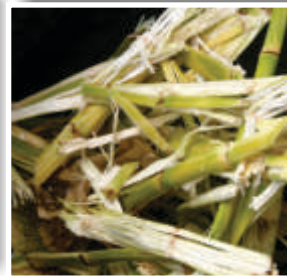




You reap  
the harvest...

We  
the reap  
agri-waste



2<sup>nd</sup> Generation Bio Refinery Solutions by



Annual Report 2016 - 17



## Company Information

<b>Executive Directors</b>	Pramod Chaudhari, Executive Chairman Sachin Raole, CFO and Director - Finance & Commercial
<b>Non Executive Directors</b>	Berjis Desai Daljit Mirchandani Kishor Chaukar Parimal Chaudhari Prakash Kulkarni Rajiv Maliwal Sivaramakrishnan Iyer
<b>Chief Internal Auditor &amp; Company Secretary</b>	Dattatraya Nimbolkar
<b>Statutory Auditors</b>	M/s P.G. Bhagwat
<b>Cost Auditors</b>	Dhananjay V. Joshi & Associates
<b>Internal Auditors</b>	Khare Deshmukh & Co.
<b>Secretarial Auditors</b>	Kanj & Associates
<b>Bankers</b>	Bank of Maharashtra The Hong Kong and Shanghai Banking Corporation Limited ICICI Bank Limited Citibank N.A.
<b>Solicitors</b>	J. Sagar Associates, Mumbai
<b>Registered Office</b>	“Praj Tower”, S.No. 274 & 275/2, Bhumkar Chowk - Hinjewadi Road, Hinjewadi, Pune 411 057, Maharashtra, India
<b>R &amp; D Unit - I</b>	Praj Matrix - The Innovation Center Gat No. 402, 403, 1098, Village Urwade, Tal. Mulshi, Pune 412 108, Maharashtra, India
<b>R &amp; D Unit - II</b>	Shreenathnagar, Patethan, P.O. Rahu, Tal. Daund, Dist. Pune 412 207, Maharashtra, India
<b>Manufacturing Facilities</b>	S.No.748, Sanaswadi, Gat No. 745, Sanaswadi, Pune 412 208 Maharashtra, India Plot No. E-20 & E-21 additional MIDC Area, Jejuri Tal. Purandar, Pune 412 303, Maharashtra, India
<b>Export Oriented Unit</b>	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
<b>Presence in</b>	India, Thailand and USA

## Chairman's Statement



Dear Shareholders,

It is my privilege to present the Annual Report of Your Company for FY 2016-17. This was an important year, as it marks the beginning of a revolutionary era in the field of biofuels, not only for Your Company but also for our country.

**Development of the 2nd generation cellulosic ethanol technology**, subject close to our heart, has arrived at an important milestone with successful completion and start-up of Your Company's Smart Biorefinery demonstration plant in Maharashtra, India. The red letter day was on 7th May, 2017 when Mr Nitin Gadkari, Union Minister of Road Transport, Highways & Shipping formally inaugurated the demonstration plant.

Availability of 2nd generation ethanol is going to play a vital role in advancing India towards higher self-sufficiency in transport energy sector. Use of agri-residue as feedstock provides an avenue of utilization to this otherwise non-capitalized resource. It will not only become an additional source of income to the farming community but also attract rural youth towards entrepreneurship. Blending of 2nd generation ethanol with petrol is imperative for a low carbon emission pathway while achieving India's developmental aspirations.

FY 2016-17 witnessed a host of collective initiatives by ministries of road transport, petroleum, renewable energy and various industry participants. National Oil Marketing Companies (OMCs) will spearhead the first set of 10-12 nos. of 2nd generation ethanol projects in the country. It gives me immense pleasure to share that OMCs have put faith in Your Company for changing the face of Indian transport sector with this cleaner liquid fuel. For as many as three projects, Your Company has been chosen as technology partner and MOUs have been signed to that effect. It is heart-warming to be part of this energy revolution in the country.

