR PLAN) - 14,423.871 Units (31 March 2020 : Nil Units)	**50.007**	-
KOTAK SAVING FUND-GROWTH (REGULAR PLAN) - 1,523,106.687 Units (31 March 2020 : Nil Units)	**51.375**	-
L&T ULTRA SHORT TERM FUND DIRECT PLAN - GROWTH - 1,459,734.143 Units (31 March 2020 : Nil Units)	**51.228**	-
L&T ULTRA SHORT TERM FUND DIRECT PLAN-GROWTH - 14,40,592.751 Units (31 March 2020 : Nil Units)	**50.556**	-
LIC MF ULTRA SHORT TERM FUND-DIR PLAN- 47,200.787 Units (31 March 2020 : Nil Units)	**49.997**	-
MIRAE ASSETS ULTRA SHORT DURATION FUND DIR-GROWTH - 49,131.836 Units (31 March 2020 : Nil Units)	**49.997**	-
NIPPON INDIA MONEY MARKET FUND -DIRECT GROWTH OPTION - 15,844.307 Units (31 March 2020 : Nil Units)	**51.031**	-
NIPPON INDIA MONEY MARKET FUND -GW-GW OPTION(LQGPG) - 15,647.158 Units (31 March 2020 : Nil Units)	**50.010**	-
RELAINCE FIXED HORIZON-XXXVII-SR04 - 5,000,000 Units (31 March 2020 : 5,000,000 Units)	**64.931**	60.297
RELIANCE FIXED HORIZON FUND-XXXV-SR14 - 5,000,000 Units (31 March 2020 : 5,000,000 Units)	**63.398**	59.561
SBI DEBT FUND SERIES - C - 8(1175 DAYS)-DG - 5,001,814.194 Units (31 March 2020 : 5,001,814.194 Units)	**62.979**	59.343
SBI MAGNUM ULTRA SHORT DURATION FUND DIRECT GROWTH - 10,694.706 Units (31 March 2020 : Nil Units)	**50.468**	-
SBI MAGNUM ULTRA SHORT DURATION FUND REGULAR GRW - 10,994.137 Units (31 March 2020 : Nil Units)	**51.429**	-

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

	31 March 2021	31 March 2020
SBI SAVING FUND-REGULAR PLAN-GROWTH- 1,535,361.139 Units (31 March 2020 : Nil Units)	**50.008**	-
SUNDARAM ULTRA SHORT TERM FUND-DIRECT GROWTH - 4,585,286.010 Units (31 March 2020 : Nil Units)	**50.749**	-
TATA FIXED MATURITY PLAN SRS 53 SCHEME A - 5,000,000 Units (31 March 2020 : 5,000,000 Units)	**62.777**	58.970
TATA MONEY MARKET FUND DIRECT PLAN - GROWTH - 13,779.202 Units (31 March 2020 : Nil Units)	**50.568**	-
TATA MONEY MARKET FUND DIRECT PLAN - GROWTH- 13,628.288 Units (31 March 2020 : Nil Units)	**50.014**	-
UTI - FIXED TERM INCOME FUND SRS XXIX (1112 DAYS) - 5,000,000 Units (31 March 2020 : 5,000,000 Units)	**55.859**	52.071
UTI MONEY MARKET FUND - DIRECT GROWTH PLAN - 14,794.600 Units (31 March 2020 : Nil Units)	**50.509**	-
UTI MONEY MARKET FUND - DIRECT GROWTH PLAN - 21,294.742 Units (31 March 2020 : Nil Units)	**51.005**	-
UTI MONEY MARKET FUND - DIRECT GROWTH PLAN- 20,881.554 Units (31 March 2020 : Nil Units)	**50.015**	-
Total	**2777.567**	1000.090
(ii) Investments at amortised cost		
Unquoted investments:		
Deposit with Bajaj Finance Limited	**172.500**	237.000
Total current	**2950.070**	1237.090
Aggregate book value of quoted investments	**3175.627**	1398.150
Aggregate market value of quoted investments	**3184.820**	1393.563
Aggregate book value of unquoted investments	**172.513**	237.013

5 Loans

	31 March 2021	31 March 2020
Non-current		
Security deposits		
Unsecured considered good	**65.903**	59.859
	65.903	59.859
Current		
Security deposits		
Unsecured considered good	**-**	0.141
	-	0.141
	65.903	60.000

No loans are due from directors or other officers of the Company either severally or jointly with any other person. Nor any loans are due from firms or private companies respectively in which any director is a partner, a director or a member.

Notes to the Consolidated financial statements for the year ended 31st March 2021

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

		31 March 2021	31 March 2020
6	**Other financial assets**		
	Non-current		
	Deposits with banks with an original maturity of more than 12 months	**84.983**	126.689
		84.983	126.689
	Current		
	Foreign exchange forward contracts	**4.095**	-
	Interest accrued on fixed deposits and bonds	**41.562**	39.383
		45.657	39.383
	Total other financial assets	**130.640**	166.072
7	**Other assets**		
	Non-current		
	Capital advances	**3.787**	5.880
	Balances with central excise, customs and Value added tax authorities	**82.028**	82.028
	Prepaid expenses	**3.894**	4.981
		89.709	92.889
	Current		
	Contracts in progress (Refer note 29)	**1378.961**	1038.651
	Advances to suppliers	**571.605**	251.868
	Balances with central excise, customs and Value added tax authorities	**167.953**	117.469
	Prepaid expenses	**28.948**	20.542
	Amounts receivable in cash or kind	**62.343**	103.028
		2209.810	1531.558
	Total Other assets	**2299.519**	1624.447
8	**Inventories (valued at lower of cost and net realisable value)**		
	Raw materials	**971.085**	741.867
	Work in progress	**302.705**	319.229
	Finished goods	**15.346**	50.292
		1289.136	1111.388

Note: Write-down of inventories to net realizable value amounted to INR 16.668 (31 March 2020: INR 4.791). These were recognized as an expense during the year and included in 'Cost of materials consumed'.

		31 March 2021	31 March 2020
9	**Trade Receivables**		
	Current		
	Unsecured, considered good	**4534.411**	3301.379
	Unsecured, considered doubtful	**963.185**	966.059
		5497.596	4267.438
	Less: Impairment allowance (allowance for bad and doubtful debts)	**963.185**	966.059
		4534.411	3301.379

No trade receivables are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade receivables are due from firms or private companies respectively in which any director is a partner, a director or a member. Trade receivables are non-interest bearing and generally on credit terms of 3 to 6 months

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

		31 March 2021	31 March 2020
10	**Cash and cash equivalents**		
	Balances with banks		
	On current accounts	**554.242**	222.299
	Deposits with original maturity of less than 3 months	**455.470**	232.762
	Cheques, drafts on hand	**-**	1.544
	Cash on hand	**1.375**	1.822
		1011.087	458.427
11	**Other bank balances**		
	Unclaimed dividend account	**10.891**	15.224
	Deposits with maturity for more than 3 months but less than 12 months	**302.484**	19.472
		313.375	34.696

		31 March 2021		31 March 2020	
12	**Equity Share Capital**				
	Authorised shares				
	450,000,000 (31 March 2020: 450,000,000) equity shares of INR 2 each		**900.000**		900.000
	Issued, subscribed and fully paid-up shares				
	183,228,904 (31 March 2020: 183,160,060) equity shares of INR 2 each		**366.458**		366.320
	Total		**366.458**		366.320
a.	**Reconciliation of the shares outstanding at the beginning and at the end of the reporting period:**				
		No.	**Amount**	No.	Amount
	At the beginning of the period	**183,160,060**	**366.320**	182,647,850	365.296
	Add: Allotted during the period pursuant to exercise of employees stock options (Refer note 34)	**68,844**	**0.138**	512,210	1.024
	Outstanding at the end of the period	**183,228,904**	**366.458**	183,160,060	366.320

b. Terms/ Rights attached to equity shares:

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

The Board of Directors proposed a final dividend of INR 2.16 per equity share for the financial year ended 31 March 2021. The proposal is subject to the approval of shareholders at the Annual General Meeting to be held and if approved, will be recognised as distributions to equity shareholders during the year ended 31 March 2022. This event is considered as non-adjusting event.

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

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

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

Notes to the Consolidated financial statements for the year ended 31st March 2021

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

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

	31 March 2021		31 March 2020	
Equity shares of INR. 2 each fully paid	**No.**	**% of holding**	No.	% of holding
Dr. Pramod Chaudhari (Promoter)	**38,700,000**	**21.12%**	38,700,000	21.13%
Parimal Chaudhari (Promoter)	**14,400,000**	**7.86%**	14,400,000	7.86%
HDFC Trustee Company Limited - HDFC Equity Fund	**14,350,034**	**7.83%**	14,713,221	8.03%
Tata Capital Financial Services Limited	**3,684,593**	**2.01%**	13,256,223	7.24%

e. Shares reserved for issue under options:

Shares reserved for issue under the Employee Stock Option Plan (ESOP) please refer note 34.