In my opinion, this is the beginning of a new, challenging and equally exciting journey. Further R&D is underway to develop other renewable fuels and chemicals from the bio-refinery technology platform. Configuration of bio-CNG,

which is increasingly being used as a clean, renewable transportation fuel is also under development. On another front, successful trials have been carried out for bio-butanol production from molasses based on technology platform of Gevo Inc. of USA. Commercialization of bio-butanol to bio jet fuel process is under discussion.

FY 2016-17 has been challenging for growth of Indian economy in light of the geopolitical developments and unleashing of financial reforms. Growth in overall demand and consumption across the economy is gathering momentum, albeit slowly. This has impacted capacity expansion, especially in the private sector. Further, stringent assessment of new proposals given the risk aversion of banks has resulted in delayed financing of projects. Teething troubles, following policy reforms have slowed down the pace of economic recovery.

India Inc. has welcomed the move to Goods and Services Tax. Your Company has undertaken a detailed assessment of its impact on the business operations, which is estimated to be neutral to positive. In conjunction with preparedness for GST, Your Company is also exploring digitization and its relevance to the business.

While closing, I will reiterate that Your Company will persistently pursue various opportunities in its chosen business segments. Your Company is confident of the proposition given that sustainable fuels is the need of the hour. I truly believe that strong technology backbone and engineering fundamentals will enable it to create value for all stakeholders in the years ahead.

I thank you for your continued support to Praj and confidence in its capabilities.

**Pramod Chaudhari**

Executive Chairman

30th June, 2017  
Mumbai



## Board of Directors

From L to R : Rajiv Maliwal, Parimal Chaudhari, Daljit Mirchandani, Berjis Desai, Pramod Chaudhari, Prakash Kulkarni, Kishor Chaukar, Sachin Raole, Sivaramakrishnan Iyer

## Contents

Company Information	Independent Auditors' Report .....	61
Chairman's Statement	Balance Sheet .....	66
Praj at a Glance .....	Statement of Profit & Loss .....	67
Directors' Report .....	Cash Flow Statement .....	68
Management Discussion & Analysis .....	Notes to the Financial Statements .....	71
CSR Report .....	Consolidated Financial Statements .....	113
Report on Corporate governance .....	Notice .....	166

## Praj at Glance (Consolidated)

UOM	16-17*	15-16*	14-15	13-14	12-13	11-12	10-11	09-10	08-09	07-08
SALES	₹ Min	9551.62	10638.17	10122.03	9858.37	9190.71	10031.10	7344.40	9542.17	7380.07
OTHER INCOME	₹ Min	222.78	183.56	336.59	230.09	312.29	443.38	456.70	252.15	388.53
TOTAL INCOME	₹ Min	9774.41	10821.73	10458.62	10088.46	9503.00	10474.48	7801.09	9794.32	7768.59
TOTAL EXPENDITURE EXCLUDING DEPRECIATION	₹ Min	8877.91	9517.39	9216.54	9081.38	8364.36	9118.18	6412.84	8252.63	5983.41
DEPRECIATION	₹ Min	221.24	250.25	378.26	237.63	215.30	163.47	107.35	88.72	58.15
EBIDTA (EXCLUDING OTHER INCOME)	₹ Min	686.79	1141.04	930.16	791.38	849.42	924.46	935.15	1295.10	1397.42
PROFIT BEFORE TAX	₹ Min	675.25	1054.10	863.82	769.45	923.35	1192.83	1280.91	1452.97	1727.03
PAT BEFORE MINORITY INTEREST	₹ Min	446.00	824.72	782.29	565.03	715.47	703.30	1198.32	1175.41	1513.23
PAT AFTER MINORITY INTEREST	₹ Min	446.03	824.62	762.66	546.26	680.27	678.94	1195.86	1211.95	1529.25
OTHER COMPREHENSIVE INCOME	₹ Min	(6.38)	6.84							
TOTAL COMPREHENSIVE INCOME	₹ Min	439.62	831.57							
NET BLOCK OF FIXED ASSETS + CWIP	₹ Min	3102.05	2957.31	3071.99	3280.28	2959.78	2590.42	1599.81	1539.49	1235.96
SHARE CAPITAL	₹ Min	358.89	355.95	354.93	354.93	354.93	359.10	369.56	366.86	366.32
RESERVES AND SURPLUS	₹ Min	6737.45	6196.90	5866.65	5470.28	5350.30	5174.59	4908.72	3982.42	3130.08
NET WORTH	₹ Min	7096.34	6552.85	6221.58	5825.21	5705.23	5533.68	5278.19	4349.28	3496.40
EPS BASIC	₹	2.50	4.64	4.30	3.08	3.83	3.69	6.49	6.61	8.52