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

	31 March 2021	31 March 2020
Number of bonus shares issued, shares issued for consideration other than cash and shares bought back	-	-

		31 March 2021	31 March 2020
13	**Other Equity**		
	Capital Reserve	**0.033**	0.033
	Amalgamation Reserve	**3.063**	3.063
	Capital Redemption Reserve	**14.627**	14.627
	Securities Premium		
	Balance as at the beginning of the year	**977.306**	937.165
	Add : Employee stock options exercised	**3.305**	24.586
	Add : Transfer from Share option outstanding account on exercise of options	**1.665**	15.555
	Balance at the end of the year	**982.276**	977.306
	Share option outstanding account		
	Balance as at the beginning of the year	**19.498**	25.592
	Add : Employee stock option expense	**0.791**	13.766
	Less: Employee stock options expired and transferred to surplus in statement of profit and loss	**-**	4.305
	Less : Transfer to Securities Premium on exercise of options	**1.665**	15.555
	Balance at the end of the year	**18.624**	19.498
	Special Economic Zone Re-investment Reserve		
	Balance as at the beginning of the year	**292.448**	132.948
	Add : Transfer from Surplus in the Statement of Profit and Loss	**163.000**	159.500
	Less : Transfer to Surplus in the Statement of Profit and Loss on completion of required period	**71.548**	-
	Balance at the end of the year	**383.900**	292.448
	General Reserve		
	Balance as at the beginning of the year	**958.500**	958.500
	Add : amounts transferred from surplus balance in statement of profit and loss	**-**	-
	Balance at the end of the year	**958.500**	958.500

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

		31 March 2021	31 March 2020
	Exchange differences on translation of foreign operations		
	Balance at the beginning of the year	**28.957**	18.588
	Less:Adjustment related to erstwhile subsidiary	**-**	-
	Add : due to transactions during the year	**1.191**	10.369
	Balance at the end of the year	**30.148**	28.957
	Surplus in the Statement of Profit and Loss		
	Balance as at the beginning of the year	**4531.736**	4994.340
	Profit as per statement of profit and loss	**810.469**	704.309
	Other comprehensive income	**9.850**	(13.663)
	Add: Employee stock options expired and transferred from share option outstanding account	**-**	4.305
	Add : Transfer from Special Economic Zone Re-investment Reserve on completion of required period	**71.548**	-
	Less: Appropriations		
	Interim/Final equity dividend	**-**	790.643
	Tax on Interim/final equity dividend	**-**	162.519
	Transfer to Special Economic Zone Re-investment Reserve	**163.000**	159.500
	Adjustments to Opening Retained Earnings - Ind AS 116	**-**	44.893
	Net Surplus in Statement of Profit and Loss	**5260.603**	4531.736
	Total Other Equity	**7651.774**	6826.168
14	**Borrowings**		
	Non-current		
	Unsecured loan	**-**	-
		-	-
15	**Provisions**		
	Provision for Employee Benefits		
	Compensated absences	**94.148**	83.747
	Gratuity	**62.866**	88.023
		157.014	171.770
	Current		
	Provision for Employee Benefits		
	Compensated absences	**49.117**	38.014
	Gratuity	**47.275**	34.504
	Performance Incentive	**154.738**	-
		251.130	72.518
	Total provision	**408.144**	244.288

Notes to the Consolidated financial statements for the year ended 31st March 2021

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

		31 March 2021	31 March 2020
16	**Trade Payables**		
	Current		
	-To related parties		
	-To others		
	Total outstanding dues of micro enterprises and small enterprises (Refer note ii below)	**362.556**	196.497
	Total outstanding dues of creditors other than micro enterprises and small enterprises	**3053.586**	1678.436
		3416.142	1874.933
	Notes:		
	i. Trade payables are non-interest bearing and are normally settled on 30-90 days terms		
	ii. Interest due/payable to parties under MSMED Act, 2006		
17	**Other financial liabilities**		
	Non-current		
	Lease Liability	**113.159**	151.679
		113.159	151.679
	Current		
	Unclaimed dividends	**10.886**	15.207
	Employee benefits payable	**66.238**	42.421
	Foreign exchange forward contracts	**-**	34.072
	Lease Liability	**63.432**	56.064
	Other payables	**56.917**	26.962
		197.473	174.726
18	**Other Liabilities**		
	Current		
	Advances received from customers	**3012.580**	1637.854
	Dues to customers relating to contracts in progress (Refer Note 29)	**708.005**	288.570
	Statutory dues payable	**42.020**	45.233
		3762.605	1971.657

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

			31 March 2021	31 March 2020
19	**Revenue from operations**			
	Sale of Products and Projects		**11988.115**	9608.994
	Add: Closing contracts in progress		**697.859**	765.613
	Less: Opening contracts in progress		**765.613**	807.865
		(a)	**11920.361**	9566.742
	Sale of Services		**949.124**	1226.089
	Add: Closing contracts in progress		**(26.903)**	(15.532)
	Less: Opening contracts in progress		**(15.532)**	(19.406)
		(b)	**937.753**	1229.963
	Other Operating revenue			
	Scrap Sales		**166.768**	226.952
	Sale of Licenses		**21.805**	-
		(c)	**188.573**	226.952
	Total Revenue from operations (a+b+c)		**13046.687**	11023.657
20	**Other Income**			
	Foreign exchange fluctuation gain (net)		**67.306**	39.515
	Gain on redemption of investments (net)		**3.981**	42.463
	Investment In mutual fund fair valuation gain/loss		**81.386**	71.182
	Interest			
	- on fixed deposits		**35.922**	59.490
	- others		**36.105**	44.028
	Income calculated using effective interest rate method		**3.843**	2.782
	Excess provision / creditors written back (including advances)		**9.785**	1.864
	Other non-operating income		**19.036**	38.890
			257.364	300.214
21	**Cost of materials consumed**			
	Raw material consumed		**7309.688**	5670.174
			7309.688	5670.174
22	**(Increase) / Decrease in inventories of Finished Goods, Work in Progress**			
	Inventories at the end of the year			
	Work in progress		**302.705**	319.229
	Finished goods		**15.346**	50.292
			318.051	369.521
	Inventories at the beginning of the year			
	Work in progress		**319.229**	188.374
	Finished goods		**50.292**	34.668
			369.521	223.042
	(Increase) / Decrease in inventories		**51.470**	(146.479)

Notes to the Consolidated financial statements for the year ended 31st March 2021

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

		31 March 2021	31 March 2020
23	**Employee Benefit Expenses**		
	Salaries, wages and bonus	**1580.859**	1465.707
	Contributions to provident and other funds (Refer note 33 a)	**61.215**	64.187
	Gratuity Expense (Refer note 33 b)	**21.651**	18.122
	Employee stock option expense	**0.791**	13.765
	Staff welfare	**57.463**	77.984
		1721.979	1639.765
24	**Finance costs**		
	Interest expense	**-**	0.405
	Net interest cost on net defined benefit obligations (Refer note 33b)	**6.896**	6.888
	Interest on Lease Liability	**21.679**	23.669
		28.575	30.962
25	**Other Expenses**		
	Consumption of stores and spares	**138.685**	143.118
	Site expenses and labour charges	**1331.785**	1316.721
	Freight and transport	**375.438**	234.698
	Bad debts written off (INR 98.135 ; 31 March 2020 INR 91.020) / Provision for doubtful debts and advances	**95.261**	210.101
	Sales commission	**59.730**	138.998
	Travel and conveyance	**89.055**	234.511
	Professional consultancy charges	**175.309**	168.460
	Insurance	**41.592**	36.149
	Rent (Refer note 32)	**17.010**	30.806
	Power and fuel	**58.547**	61.486
	Advertising and exhibition expenses	**18.003**	26.330
	Communication expenses	**15.840**	21.357
	Testing charges	**43.351**	41.444
	Repairs and maintenance:		
	Building	**9.404**	7.123
	Plant and Machinery	**23.519**	27.300
	Others	**21.973**	34.802
	Auditors' remuneration		
	for audit services	**5.058**	5.014
	for taxation services	**1.550**	1.550
	out of pocket expenses	**0.104**	0.059
	Directors' commission	**8.100**	7.200
	Rates and taxes	**4.125**	5.920
	(Profit) / Loss on sale of fixed assets (net)	**0.756**	-
	Miscellaneous expenses	**305.880**	326.495
		2840.075	3079.642

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

			31 March 2021	31 March 2020
26	**Income tax**			
	A	**Statement of profit and loss:**		
		Current income tax:		
		Current income tax charge (net of MAT credit utlisation of INR 53.342; 31 March 2020 INR 85.405)	**241.576**	181.906
		Tax relating to earlier periods	**7.734**	2.996
		Tax relating to earlier periods	**2.996**	(0.425)
		Deferred tax:		
		Relating to origination and reversal of temporary differences	**71.149**	(57.919)
		Income tax expense reported in the statement of profit and loss	**320.459**	126.983
	B	**Statement of other comprehensive income:**		
		Deferred tax:		
		Remeasurements gains and losses on post employment benefits	**(5.252)**	5.926
		Income tax expense reported in the statement of other comprehensive income	**(5.252)**	5.926
	C	**Reconciliation of effective tax rate**		
		Accounting profit before tax	**1131.046**	831.346
		Tax using the Company's domestic tax rate 34.9440% (34.9440%)	**395.233**	290.506
		i Adjustments in respect of current income tax of previous years	**7.734**	2.996
		Less: Tax effect of:		
		i MAT credit utilsation not considered as asset	**(53.342)**	-
		ii Income chargeable at lower rate	**(29.704)**	-
		iii IND-AS adjustment	**(8.641)**	-
		iv Deduction claimed for which Deferred Tax Asset was not created	**(13.796)**	-
		v Gratuity provision reduction considered in OCI	**(5.250)**	-
		vi Tax rate difference on book profit as per Minimum Alternate Tax	**-**	(175.606)
		vii Tax effect on Ind AS adjustments	**-**	(23.386)
		viii Change in tax rate including subsidiaries	**(13.407)**	-
		Add: Tax effect of		
		i Deferred Tax Liability on conditional exemption (net)	**21.820**	-
		ii Donations ineligible under Income tax	**0.959**	-
		iii Others including rounding off	**5.200**	-
		iv Deferred Tax Asset reversal of earlier years	**13.237**	-
		v Tax liability on IND AS adjustment to Retained earnings	**-**	1.769
		vi Tax liability on Doubtful debt provision under MAT	**-**	44.957
		vii Tax liability on Provision for Impairment of Investment under MAT	**-**	34.091
		viii Tax liability on Expenditure debited to Reserves-ESOP expenses under MAT	**-**	1.504
		ix Deferred Tax expenses accounted as no effect of Timing differences on MAT liability	**-**	(49.295)
		x Change in tax rate including subsidiaries	**0.416**	(0.553)
		Total	**320.459**	126.983
		Income tax expense reported in the statement of profit and loss	**320.459**	126.983

Notes to the Consolidated financial statements for the year ended 31st March 2021

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

D Deferred tax

Deferred tax relates to the following: Deferred tax asset / (liability)	**Balance sheet**		**Statement of profit and loss & other comprehensive income & other equity**	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Deferred tax asset				
Provision for doubtful debts and advances	**336.372**	335.168	**(1.204)**	(40.730)
Gratuity	**37.873**	42.256	**4.383**	(6.293)
Long term capital losses	**-**	-	**-**	15.349
Carry forward business loss	**-**	27.237	**27.237**	(27.013)
Compensated absences	**49.116**	41.563	**(7.553)**	(6.940)
Percentage of completion on consolidated basis	**8.711**	(3.113)	**(11.824)**	8.428
Others disallowances under income tax	**18.457**	19.297	**0.840**	(10.181)
Lease Liability	**51.391**	59.831	**8.440**	(59.831)
Total	**501.920**	522.239	**20.319**	(127.211)
Deferred tax liability				
Property, plant & equipment and intangible assets	**(313.398)**	(339.611)	**(26.213)**	40.834
Conditional exemptions calimed under Income tax / others	**(84.317)**	(2.022)	**82.295**	(0.788)
Total	**(397.715)**	(341.633)	**56.082**	40.046
Net deferred tax asset / (liability)	**104.205**	180.606	**76.401**	-
Deferred tax expense/(income)			**76.401**	(87.165)
- Recognised in the statement of profit and loss			**71.149**	(57.919)
- Recognised in the statement of other comprehensive income			**5.252**	(5.926)
- Recognised in retained earnings			**-**	(23.320)

27 Earnings per share

Particulars	31 March 2021	31 March 2020
Reconciliation of basic and diluted shares used in computing earnings per share		
Weighted average number of basic equity shares	**183,172,607**	182,904,986
Add: effect of dilutive potential equity shares:		
- Employee stock options	**156,519**	250,680
Weighted average number of diluted equity shares	**183,329,126**	183,155,666
Computation of basic and diluted earnings per share		
Net profit after tax attributable to equity shareholders	**810.469**	704.309
Basic earnings per equity share of INR 2 each	**4.43**	3.85
Diluted earnings per equity share of INR 2 each	**4.42**	3.85

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

28 Capital commitments and contingent liabilities

Particulars	31 March 2021	31 March 2020
Capital commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	**26.032**	13.230
Other commitments		
Partly paid shares of Praj Far East Co. Ltd., Thailand	**13.770**	13.592
Contingent liabilities		
Claims against Company not acknowledged as debts (primarily relating to performance related claims filed by customers) (net of insurance cover of INR 109.162)	**17.550**	32.610
Disputed demands in appeal towards income tax, service tax & sales tax	**204.888**	203.603
Guarantee issued in respect of obligations of a subsidiary	**571.060**	589.280

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

Particulars	31 March 2021	31 March 2020
Contract revenue recognised during the year (excluding taxes)	**10654.688**	8918.630
Aggregate amount of contract costs incurred and recognised profits (less recognised losses)	**19710.504**	12633.790
Customer advances outstanding for contracts in progress	**2022.974**	1044.264
Retention money due from customers for contracts in progress	**535.459**	533.754
Gross amount due from customers for contract work (presented as contracts in progress)	**1378.961**	1038.651
Gross amount due to customers for contract work (presented as dues to customers relating to contracts in progress)	**(708.005)**	(288.570)

I) Revenue by category of contracts:

Particulars	31 March 2021	31 March 2020
Over a period of time basis	**10621.579**	8948.296
At a point-in-time basis	**2425.109**	2075.361
Total revenue from contracts with customers	**13046.688**	11023.657

Revenue by geographical market:

Particulars	31 March 2021	31 March 2020
Within India	**9307.683**	7205.393
Outside India	**3739.004**	3818.264
Total revenue from contracts with customers	**13046.687**	11023.657

II) Contract balances

Particulars	31 March 2021	31 March 2020
Trade receivables	**4534.411**	3301.379
Unbilled Revenue (Contract Asset)	**1378.961**	1038.651
Unearned Revenue (Contract Liability)	**708.005**	288.570
Customer Advances (Contract Liability)	**3012.580**	1637.854

Notes to the Consolidated financial statements for the year ended 31st March 2021

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

Contract assets primarily relate to the Company's rights to consideration for work completed but not billed at the reporting date. The Contract assets are transferred to Trade receivables on completion of milestones and its related invoicing.

The Contract liabilities relate to unearned revenue and customer advances where performance obligations are yet to be fulfilled as per the contracts. The fulfilment of the performance obligations will extingusih these liabilities and revenue will be recognised.

30 Segment reporting

The business activities of the Company from which it earns revenues and incurs expenses; whose operating results are regularly reviewed by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available involve predominantly one operating segment i.e. process and project engineering.

31 Related party transactions

a)	**Key management personnel and their close members of family**	
	Executive chairman	Dr. Pramod Chaudhari
	CEO & Managing Director	Shishir Joshipura
	Chief Financial Officer and Director-Finance & Commercial	Sachin Raole
	Chief Internal Auditor & Company Secretary	Dattatraya Nimbolkar
	Non-executive directors	Berjis Desai
		Parimal Chaudhari
		Sivaramakrishnan S. Iyer
		Mrunalini Joshi
		Dr. Shridhar Shukla
		Suhas Baxi
	Close members of family of key management personnel	Parimal Chaudhari (Director)
		Parth Chaudhari
b)	**Entities controlled or jointly controlled by a person identified in (a)**	
	Praj Foundation	
	Plutus Properties LLP	

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

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

Particulars	31 March 2021	31 March 2020
Praj Foundation		
Donation paid	**13.044**	13.652
Plutus Properties LLP		
Rent	**3.596**	3.423
Dr. Pramod Chaudhari		
Short term employee benefits	**44.552**	44.975
Post employment benefits	**4.284**	4.392
Other long term employee benefits	**(1.500)**	1.200
Dividend	**-**	167.184
Payable	**3.240**	-
Shishir Joshipura		
Short term employee benefits	**29.286**	27.723
Post employment benefits	**3.564**	3.523
Other long term employee benefit	**0.847**	0.800
Share based payment	**0.396**	4.993
Payable	**6.495**	1.750
Sachin Raole		
Short term employee benefits	**12.203**	11.394
Post employment benefits	**1.052**	0.981
Other long term employee benefit	**0.359**	0.293
Share based payment	**0.396**	4.993
Dividend	**-**	0.243
Payable	**4.362**	1.740
Dattatraya Nimbolkar		
Short term employee benefits	**7.468**	5.870
Post employment benefits	**0.342**	0.574
Other long term employee benefit	**0.113**	0.107
Dividend	**-**	0.004
Payable	**2.437**	0.200
Parimal Chaudhari		
Commission on profit	**1.750**	1.550
Dividend	**-**	93.312
Payable	**1.750**	1.550
Parth Chaudhari		
Remuneration	**-**	2.916

Notes to the Consolidated financial statements for the year ended 31st March 2021

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

32 Leases

The company classifies the lease transactions as per the requirements of IND-AS 116 “Leases”

Nature of Leasing activity:

The Company has entered into lease arrangements for office and factory premises, residential premises for its employees, office equipments and computers.

Particulars	31 March 2021	31 March 2020
Depreciation for right-of-use asset	**42.561**	35.269
Interest expense on lease liabilities	**21.679**	23.669
Expenses relating to short-term / low value leases	**17.010**	30.867
Total Cash outhflow for leases	**79.013**	86.537
Carrying amount of right-of-use asset	**125.744**	151.244
Maturity analysis of lease liabilities:		
- less than 1 year	**63.432**	39.291
- between 1 to 3 years	**77.811**	133.104
- more than 3 years	**35.348**	35.348

33 Employee benefits

a) Defined contribution plans

The Company has recognised INR 61.215 (31 March 2020: INR 64.187) towards post-employment defined contribution plans comprising of provident and superannuation fund in the statement of profit and loss.

b) Defined benefit plan

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

The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:

Particulars	31 March 2021	31 March 2020
Present value of obligation as at the beginning of the period	**281.201**	236.053
Interest cost	**16.764**	17.432
Past service cost	**-**	-
Current service cost	**21.531**	17.987
Benefits paid	**(25.493)**	(8.298)
Remeasurements on obligation - (gain) / loss	**(13.463)**	18.027
Present value of obligation as at the end of the period	**280.540**	281.201

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

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

Particulars	31 March 2021	31 March 2020
Fair value of plan assets at the beginning of the period	**158.682**	131.097
Interest income	**9.868**	10.544
Contributions	**2.500**	19.857
Benefits paid	**(2.168)**	(1.121)
Mortality Charges and Taxes	**(0.121)**	(0.134)
Return on plan assets, excluding amount recognized in interest income - gain / (loss)	**1.639**	(1.561)
Adjustment entry	**-**	-
Fair value of plan assets as at the end of the period	**170.400**	158.682

Amounts recognised in the balance sheet are as follows:

Particulars	31 March 2021	31 March 2020
Present value of obligation as at the end of the period	**280.540**	281.201
Fair value of plan assets as at the end of the period	**170.400**	158.682
Surplus / (deficit)	**(110.140)**	(122.519)

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

Particulars	31 March 2021	31 March 2020
Current service cost	**21.531**	17.987
Net interest (income) / expense	**6.896**	6.889
Net periodic benefit cost recognised in the statement of profit and loss at the end of the period	**28.427**	24.876

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

Particulars	31 March 2021	31 March 2020
Remeasurement for the year - obligation (gain) / loss	**(13.463)**	18.027
Remeasurement for the year - plan assets (gain) / loss	**(1.639)**	1.562
Total remeasurements cost / (credit) for the year	**(15.102)**	19.589

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

Particulars	31 March 2021	31 March 2020
Interest (income) / expense - obligation	**16.764**	17.433
Interest (income) / expense - plan assets	**(9.868)**	(10.545)
Net interest (income) / expense for the year	**6.896**	6.888