RATIOS		7%	11%	9%	8%	9%	9%	7%	13%	14%	19%
EBIDTA (EXCLUDING OTHER INCOME) TO SALES	%	7%	10%	9%	8%	10%	12%	10%	17%	15%	23%
PBT TO SALES	%	7%	10%	9%	8%	10%	12%	10%	17%	15%	23%
PAT TO SALES	%	5%	8%	8%	6%	7%	7%	9%	16%	13%	21%
RONW	%	7%	13%	13%	9%	12%	12%	11%	25%	31%	62%
ROCE	%	10%	16%	14%	13%	16%	21%	12%	26%	35%	66%
NO. OF SHARES	Nos.	179,444,188	177,972,409	177,465,079	177,465,079	179,548,092	184,778,723	184,738,492	183,431,082	183,161,810	
DIVIDEND	%	81%	81%	81%	111%	81%	81%	63%	72%	90%	99%
BOOK VALUE PER SHARE	₹	39.55	36.82	35.06	32.82	32.15	30.82	30.25	28.57	23.71	19.09
CASH EPS	₹	3.74	6.05	6.43	4.42	5.04	4.58	3.73	7.08	7.09	8.84

\*The financial results summary for financial years 2016-17 and 2015-16 are prepared in accordance with Ind-AS and financial results for other financial years are prepared as per the prevailing GAAP.

## Directors' Report

### To The Members of Praj Industries Limited,

Your Directors are pleased to present the 31<sup>st</sup> Annual Report and the Audited Financial Statements for the year ended 31<sup>st</sup> March, 2017.

### Financial Results

During the year under review, your Company has recorded total income of ₹7787 Mn (previous year ₹ 8750 Mn). In view of 11% reduction in total income, Profit before Tax declined by 13% to ₹674 Mn (previous year ₹775 Mn). Despite global turbulent environment, your Company's performance has been relatively stable. The performance summary is presented herewith:

(₹ Mn.)

Particulars	2016-17	2015-16
Turnover	7592	8580
Other Income	195	170
Total Income	7787	8750
Total Expenses	7113	7975
PBT	674	775
PAT	469	654
Other Comprehensive Income	1	—*
Total Comprehensive Income	470	654
(+) Balance in Profit & Loss account	4580	4686
(+) Ind AS Adjustments (ESOPs)	17	—
Profit Available for Appropriations	5067	5340
Appropriations		
Dividend		
- Interim	—	288
- Final	—	287
- Dividend Tax (Interim Dividend)	—	59
- Dividend Tax (Final Dividend)	—	59
Transfer to General Reserve	—	67
Balance in Statement of Profit & Loss	5067	4580

\* insignificant when rounded off to Million.

### State of Company's Affairs

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

### Summary of Consolidated Results

During the year, the Total Income was at ₹ 9774 Mn which is lower by 10% over last year (₹ 10822 Mn). Due to this, PBT at ₹ 675 Mn is lower by 36% over last year (₹ 1054 Mn). The performance summary is presented herewith:

(₹ Mn)

Particulars	2016-17	2015-16
Turnover	9552	10638
Other income	222	184
Total income	9774	10822
Total expenses	9099	9768
PBT	675	1054
PAT (after Minority Interest)	446	825
(+) Other Comprehensive Income	(6)	7
Total Comprehensive Income	440	832

## Dividend

The Board of Directors of your Company has recommended a final dividend of ₹1.62 (81%) per equity share of Face Value of ₹ 2/- for the Financial Year ended 31<sup>st</sup> March, 2017. 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 ₹ 350 Mn (Dividend: ₹ 291Mn and Dividend Distribution Tax ₹ 59 Mn).