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

Particulars	31 March 2021	31 March 2020
Funds managed by insurer	**100%**	100%
Total	**100%**	100%

Notes to the Consolidated financial statements for the year ended 31st March 2021

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

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

Particulars	31 March 2021	31 March 2020
Discount rate	**6.30%-6.80%**	6.20%-6.90%
Rate of increase in compensation levels	**5.00%-8.00%**	5.00%-8.00%
Expected rate of return on plan assets	**6.20%-7.00%**	7.50%-7.80%
Expected average remaining working lives of employees (in years)	**9.63-14.55**	9.58-15.23
Withdrawal rate		
Age upto 30 years	**2% - 7%**	2% - 7%
Age 31 - 40 years	**2% - 7%**	2% - 7%
Age 41 - 50 years	**2% - 7%**	2% - 7%
Age above 50 years	**2% - 7%**	2% - 7%

A quantitative sensitivity analysis for significant assumptions is shown as follows:

Sensitivity analysis indicates the influence of a reasonable change in certain significant assumptions on the outcome of the present value of obligation. Sensitivity analysis is done by varying (increasing/ decreasing) one parameter by 100 basis points (1%)

a) Impact of change in discount rate when base assumption is decreased / increased by 100 basis point

Discount rate	Present value of obligation	
	31 March 2021	31 March 2020
Decrease by 1%	**296.046**	297.255
Increase by 1%	**266.947**	267.129

b) Impact of change in salary increase rate when base assumption is decreased / increased by 100 basis point

Salary increment rate	Present value of obligation	
	31 March 2021	31 March 2020
Decrease by 1%	**268.719**	268.912
Increase by 1%	**293.671**	294.841

c) Impact of change in withdrawal rate when base assumption is decreased / increased by 100 basis point

Withdrawal rate	Present value of obligation	
	31 March 2021	31 March 2020
Decrease by 1%	**281.447**	282.194
Increase by 1%	**279.728**	280.309

Risk Exposure and Asset Liability Matching

Provision of a defined benefit scheme poses certain risks, some of which are detailed hereunder, as companies take on uncertain long term obligations to make future benefit payments.

1) Liability Risks

a. Asset-Liability Mismatch Risk-

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the company is successfully able to neutralize valuation swings caused by interest rate movements. Hence companies are encouraged to adopt asset-liability management.

b. Discount Rate Risk-

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practise can have a significant impact on the defined benefit liabilities.

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

c. **Future Salary Escalation and Inflation Risk-**

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

2) **Asset Risks**

All plan assets are maintained in a trust fund managed by a public sector insurer viz; LIC of India. LIC has a sovereign guarantee and has been providing consistent and competitive returns over the years.

The company has opted for a traditional fund wherein all assets are invested primarily in risk averse markets. The company has no control over the management of funds but this option provides a high level of safety for the total corpus. A single account is maintained for both the investment and claim settlement and hence 100% liquidity is ensured. Also interest rate and inflation risk are taken care of.

34 Employee Stock Option Plan (ESOP)

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

The stock options vest in a graded manner equally over the period of vesting, each vesting taking effect as per the terms of the grant. The stock options granted are exercisable at 100% of the fair market value of the underlying equity shares of the Company as on the date of grant.

Amount of employee compensation expense recognised for employee services received during the year:

Particulars	31 March 2021	31 March 2020
Expense arising from equity-settled share-based payment transactions	**0.791**	13.765

Movements during the year
ESOP 2011 Grant I to X

Particulars	31 March 2021		31 March 2020	
	Options	**Weighted average exercise price INR**	Options	Weighted average exercise price INR
Number of options outstanding at the beginning of the year	**1,827,308**	**66.47**	2,395,098	62.82
Number of options granted during the year	**-**	**-**	-	-
Number of options exercised during the year	**(68,844)**	**50.00**	(512,210)	50.00
Number of options forfeited/lapsed during the year	**(1,305,000)**	**70.00**	(55,580)	60.80
Number of options outstanding at the end of the year	**453,464**	**58.82**	1,827,308	66.47
Number of options exercisable at the end of the year	**453,464**	**58.82**	322,308	50.00
Range of exercise price of options outstanding at the end of the year	**INR 50.00 to 70.00**		INR 50.00 to 70.00	
Average share price during the year	**INR 89.83**		INR 113.78	
Weighted average remaining contractual life of options outstanding at the end of the year	**1.35 years**		2.90 years	
Weighted average fair value of option as on date of grant (granted during the year)	**-**	**-**	-	-

Notes to the Consolidated financial statements for the year ended 31st March 2021

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

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

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

Particulars	FY 2017-18	FY 2018-19
Grant date	27 Sep 2017	28 Jan 2019
Risk-free interest rate	6.45%	6.78%
Expected life	1.50 years	1.65 years
Expected volatility*	43.01%	61.51%
Expected dividend yield	2.96%	2.07%
Price of the underlying share in market at the time of grant of option (INR)	68.50	121.30

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

35 Expenditure on research & development activities

Revenue expenditure on research and development is charged under respective heads of account in the year in which it is incurred. Capital expenditure on research and development is included as part of property, plant and equipment and depreciated on the same basis as other property, plant and equipment.

Particulars	31 March 2021	31 March 2020
Capital expenditure (Including capital work-in-progress and excluding advances)	44.735	31.955
Revenue expenditure	167.516	198.958

36 Taxes

During the year un-recognised MAT credit to the extent of INR 53.342 (31 March 2020 INR 85.405) has been utilised. After utilisation of this MAT credit, the balance MAT credit is INR Nil.

37 Note on COVID-19 impact

The impact of Covid 19 pandemic started in March 2020 with the Government announcing lockdown across the country to control the spread of the virus. This was followed by the restricted easing of services across different states. There was also positive news in the latter half of the year with vaccine approvals and the launch of the vaccination drive.

In terms of impact on the financial performance, the Company's performance was adversely impacted during the first quarter of the year. Subsequently, with easing out of lockdown conditions, operations gradually resumed from the second quarter of the year. The second wave of Covid 19 may have an impact because of the uncertainties like market closures, supply constraints, and commodity cost volatility.

The Company has evaluated and factored in the possible impact that may result from this pandemic and all events and circumstances up to the date of approval of these financial results on the carrying value of its assets and liabilities as at 31 March 2021. Considering the continuing uncertainties, the Company will continue to closely monitor any material changes to future economic conditions.

37 Corporate Social Responsibility (CSR) expenditure

The Company was required to spend INR 15.612 as expenditure on CSR as per requirements of the Companies Act, 2013. During the year, the Company has incurred CSR expenses of INR 19.000 as follows:

Amount spent on	Amounts paid	Yet to be paid
Construction/acquisition of asset	Nil	Nil
On other purposes covered under Schedule VII to Companies Act, 2013	19.000*	Nil

*Includes INR 7.000 given to Praj Foundation which is a related party.

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

The above expenditure includes contribution/donation of INR 19.000 to trusts / institute which are engaged in activities eligible under section 135 of Companies Act, 2013 read with Schedule VII thereto.

39 Fair value measurements

As per assessments made by the management, fair values of all financial instruments carried at amortised cost (except as specified below) are not materially different from their carrying amounts since they are either short term nature or the interest rates applicable are equal to the current market rate of interest.

The Company has performed a fair valuation of its investment in mutual funds which are classified as FVTPL using quoted prices

Sr. No	Particulars	Carrying value	
		31 March 2021	31 March 2020
	Financial asset		
	Levelled at level 2		
a)	**Carried at amortised cost**		
	Investment in quoted perpetual bonds*	**398.060**	398.060
	Investment in deposits	**172.500**	237.000
	Investment in National saving certificate	**0.013**	0.013
	Security deposits	**65.903**	59.859
	Trade receivable	**4534.411**	3301.379
	Deposits with banks	**84.983**	126.689
	Other receivables	**41.562**	39.383
	Cash and cash equivalents & Other bank balances	**1324.462**	493.123
b)	**Carried at fair value through profit and loss (FVTPL)**		
	Foreign exchange forward contracts	**4.095**	-
	(The fair value is as per the mark-to-market valuation from banks)		
	Levelled at level 1		
a)	Investments in mutual funds	**2777.567**	1000.090
	Financial liabilities		
	Levelled at level 2		
a)	**Carried at amortised cost**		
	Borrowings	**-**	-
	Trade payables	**3416.142**	1874.933
	Unclaimed dividends	**10.886**	15.207
	Lease Liability	**176.591**	207.743
	Other payables	**123.155**	69.383
b)	**Carried at fair value through profit and loss (FVTPL)**		
	Foreign exchange forward contracts	**-**	34.072
	(The fair value is as per the mark-to-market valuation from banks)		
*	Fair value of investment in quoted perpetual bonds	**407.253**	393.473

Notes to the Consolidated financial statements for the year ended 31st March 2021

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

40 Financial risk management policy and objectives

Company's principal financial liabilities, comprise loans and borrowings, trade and other payables, and financial guarantee contracts. The main purpose of these financial liabilities is to finance company's operations and to provide guarantees to support its operations. Company's principal financial assets include advances to subsidiaries, trade and other receivables, security deposits and cash and cash equivalents, that derive directly from its operations.

In order to minimise any adverse effects on the financial performance of the company, it has taken various measures. This note explains the source of risk which the entity is exposed to and how the entity manages the risk and impact of the same in the financial statements.

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

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

(A) Credit risk

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

Credit risk management

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

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

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

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

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

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

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

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

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

Provision for expected credit loss

Financial assets for which loss allowance is measured using 180 days Expected Credit Losses (ECL)

Exposure to risk	31 March 2021	31 March 2020
Trade receivables	**5497.596**	4267.438
Less : expected loss	**963.185**	966.059
	4534.411	3301.379

	31 March 2021	31 March 2020
Trade receivables		
Neither past due nor impaired	**1493.183**	1165.184
Less than 180 days	**2803.995**	1716.918
181 - 365 days	**65.939**	187.199
More than 365 days	**171.294**	232.078
Total	**4534.411**	3301.379

Reconciliation of loss provision

	Trade receivables	Trade receivables
Loss allowance as at 31 March 2020	**966.059**	**846.978**
Changes in loss allowance	**(2.874)**	**119.081**
Loss allowance as at 31 March 2021	**963.185**	**966.059**

B) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, company maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. This is carried out in accordance with practice and limits set by the group. In addition, the company's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

Exposure to risk	31 March 2021	31 March 2020
Interest bearing borrowings		
On demand	**-**	-
Less than 180 days	**-**	-
181 - 365 days	**-**	-
More than 365 days	**-**	-
Total	**-**	-

Notes to the Consolidated financial statements for the year ended 31st March 2021

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

Exposure to risk	31 March 2021	31 March 2020
Other liabilities		
On demand	**10.886**	15.207
Less than 180 days	**142.429**	88.208
181 - 365 days	**44.158**	37.239
More than 365 days	**113.159**	151.679
Total	**310.632**	292.333
Trade payables		
On demand	**-**	-
Less than 180 days	**3416.142**	1874.933
181 - 365 days	**-**	-
More than 365 days	**-**	-
Total	**3416.142**	1874.933

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

	31 March 2021	31 March 2020
Expiring within one year	**410.000**	410.000
Expiring beyond one year	**-**	-

(C) Foreign currency risk

The group is exposed to foreign exchange risk mainly through its sales to overseas customers and purchases from overseas suppliers in various foreign currencies.

The group evaluates exchange rate exposure arising from foreign currency transactions and the company follows established risk management policies, including use of derivatives like foreign exchange forward contracts to hedge exposure to foreign currency risk, where the economic conditions match the company's policy.

Foreign currency exposure :

Financial assets	Currency	Amount in foreign currency		Amount in INR	
		31 March 2021	31 March 2020	31 March 2021	31 March 2020
Trade receivables	EUR	**0.422**	0.431	**31.978**	32.737
	USD	**11.505**	13.109	**838.491**	980.722
	GBP	**0.180**	0.180	**17.972**	16.584
Bank accounts	EUR	**0.690**	0.047	**58.770**	3.880
	USD	**2.256**	1.311	**164.666**	98.022
Foreign exchange forward contracts	EUR	**2.400**	-	**204.504**	-
	USD	**10.450**	11.350	**763.059**	850.569

Financial liabilities	Currency	Amount in foreign currency		Amount in INR	
		31 March 2021	31 March 2020	31 March 2021	31 March 2020
Trade payables	EUR	**1.215**	0.630	**105.766**	52.746
	USD	**0.295**	2.057	**21.291**	154.862
	GBP	**(0.005)**	-	**(0.524)**	0.012
	SEK	**5.276**	-	**44.294**	-

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

Currency wise net exposure (assets -liabilities)

Particulars	Amount in foreign currency		Amount in INR	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
EUR	**2.297**	(0.152)	**189.486**	(16.129)
USD	**23.916**	23.713	**1744.925**	1774.451
GBP	**0.185**	0.180	**18.496**	16.572
SEK	**(5.276)**	-	**(44.294)**	-

Sensitivity analysis

Currency	Amount in INR		Sensitivity %	Impact on profit- strengthen [Loss / (Gain)]		Impact on profit - weakening [Loss / (Gain)]	
	2021	2020		2021	2020	2021	2020
EUR	**189.486**	(16.129)	5.00%	**(9.474)**	0.806	**9.474**	(0.806)
USD	**1744.925**	1774.451	5.00%	**(87.246)**	(88.723)	**87.246**	88.723
GBP	**18.496**	16.572	5.00%	**(0.925)**	(0.829)	**0.925**	0.829
SEK	**(44.294)**	-	5.00%	**2.215**	-	**(2.215)**	-
Total	**1908.613**	1774.894		**(95.430)**	(88.746)	**95.430**	88.746

(GBP - Great Britain Pound, EUR- Euro, USD - US Dollar, SEK- Swedish Krona)

41 Capital management

Risk management

The group objectives when managing capital are to

- safeguard it's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry, the company monitors capital on the basis of the following gearing ratio: Net debt (total borrowings net of cash and cash equivalents) divided by total equity and net debt (as shown in the balance sheet, including non-controlling interests).

The company's strategy is to maintain a gearing ratio 0%. The gearing ratios were as follows:

	31 March 2021	31 March 2020
Loans and borrowings	**-**	-
Other financial liability	**-**	-
Less: cash and cash equivalents	**1011.088**	458.427
Net debt	**-**	-
Equity	**8025.047**	7199.186
Capital and net debt	**8025.047**	7199.186
Gearing ratio	**0%**	0%

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

Name of the Enterprise	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
1	2	3	4	5	6	7	8	9
Parent								
Praj Industries Limited	96.82%	7769.938	87.89%	712.413	88.52%	9.774	87.90%	722.187
Subsidiaries								
Indian								
1 Praj HiPurity Systems Limited, India.	12.99%	1042.728	10.18%	82.508	0.05%	0.006	10.04%	82.514
2 Praj Engineering and infra Limited,India	1.50%	119.977	4.14%	33.566	0.63%	0.070	4.08%	33.518
Foreign								
1 Praj Far East Philippinnes Ltd., Philippinnes	0.31%	24.493	1.89%	15.292	3.30%	0.364	1.91%	15.656
2 Praj Industries (Africa) Pty. Limited, South Africa	0.10%	8.178	0.00%	-	10.54%	1.164	0.14%	1.164
3 Praj Americas Inc. USA	0.06%	4.862	-0.51%	(4.148)	-2.07%	(0.230)	-0.53%	(4.378)
4 Praj Far East Co., Ltd. Thailand	0.19%	15.246	1.07%	8.666	-0.97%	(0.106)	1.04%	8.560
Minority Interests in all subsidiaries	0.08%	6.815	0.01%	0.118	0.00%	-	0.01%	0.118
Inter Company Eliminations/ Goodwill Amortisation	-12.05%	(967.190)	-4.67%	(37.828)	0.00%	-0.001	-4.59%	(37.711)
Total	100.00%	8025.047	100.00%	810.587	100.00%	11.041	100.00%	821.628

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

Dr. Pramod Chaudhari
Executive Chairman
(DIN : 00196415)

Shishir Joshipura
CEO and Managing Director
(DIN : 00574970)

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

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

Place: Pune
Date: 06 May 2021

Praj Industries Limited

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

CIN: L27101PN1985PLC038031

e-mail : investorsfeedback@praj.net; website : www.praj.net

Notice

Notice is hereby given that the Thirty Fifth Annual General Meeting of **PRAJ INDUSTRIES LIMITED** will be held on Wednesday, the **11th August, 2021 at 10.00 A.M. IST through video conferencing ("VC")/ Other Audio Video Visual Means ("OAVM")** to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt ;

   a. the audited Financial Statements of the Company for the financial year ended 31st March, 2021 together with the reports of Board of Directors and the Auditors thereon.

   b. the audited Consolidated Financial Statements of the Company for the financial year ended 31st March, 2021 together with the report of the Auditors thereon.

2. To declare dividend on Equity Shares.

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

SPECIAL BUSINESS

4. **To ratify the remuneration of Dhananjay V. Joshi & Associates, Cost Accountants, Pune as Cost Auditors for the financial year ending 31st March, 2022 and in this regard to consider and if thought fit, to pass the following resolution as an Ordinary Resolution:**

   "**RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force),the Company hereby ratifies the remuneration of Rs. 2,75,000/- as Audit fees plus out of pocket expenses at actual on submission of supporting bills, plus applicable taxes, payable to Dhananjay V. Joshi & Associates, Cost Accountants, Pune who have been appointed by the Board of Directors as Cost Auditors of the Company, to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2022."

5 **To consider and approve increase in remuneration, if any, of Executive Directors of the Company for the financial years 2021-22 and 2022-23 in excess of limits specified under Section 197 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time and in this regard, if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution.**

   "**RESOLVED THAT** pursuant to the recommendation of Nomination and Remuneration Committee (NRC) and approval by the Board and pursuant to the provisions of Sections 197, 198 and 201 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act"), and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 read with Schedule V to the Act and Regulation 17 (e) of SEBI (LODR) Regulations 2015, as amended from time to time and also subject to the provisions of Articles of Association of the Company, approval of Members be and is hereby accorded for increase, if any, in the remuneration of all Executive Directors of the Company, taken together, including Executive Director, who is in Promoter category, in excess of limits specified in Section 197 of the Act read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Schedule V to the Act, and Regulation 17 (e) of SEBI (LODR) Regulations 2015, for the financial years 2021-22 and 2022-23 each.

   RESOLVED FURTHER THAT the overall Managerial remuneration payable to all Executive Directors, taken together, in case it exceeds the limits specified in Section 197 of the Companies Act and /or Schedule V of the said Act and Regulation 17 (e) of SEBI (LODR) Regulations 2015, as the case may be, shall not exceed Rs. 1800 Lakhs (Rupees Eighteen Hundred Lakhs only) for the financial years 2021-22 and 2022-23 each with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) to alter and vary the terms and conditions regarding remuneration of Executive Directors as mentioned above.

   RESOLVED FURTHER THAT subject to provisions of Schedule V to the Act, in the event of inadequacy of profits in the financial year 2021-22 and 2022-23, approval of members of the Company be and is hereby accorded for the payment of overall managerial remuneration up to Rs 1800 Lakhs (Rupees Eighteen Hundred Lakhs only) in the financial years 2021-

22 and 2022-23 each as mentioned above, as minimum remuneration without obtaining any further approval unless otherwise required under the Act.

RESOLVED FURTHAT THAT Mr. Dattatraya Nimbolkar, Chief Internal Auditor and Company Secretary be and is hereby authorised to file necessary Return/Form, as may be required, with Ministry of Corporate Affairs (MCA) in this regard."