## 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 11. The Policy is also hosted on the website of the Company and can be viewed at <http://www.praj.net/policies.html>

## Reserves

In pursuance of Ind AS – 10, the dividend will be recorded in the books of the Company only upon approval by the shareholders in the ensuing AGM. Consequently, the Company is not proposing any transfer to the General Reserve for the year 2016-17.

## Credit Rating

- a) CRISIL has reaffirmed “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 reaffirmed its rating of the Company's long-term bank facilities to '**AA/Stable**'.

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

## Subsidiaries

During the fiscal, your Company has divested from Praj Sur America S.R.L., and the subsidiary was closed with effect from 31<sup>st</sup> August, 2016. Hence it ceased to be the subsidiary of the Company.

Praj Engineering & Infra Ltd. (Formerly, Pacecon Engineering Projects 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, and Praj Industries (Namibia) Pty. Ltd., Namibia continue to be subsidiaries of your Company.

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

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

Further, a statement containing salient features of the financial statements of subsidiaries in the prescribed format AOC-1 is appended as Annexure 7 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 10), Dividend Distribution Policy (Annexure 11) are annexed to this report.

## Directors

Ms. Parimal Chaudhari, Director (DIN: 00724911) retired by rotation as Director of the Company on 22<sup>nd</sup> July, 2016 and being willing and eligible, was re-appointed as Director of the Company.

Pursuant to the provisions of the Section 161(1) of the Companies Act, 2013 read with the Articles of Association of the Company, Mr. Sachin Raole (DIN: 00431438) was appointed as Additional Director by the Board on 16<sup>th</sup> January, 2017 and he shall hold office up to the date of this Annual General Meeting and being eligible, has offered himself for appointment as Director liable to retire by rotation.

Also, the Board appointed Mr. Sachin Raole as Whole Time Director of the Company for a period with effect from 16<sup>th</sup> January, 2017 till 31<sup>st</sup> July, 2019 subject to the approval of members in the ensuing Annual General Meeting.

The contract with Mr. Pramod Chaudhari (DIN: 00196415) to act as the Executive Chairman of the Company will expire on 31<sup>st</sup> July, 2017. The Board, in its meeting held on 30<sup>th</sup> June, 2017, has, subject to the approval of the members in the ensuing Annual General Meeting, extended the term of his contract to act as Executive Chairman of the Company for a further period of two years with effect from 1<sup>st</sup> August, 2017 on the same terms and conditions including remuneration which has remained unchanged since last two terms i.e. from 1<sup>st</sup> August 2012 to 31<sup>st</sup> July 2015 and from 1<sup>st</sup> August 2015 to 31<sup>st</sup> July 2017.

Mr. Gajanan Nabar (DIN :00714569) , ceased to be a Director due to resignation as CEO & MD and Director with effect from 16<sup>th</sup> January, 2017. The Board wishes to place on record, its appreciation for the valuable contributions made by Mr. Gajanan Nabar during his tenure as CEO & MD of the Company.

The term of appointment of Mr. Prakash Kulkarni (DIN : 00019652) and Mr. Kishor Chaukar (DIN : 00033830) as Independent Director is getting over at the conclusion of the ensuing Annual General Meeting.

Mr. Daljit Mirchandani (DIN: 00022951) will retire by rotation at the ensuing Annual General Meeting and, being eligible, has offered himself for reappointment.

### Composition of Key Managerial Personnel (KMP)

The Company has the following KMP;

Name of the KMP	Designation	Date of Appointment	Date of Resignation
Mr. Pramod Chaudhari	Executive Chairman	08.11.1985	N.A.
Mr. 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.
Mr. Gajanan Nabar	CEO & MD	15.11.2010	16.01.2017

\* Mr. Sachin Raole was appointed as CFO & President – Finance & Commercial of the Company with effect from 13<sup>th</sup> July, 2016 and as CFO and Director- Finance & Commercial with effect from 16<sup>th</sup> January, 2017.