6. **To consider and approve grant of 75,000 options to Mr. Shishir Joshipura, CEO and Managing Director and in this regard to consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:-**

"**RESOLVED THAT** based on the recommendation of Nomination and Remuneration Committee (NRC) and approval by the Board of Directors of the Company and subject to the provisions of Section 197 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, read with amendments made by Companies (Amendment) Act, 2017 the consent of the Members be and is hereby accorded for the grant of 75,000 options to Mr. Shishir Joshipura, CEO & Managing Director under ESOP 2011"

7. **To consider and approve grant of 25,000 options to Mr. Sachin Raole, CFO and Director-Finance and Commercial and in this regard to consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:-**

"**RESOLVED THAT** based on the recommendation of Nomination and Remuneration Committee (NRC) and approval by the Board of Directors of the Company and subject to the provisions of Section 197 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, read with amendments made by Companies (Amendment) Act, 2017 the consent of the Members be and is hereby accorded for the grant of 25,000 options to Mr. Sachin Raole, CFO & Director-Finance & Commercial under ESOP 2011,"

By Order of the Board of Directors

Place: Pune
Date: 17th June 2021

Dattatraya Nimbolkar
Chief Internal Auditor &
Company Secretary

Notes:-

a) Considering the ongoing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has, vide its circular dated January 13, 2021 read together with circulars dated April 8, 2020, April 13, 2020 and May 5, 2020 (collectively referred to as "MCA Circulars"), permitted convening the Annual General Meeting ("AGM" / "Meeting") through Video Conferencing ("VC") or Other Audio Visual Means ("OAVM"), without physical presence of the members at a common venue. In accordance with the MCA Circulars, provisions of the Companies Act, 2013 ("the Act") and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), the AGM of the Company is being held through VC / OAVM. The deemed venue for the AGM shall be the Registered Office of the Company.

b) The business set out in the Notice will be transacted through electronic voting system and the Company is providing facility for voting by electronic means.

c) Corporate members intending to authorize authorised representatives to attend the Meeting through VC / OAVM are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.

d) Brief resume of Director proposed to be re-appointed, nature of her expertise in specific functional areas, names of Companies in which she holds directorship and membership / Chairmanship of Board Committees, shareholding and relationships between Directors inter-se as stipulated under Regulation 36 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, are as follows;

Name of Director and (DIN)	Date of Birth (No. Of Equity Shares held)	Qualification (Relationship with other Directors)	Nature of Expertise	Name of Companies in which she holds Directorship*	Name of Committees of the Companies of which she holds Chairmanship / Membership**
Ms. Parimal Chaudhari (DIN: 00724911)	01/08/1956 (14,400,000)	Post Graduate degree in Journalism & Communications fromPune University and MS in Television-Radio-Film (TRF) from Syracuse University, USA. Spouse of Dr. Pramod Chaudhari	Communication and human resource development. As Managing Trustee of Praj Foundation, she steers the CSR activities.	Praj Industries Ltd.	Praj Industries Ltd.-Member of Stakeholders' Relationship Committee.

*Directorship includes Directorship in Indian Public Companies including Praj Industries Limited.

**Memberships / Chairmanship of only Audit Committee and Stakeholders' Relationship Committee have been considered for this purpose.

e) A Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.

f) In case of joint holders, only such joint holder who is higher in the order of names will be entitled to vote.

g) Relevant documents referred to in the accompanying Notice and the Statement are open for inspection by the members at the Registered Office of the Company on all working days, (Saturdays and Sundays are weekly offs), during business hours up to the date of the Meeting.

h) The Company has notified closure of Register of Members and Share Transfer Books from **Thursday, the 5th August, 2021 to Wednesday, the 11th August, 2021 (both days inclusive).**

The Dividend, if any declared, shall be payable to those shareholders whose names stand registered:

a. As beneficial owner as at the end of **business hours on Wednesday, the 4th August, 2021** as per the lists to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held in the electronic form and

b. As member in the register of members of the Company / Registrar & Share Transfer Agent, after giving effect to valid share transfers in physical form lodged with the Company as at the end of the business hours on Wednesday, the 4th August, 2021.

c. The dividend on Equity Shares, if declared at the Meeting, will be credited / dispatched by 31st August, 2021 before statutory time limit.

i) Members holding shares in electronic form are requested to intimate any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change in their address or bank mandates to the Company / Link Intime India Private Limited, Share Transfer Agent of the Company **(Link).**

j) Pursuant to the provisions of Section 124(5) of the Companies Act, 2013, the Company has transferred the unpaid or unclaimed dividends (including interim dividends) as and when declared up to the financial year Interim Dividend for the financial year 2013-14 on due dates, to the Investor Education and Protection Fund (the IEPF) established by the Central Government. Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with Companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 18th September, 2020 (date of previous Annual General Meeting) on the website of the Company at www.praj.net, as also on the website of the Ministry of Corporate Affairs. Further, pursuant to the Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company has transferred 16,355 shares and 16,889 shares to Investor Education and Protection Fund on 20th October, 2020 and 19th May, 2021 respectively.

k) Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to Link, for consolidation into a single folio.

l) The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company / Link.

m) Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company.

n) Non-Resident Indian Members are requested to inform Link, immediately of:

(i) Change in their residential status on return to India for permanent settlement.

(ii) Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with PIN code number, if not furnished earlier.

o) To further Company's environment friendly agenda and to participate in MCA's Green Initiative, members are requested to register / update their e-mail address with their Depository Participants. Members who are holding shares in physical form are requested to send their e-mail address at investorsfeedback@praj.net for updation.

p) The notice of 35th Annual General Meeting and instructions for remote e-voting, is being sent by electronic mode to all members whose email addresses are registered with the Company/Depository Participant(s) unless a member has requested for a hard copy of the same.

q) Members are requested to notify their queries, if any, on financial statements etc. latest by 7th August, 2021 to facilitate the answering thereto. The queries be sent on e-mail at investorsfeedback@praj.net.

By Order of the Board of Directors

Place: Pune
Date: 17th June 2021

Dattatraya Nimbolkar
Chief Internal Auditor &
Company Secretary

Instructions and other information relating to e-voting are as under:

1. In view of the massive outbreak of the COVID-19 pandemic, social distancing is a norm to be followed and pursuant to the Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020 issued by the Ministry of Corporate Affairs followed by Circular No. 20/2020 dated May 05, 2020 and Circular No. 02/2021 dated January 13, 2021 and all other relevant circulars issued from time to time, physical attendance of the Members to the AGM venue is not required and general meeting be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.

2. Pursuant to the Circular No. 14/2020 dated April 08, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate there at and cast their votes through e-voting.

3. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/ OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

4. The Annual Report along with Notice of AGM is being sent electronically to the Members, whose names appear in the Register of Members/depositories as at close of business hours on Friday, the 9th of July, 2021.

5. The Company has fixed Wednesday, the 4th August, 2021 as cut off date for remote e-voting. The remote e-voting/voting rights of the shareholders/beneficial owners shall be reckoned on the equity shares held by them as at close of business hours on the Cut-off Date i.e. Wednesday, the 4th August, 2021 only. A person who is not a Member as on the Cut-off Date should treat this Notice for information purposes only.

6. National Securities Depositories Limited ("NSDL") will be providing facility for convening 35th AGM through VC/OAVM.

7. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.

8. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-Voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-Voting system as well as venue voting on the date of the AGM will be provided by NSDL.

9. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at www.praj.net. The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and the AGM Notice is also available on the website of NSDL (agency for providing the Remote e-Voting facility) i.e. www.evoting.nsdl.com.

10. AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circulars.

11. The deemed venue for e-AGM shall be the Registered Office of the Company.

THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING ARE AS UNDER:-

The remote e-voting period begins on Sunday, the 8th August, 2021 at 9.00 A.M. and ends on Tuesday, the 10th August, 2021 at 5.00 P.M. The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e. 4th August, 2021 , may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being 4th August, 2021.

How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1: Access to NSDL e-Voting system

A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	1. Existing IDeAS user can visit the e-Services website of NSDL Viz. https://eservices.nsdl.com either on a Personal Computer or on a mobile. On the e-Services home page click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section , this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS Portal" or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 4. Shareholders/Members can also download NSDL Mobile App "NSDL Speede" facility by scanning the QR code mentioned below for seamless voting experience. NSDL Mobile App is available on App Store Google Play

Individual Shareholders holding securities in demat mode with CDSL	1. Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi. 2. After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL. Click on NSDL to cast your vote. 3. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration 4. Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. NSDL where the e-Voting is in progress.
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	**Helpdesk details**
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022-23058738 or 022-23058542-43

B) Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile.

2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section.

3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

   Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12************** then your user ID is 12**************
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Password details for shareholders other than Individual shareholders are given below:

   a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.

   b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

   c) How to retrieve your 'initial password'?

      (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

      (ii) If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered.

6. If you are unable to retrieve or have not received the " Initial password" or have forgotten your password:

   a) Click on "Forgot User Details/Password?"(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.

   b) Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.

   c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address etc.

   d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

8. Now, you will have to click on "Login" button.

9. After you click on the "Login" button, Home page of e-Voting will open.

Details on Step 2 are given below:

Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.

How to cast your vote electronically and join General Meeting on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join General Meeting".
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to vikas.khare@kanjcs.com with a copy marked to evoting@nsdl.co.in.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request at evoting@nsdl.co.in.

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to investorsfeedback@praj.net
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to investorsfeedback@praj.net. If you are an Individual shareholder holding securities in demat mode, you are requested to refer to the login method explained at step 1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.
3. Alternatively shareholder/members may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/ OAVM ARE AS UNDER:

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for Access to NSDL e-Voting system. After successful login, you can see link of "VC/OAVM link" placed under "Join General meeting" menu against company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/ Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. All the documents referred to in the Notice will be available for electronic inspection without any fee by the members from the date of circulation of this notice up to the date of AGM. i.e. 11th August, 2021. Members seeking to inspect such documents can send an email to investorsfeedback@praj.net.
6. Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name demat account number / folio number, email id, mobile number at investorsfeedback@praj.net. The same will be replied by the company suitably.

Dividend Related Information:

1. The Record Date for determining the names of members eligible for dividend on Equity Shares, if declared at the Meeting, is 4th August, 2021.
2. Dividend as recommended by the Board of Directors, if approved at this meeting, will be paid by 31st August 2021 by way of electronic mode or in physical form to those members whose names appear on the Register of Members / statements of beneficial position received from the NSDL and the CDSL as at the close of business hours on 4th August 2021. .
3. Members holding shares in dematerialized form are requested to intimate any change in their address or bank account details (including 9 digit MICR no., 11 digit IFSC code no. and core banking account no.) to their respective Depository Participants with whom they are maintaining demat accounts before 30th July, 2021.
4. Members holding shares in physical form are requested to send a communication duly signed by all the holder(s) intimating about the change of address immediately to the R&T agent / Company along with the self-attested copy of their PAN Card(s), unsigned copy of the Cheque leaf where an active Bank account is maintained and the copy of the supporting documents evidencing change in address. Communication details of R&T agent are as under: Link Intime India Pvt. Ltd. Block No. 202, Akshay Complex, Off. Dhole Patil Road, Pune 411 001; Tel No: 020 26160084 E-mail: Sandip.pawar@linkintime.co.in.

5. In case, the Company is unable to pay the dividend to any shareholder by the electronic mode, due to non-availability of the details of the bank account, the Company shall upon normalisation of the postal services, dispatch the dividend warrant to such shareholder by post.

6. Members may note that as per the Income Tax Act, 1961 ("IT Act"), as amended by the Finance Act, 2020, dividends paid or distributed by the Company after April 1, 2020, shall be taxable in the hands of the shareholders and the Company shall be required to deduct tax at source (TDS) at the prescribed rates from the dividend to be paid to shareholders, subject to approval of dividend by the shareholders in the ensuing AGM. The TDS rate would vary depending on the residential status of the shareholder and the documents submitted by them and accepted by the Company. In order to enable the Company to determine the appropriate TDS rate as applicable, members are requested to submit relevant documents, as specified in the below paragraphs, in accordance with the provisions of the IT Act.

   a. For Resident Shareholders, TDS is required to be deducted at the rate of 10% under Section 194 of the Income Tax Act, 1961 on the amount of dividend declared and paid by the Company in the FY 2021-22 provided valid PAN is registered by the members. If the valid PAN is not registered, the TDS is required to be deducted at the rate of 20% under Section 206AA of the Income Tax Act, 1961.

      However, no tax shall be deducted on the dividends paid to resident individuals if aggregate dividend distributed or likely to be distributed during the financial year 2021-22 does not exceed Rs. 5000. Even in the cases where the members provide valid Form 15G (for individuals, with no tax liability on total income and income not exceeding maximum amount which is not chargeable to tax) or Form 15H (for individual above the age of 60 years with no tax liability on total income), no TDS shall be deducted.

      Members who are required to link Aadhaar number with PAN as required under section 139AA(2) read with Rule 114AAA, should link the same by July 30, 2021. If, as required under the law, any PAN is found to have not been linked with Aadhaar by July 30, 2021 then such PAN will be deemed invalid and TDS would be deducted at higher rates u/s 206AA of the Act. Company reserves its right to recover any demand raised subsequently on the Company for not informing the Company or providing wrong information about applicability of Section 206AA in your case.

      NIL /lower tax shall be deducted on the dividend payable to following resident shareholders on submission of self-declaration as listed below:

      i. Insurance companies: Declaration by shareholder qualifying as Insurer as per section 2(7A) of the Insurance Act, 1938 along with self-attested copy of PAN card;

      ii. Mutual Funds: Declaration by Mutual Fund shareholder eligible for exemption u/s 10(23D) of the Income- tax Act, 1961 along with self- attested copies of registration documents and PAN card;

      iii. Alternative Investment Fund (AIF) established in India: Declaration that the shareholder is eligible for exemption under section 10(23FBA) of the Act and they are established as Category I or Category II AIF under the SEBI regulations. Copy of self-attested registration documents and PAN card should be provided.

      iv. New Pension System Trust: Declaration along with self-attested copy of documentary evidence supporting the exemption and self-attested copy of PAN card.

      v. Other shareholders - Declaration along with self-attested copy of documentary evidence supporting the exemption and self-attested copy of PAN card.

      vi. Shareholders who have provided a valid certificate issued u/s. 197 of the Act for lower / nil rate of deduction or an exemption certificate issued by the Income Tax authorities along with Declaration.

   b. For Non-resident shareholders, (including Foreign Portfolio Investors) Tax is required to be withheld in accordance with the provisions of Section 195 and section 196D of the Act at applicable rates in force. As per the relevant provisions of the Act, the tax shall be withheld @ 20% (plus applicable surcharge and cess) on the amount of dividend payable. However, as per Section 90 of the Act, a non-resident shareholder has the option to be governed by the provisions of the Double Tax Avoidance Agreement ("DTAA") between India and the country of tax residence of the shareholder, if they are more beneficial to the shareholder. For this purpose, i.e. to avail the tax treaty benefits, the non-resident shareholder will have to provide the following:

      i. Self-attested copy of PAN card, if any, allotted by the Indian income tax authorities;

      ii. Self-attested copy of Tax Residency Certificate ("TRC") obtained from the tax authorities of the country of which the shareholder is resident;

      iii. Self-declaration in Form 10F, if all the details required in this form are not mentioned in the TRC;

      iv. Self-declaration by the non-resident shareholder of meeting treaty eligibility requirement and satisfying beneficial ownership requirement (Non- resident having PE in India would need to comply with provisions of section 206AB of the IT Act).

v. In case of Foreign Institutional Investors and Foreign Portfolio Investors, self-attested copy of SEBI registration certificate.

vi. In case of shareholder being tax resident of Singapore, please furnish the letter issued by the competent authority or any other evidences demonstrating the non-applicability of Article 24 - Limitation of Relief under India-Singapore Double Taxation Avoidance Agreement (DTAA).

c. Please note that the Company is not obligated to apply the beneficial DTAA rates at the time of tax deduction / withholding on dividend amounts. Application of beneficial DTAA Rate shall depend upon the completeness and satisfactory review by the Company , of the documents submitted by Non- Resident shareholder.

d. Accordingly, in order to enable the Company to determine the appropriate TDS / withholding tax rate applicable, we request the members to provide these details and documents as mentioned above before July 30, 2021.

e. The Company shall arrange to email the soft copy of TDS certificate at the registered email ID of members post payment of the dividend.

Section 206AB of the Act:

Rate of TDS @10% u/s 194 of the Act is subject to provisions of section 206AB of Act (effective from 1 July 2021) which introduces special provisions for TDS in respect of non-filers of income-tax return. As provided in section 206AB, tax is required to be deducted at higher of following rates in case of payments to specific persons:

- at twice the rate specified in the relevant provision of the Act; or
- at twice the rate or rates in force; or
- at the rate of 5%.

Where sections 206AA and 206AB are applicable i.e. the specified person has not submitted the PAN as well as not filed the return; the tax shall be deducted at the higher of the two rates prescribed in these two sections.

The term 'specified person' is defined in sub section (3) of section 206AB who satisfies the following conditions:

• A person who has not filed the income tax return for two previous years immediately prior to the previous year in which tax is required to be deducted, for which the time limit of filing of return of income under section 139(1) of the IT Act has expired; and

• The aggregate of TDS and TCS in his case is 50,000 or more in each of these two previous years.

The non-resident who does not have the permanent establishment is excluded from the scope of a specified person.

Members are requested to inform the Company well in advance and before cut-off date if you are covered under the definition of 'specified person' as provided in section 206AB of the IT Act. The Company reserves its right to recover any demand raised subsequently on the Company for not informing the Bank or providing wrong information about applicability of Section 206AB in your case.

Updation of PAN, email address and other details:

Shareholders holding shares in dematerialized mode, are requested to update their records such as tax residential status, permanent account number (PAN), registered email addresses, mobile numbers and other details with their relevant depositories through their depository participants. Shareholders holding shares in physical mode are requested to furnish details to the Company's registrar and share transfer agent. The Company is obligated to deduct tax at source (TDS) based on the records available with RTA and no request will be entertained for revision of TDS return.

Updation of Bank account details:

Members are also requested to submit / update their bank account details with their Depository Participant, in case of holding shares in the electronic form. In case of shareholding in the physical form, members will have to submit a scanned copy of a duly signed covering letter, along with a cancelled cheque leaf with the members' name and bank account details and a copy of their PAN card, duly self-attested. This will facilitate receipt of dividend directly into the members' bank account. In case the cancelled cheque leaf does not bear the members' name, please attach a copy of the bank pass-book statement, duly self-attested.

Kindly note that the aforementioned documents are required to be uploaded before 30th July 2021 with Link Intime India Pvt. Ltd. , the R&T Agent at https://linkintime.co.in

You can also visit their site at https://linkintime.co.in/formsreg/submission-of-form-15g-15h.html to download and upload the documents as applicable in order to enable the Company to determine and deduct appropriate TDS / withholding tax rate. No communication on the tax determination / deduction shall be entertained post July 30, 2021.

It may be further noted that in case the tax on said dividend is deducted at a higher rate in absence of receipt of the aforementioned details / documents from the members, there would still be an option available with members to file the return of income and claim an appropriate refund, if eligible.

No claim shall lie against the Company for such taxes deducted.

For further information, Members are requested to refer to the email communication sent to them in this regard.

By Order of the Board of Directors

Place: Pune
Date: 17th June 2021

Dattatraya Nimbolkar
Chief Internal Auditor &
Company Secretary

STATEMENT PURSUANT TO SECTION 102 (1) OF THE COMPANIES ACT, 2013:-

The following Statement set outs all material facts relating to the Special Businesses mentioned in the accompanying Notice:

Item No. 4

To ratify the remuneration of Dhananjay V. Joshi & Associates, Cost Accountants, Pune as Cost Auditors for the financial year ending 31st March, 2022.