### Composition of Audit, Nomination & Remuneration Committee

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

### Declaration from Independent Directors

The Independent Directors have submitted their 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.

### Auditors

#### a) Internal Auditors

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

#### b) Statutory Auditors

The members, in the 29<sup>th</sup> Annual General Meeting held on 6<sup>th</sup> August, 2015, appointed M/s P.G. Bhagwat, Chartered Accountants, Pune as Statutory Auditors of the Company for a period of five years with effect from the conclusion of 29<sup>th</sup> Annual General Meeting held on 6<sup>th</sup> August 2015.

Pursuant to the provisions of Section 139 of the Companies Act, 2013 read with Rule 3(7) of the Companies (Audit and Auditors) Rules, 2014, the appointment of Statutory Auditors for the financial year 2017-18 needs to be ratified by the members.

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

Your Directors seek ratification from the members for the appointment of M/s P.G. Bhagwat, Chartered Accountants, Pune, as the Statutory Auditors of your Company from the conclusion of the ensuing Annual General Meeting till the conclusion of the 32<sup>nd</sup> Annual General Meeting of the Company.

#### c) Cost Auditors

Your Company has appointed Dhananjay V. Joshi & Associates, Cost Accountants as Cost Auditors of the Company for the financial year 2017-18 at the remuneration as set out in Item No. 5 of the explanatory statement which is subject to the ratification of members in the ensuing Annual General Meeting.

## d) Secretarial Auditors

M/s KANJ & Associates, Pune, were appointed to conduct the secretarial audit of the Company for the financial year 2016-17, as required under Section 204 of the Companies Act, 2013 read with rules framed thereunder. The Secretarial Audit Report for FY 2016-17 forms part of the Annual Report as **Annexure 6**.

The Board has appointed KANJ & Associates, Pune, as Secretarial Auditors of the Company for the financial year 2017-18.

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

No material changes and commitments affecting the financial position of the Company occurred from the end of the financial year 2016-17 till the date of this report. Further there was no change in the nature of business of the Company.

## Statement concerning development and implementation of risk management policy of the Company

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

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.

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

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

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 / KMPs 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. <http://www.praj.net/policies.html> and is also attached as **Annexure 8** to this report.

## ESOP

During the year, your Company allotted 411,179 shares on exercise of options under the Employee Stock Option Plan 2005 Grant IV & 1,060,600 shares on exercise of options under the Employee Stock Option Plan 2011 Grant I. Consequent to the above, the Issued, Subscribed and Paid-up Share Capital of your Company increased from 177,972,409 shares (₹ 355.945 Mn.) to 179,444,188 shares (₹ 358.888 Mn.) as of 31<sup>st</sup> March, 2017.

The Compensation & Share Allotment Committee, vide resolution passed in its meeting, decided to close ESOP 2005 with effect from 30<sup>th</sup> June, 2017. Accordingly, 4,129,249 balance outstanding options under ESOP 2005 stand cancelled.

During the year, your Company has granted the following options under Employees Stock Option Plan 2011;

Sr. No.	No. of Options	Exercise Price/Option
Grant VI	1,00,000	₹ 85.25

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.

### 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 posted on the website of Company at <http://www.praj.net/policies.html>

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

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

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

Loans, Guarantees and Investments covered under Section 186 of the Companies Act, 2013 form part of the notes to the financial statements provided in this Annual Report. (Please refer Note No.4 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 the link: <http://www.praj.net/policies.html>

**The summary of related party transactions is given below:**

#### FORM AOC-2

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

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

1. Details of contracts or arrangements or transactions not at arm's length basis;  
N.A. as there were no transactions during the year which were not at arm's length.
2. Details of material contracts or arrangement or transactions at arm's length basis;  
During the financial year 2016-17, all the transactions entered into with related parties were at arm's length. However, 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.

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 long-term strategic planning.
- d) Commitment to the fulfillment of a 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.