The Board, on the recommendation of the Audit Committee, has approved the appointment of Dhananjay V. Joshi & Associates, Cost Accountants, Pune, the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2022 for a total remuneration of Rs. 2, 75,000/- as Audit fees plus out of pocket expenses at actual on submission of supporting bills and taxes as may be applicable.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company.

None of the Directors / Key Managerial Personnel of the Company / their relatives is, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 4 of the Notice.

The Board recommends the Ordinary Resolution set out at Item No. 4 of the Notice for approval by the shareholders.

Item No. 5

To consider and approve increase in remuneration, if any, of Executive Directors of the Company.

The total Managerial Remuneration of Executive Directors for the financial year 2020-21, taken together, was Rs.923.60 lakhs as mentioned in point No (A) in the table below:

(Rs. lakhs)

Sr No	Particulars	*Dr Pramod Chaudhari	Mr Shishir Joshipura	Mr. Sachin Raole	Total
A)	Managerial Remuneration for Financial Year 2020/21 (inclusive of perquisites other than ESOP)	470.36	322.27	130.97	923.60
B)	** Normalized MR after removing the impact of Salary reduction as mentioned in the explanatory note below	581.72	382.49	155.71	1119.92
C)	Maximum amount of remuneration after proposed salary revision for Financial Years 2021/22 and 2022/23 each (inclusive of perquisites other than ESOP)	771.38	455.33	201.62	1428.33
D)	Perquisite /estimated value of perquisite on account of exercise of options	0.00	116.80	254.87	371.67
E)	Grand Total of Remuneration/Estimated Remuneration for Financial Years 2021/22 and 2022/23.	771.38	572.13	456.49	1800.00

*Executive Director who is in Promoter category.

** During Financial Year 2020/21, due to uncertainties posed by COVID-19 pandemic, all the Executive Directors had offered 33% reduction in their salary from April 20 till November 20. In view of this, normalized remuneration (after removing the impact of salary reduction) and as per agreement executed with respective Executive Directors, has been indicated in Sr No (B) of above table.

Since August 2017, there is no increase in salary of Dr Pramod Chaudhari and since April 2018, there is no increase in salary of Mr. Shishir Joshipura.

During Financial Year 2021/22, Mr. Shishir Joshipura (SJ) Chief Executive Officer (CEO) and Managing Director and Mr. Sachin Raole (SR), CFO and Director-Finance & Commercial have exercised all the options granted to them under ESOP 2011 Grant X.

Since the difference between market price as on the date of exercise of options and the option price, is treated as perquisite (ESOP Perquisite), this perquisite amount of Rs 371.67 Lakhs for the financial year 2021/22 and similar estimated amount for the financial year 2022/23, would form part of Managerial Remuneration of SJ and SR for the Financial Years 2021/22 and 2022/23 respectively.

From the above, it will be observed that, the major increase in Managerial Remuneration, proposed for Financial Years 2021/22 and 2022/23 is on account of ESOP Perquisite of Rs 371.67 Lakhs approx. in respect of SJ and SR and balance of Rs 308.41 Lakhs is on account of salary revision of all the Executive Directors.

In view of above factors, it is expected that the total Managerial Remuneration of all Executive Directors, taken together for the Financial Years 2021/22 and 2022-23 may exceed the limits specified in Section 197 of the Companies Act, 2013 , as computed under section 198 of the Companies Act 2013.

As per provisions of section 197 of the Companies Act 2013 read with other applicable provisions, if any, and Regulation 17 (e) of SEBI (LODR) Regulations 2015, if the Managerial Remuneration for Executive Directors for any Financial Year exceeds 10% of the total profits of the Company as computed in the manner specified under Section 198 of the Companies Act 2013, the same shall be approved by the Shareholders by way of Special Resolution.

In the backdrop of above and pursuant to the provisions of Section 197 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managing Personnel) Rules, 2014, as amended from time to time, read with Schedule V to the said Act and Regulation 17 (e) of SEBI (LODR) Regulations 2015 as amended from time to time, consent of Members is being sought for increase, if any, in managerial remuneration of all Executive Directors for the financial years 2021/22 and 2022/23, in excess of limits specified in Section 197 of the Companies Act, 2013 as well as Regulation 17 (e) of SEBI (LODR) Regulations 2015 by way of Special Resolution.

Pursuant to Clause (iv) of Section II of Schedule V to the Companies Act, 2013, the following statement is given:

<table>
<tr><th>Sr. No.</th><th>Particulars</th><th></th></tr>
<tr><td>I</td><td>General Information</td><td></td></tr>
<tr><td>1.</td><td>Nature of Industry</td><td>Manufacturing (project based Company)</td></tr>
<tr><td>2.</td><td>Date or expected date of commencement of commercial production.</td><td>The Company started its commercial production during the year 1983/84.</td></tr>
<tr><td>3.</td><td>Financial performance based on given indicators.</td><td>
<table>
<tr><td>Part.</td><td>*2020/21</td><td>2019/20</td><td>2018/19</td></tr>
<tr><td>Gross Rev</td><td>1105</td><td>976</td><td>952</td></tr>
<tr><td>PAT</td><td>71.25</td><td>65</td><td>62</td></tr>
<tr><td>Dividend (Rs. Per share)</td><td>**2.16</td><td>2.70</td><td>1.62</td></tr>
<tr><td>EPS (Rs.)</td><td>3.89</td><td>3.54</td><td>3.49</td></tr>
</table>
* figures are subject to approval of shareholders at 35th AGM.
** Subject to approval of Shareholders at 35th AGM
</td></tr>
</table>

Sr. No.	Particulars	
II.	**Other Information**	
1.	Reasons for inadequate profits / increase in remuneration	As mentioned in the explanatory statement, due to exercise of options granted under ESOP 2011 and also due to revision in the salary of Executive Directors, during Financial Year 2021/22 and 2022-23, the total remuneration of all Executive Directors put together, may exceed the limits specified in Section 197 of the Companies Act, 2013 and Regulation 17 (e) of SEBI (LODR) Regulations 2015.
2.	Steps taken or proposed to be taken for improvement.	N.A.
3.	Expected increase in productivity and profits in measurable terms.	N.A.

It is hereby confirmed that the Company has not committed any default in payment of dues to any bank.

Except Dr. Pramod Chaudhari, Ms. Parimal Chaudhari (spouse of Dr. Pramod Chaudhari), Mr. Shishir Joshipura, and Mr. Sachin Raole, none of the Directors, Key Managerial Personnel and their relatives is considered to be interested in the above Resolution.

The Board of Directors recommend passing of the Special Resolution at item No.5 of the Notice.

Item No. 6 :

To consider and approve grant of 75,000 options to Mr. Shishir Joshipura, CEO and Managing Director.

Based on the recommendation of Nomination and Remuneration Committee, the Board at its meeting held on 17th June , 2021, has granted 75,000 options @ Rs. 90 per option to Mr. Shishir Joshipura, CEO & Managing Director under ESOP 2011.

As per provisions of Section 197 of the Companies Act, 2013 read with Schedule V, relevant Rules thereon and further amendments, if any, remuneration payable to Managerial Personnel is subject to approval of shareholders and subject to overall ceiling prescribed under Section 197 of the Companies Act, 2013.

No Director or Key Managerial Personnel of the Company and/ or their relatives, except Mr. Shishir Joshipura in his personal capacity for whom the Resolution relate, is interested or concerned in the Resolution.

The Board recommends the Ordinary Resolution as set out at Item No.6 of the Notice for approval by the shareholders

Item No. 7

To consider and approve grant of 25,000 options to Mr. Sachin Raole, CFO and Director-Finance and Commercial.

Based on the recommendation of Nomination and Remuneration Committee, the Board at its meeting held on 17th June 2021, has granted 25,000 options @ Rs. 90/- per option to Mr. Sachin Raole, CFO & Director- Finance & Commercial under ESOP 2011.

As per provisions of Section 197 of the Companies Act, 2013 read with Schedule V, relevant Rules thereon and further amendments, if any, remuneration payable to Managerial Personnel is subject to approval of shareholders and subject to over all ceiling prescribed under Section 197 of the Companies Act, 2013.

No Director or Key Managerial Personnel of the Company and/ or their relatives, except Mr. Sachin Raole in his personal capacity for whom the Resolution relate, is interested or concerned in the Resolution.

The Board recommends the Ordinary Resolution as set out at Item No.7 of the Notice for approval by the shareholders

By Order of the Board of Directors

Place: Pune
Date: 17th June 2021

Dattatraya Nimbolkar
Chief Internal Auditor &
Company Secretary

Important Communication to Shareholders

Register your e-mail address

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 Participant. 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 (DP) 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 shared in electronic mode are requested to register their latest Bank Account details (Core Banking Solutions enabled account number, 9 digit MICR no. and 11 digit IFS code details) with their Depository Participant. Members holding shares in physical form are requested to register their Bank Account details (Core Banking Solutions enabled account number, 9 digit MICR no. and 11 digit IFS code details) to the Company's R & T Agent.

Employee Care

Praj organized Covid vaccination drive for its employees across all locations for protection against Covid-19.

L to R : Sachin Raole, Dr. Vijay Natarajan (SIU), Shishir Joshipura,
Dr. Vidya Yeravdekar (SIU), Dr. Pramod Chaudhari and Dr. Rajiv Yeravdekar (SIU)

Giving back to society

Environment

Education

Health

praj | foundation

Bio-Prism

Nature Reimagined - Promise of Sustainability

Bio- Prism™ portfolio comprises of technologies for production of Renewable Chemicals and Materials, that promises sustainability, while reimagining nature. Praj is developing different molecules and biopolymers that are sustainable alternatives to products made from fossil resources.

praj

Innovate • Integrate • Deliver

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