



DATE : November 9, 2012  
REF. : PIL/DVN/L- 489/2012-13

|                                                                                                                                                                       |                                                                                                                                                                                                                  |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Security Code No.: 522205                                                                                                                                             | Company Code- PRAJIND                                                                                                                                                                                            |
| BOMBAY STOCK EXCHANGE<br>LIMITED<br><br>PHIROZE JEEJEEBHOY TOWERS,<br>25TH FLOOR, DALAL STREET,<br>MUMBAI - 400 001<br>Fax: 022-<br>22723121/3719/2037/2039/2041/2061 | NATIONAL STOCK EXCHANGE OF<br>INDIA LTD.<br><br>EXCHANGE PLAZA, 5TH FLOOR,<br>PLOT NO. C/1, G BLOCK,<br>BANDRA-KURLA COMPLEX,<br>BANDRA (EAST),<br>MUMBAI - 400 051<br>Fax: 022 - 66418124/25/26, 2659 8237 / 38 |

Dear Sir / Madam,

Please put the enclosed "Chairman's Communication to the shareholders" on your bulletin board for sharing with Investors.

Thanking you,

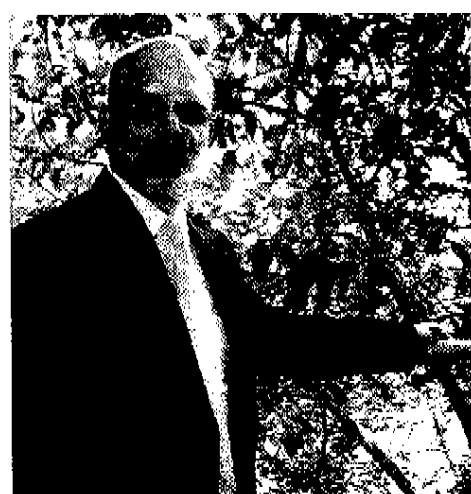
Yours faithfully,

For PRAJ INDUSTRIES LIMITED

A handwritten signature in black ink, appearing to read "Dattatraya Nimbolkar", written over a horizontal line.

DATTATRAYA NIMBOLKAR  
VP-FINANCE & ACCOUNTS  
AND COMPANY SECRETARY

Encl : As above



Dear Shareholders,

During the first half of this fiscal (2012-13) globally, we saw some turbulent turn of events in the business environment. In our assessment, this trend would persist for some more time and as an organization we are prepared with efforts to turn adversity into opportunity.

I am presenting my thoughts on some key initiatives we have undertaken to turn the tide.

#### Building Business Traction

In our current business, we see our existing customer base as our strength. We have a significant presence in the tropical regions of South, Central America, South East Asia, Africa and India where market fundamentals are still positive.

This is borne out by the fact that we saw a traction in order intake during the second quarter. During this fiscal and previous, we also saw growth in order intake from overseas. In our key markets, we have sustained market share. We also see a growing acceptance of the Company in the water & wastewater and critical process equipment & systems business where the individual order size has grown. We are working with several international clients and have repeat business opportunities with them. As the economy turns around, we will see Praj emerging strongly in these businesses, as well.

Along with Neela Systems, wherein we saw some short term headwinds, we are aggressively pushing forth with creating a niche in the hygienic engineering and systems segment, where we see an interesting future.

#### Strengthening Profitability

Profitability is also a reflection of the economic situation. Where our new business lines are concerned, we will see improved returns as we climb up the value chain in terms of our offerings as well as the order ticket size. Meanwhile, we have undertaken several initiatives in value engineering that would help us return to healthier margins. We have also rationalized the organization by creating a leaner structure which will be more agile and responsive and provide the necessary bandwidth even for the emerging businesses.

The return of international orders with larger ticket size and the growth in topline would help us further strengthen the margins.

#### Innovation

Recently, the Board gave its consent to go ahead and plan the 2<sup>nd</sup> Gen Cellulosic Ethanol Commercial Demo Plant. We have identified customer site for locating the plant in India and have commenced design and engineering of the plant. We expect to complete the construction by early 2014. This stage follows rigorous testing at pilot scale which has given us the confidence to scale up further. Our strategy is to offer the technology and plant on commercial basis post the confirmation of the performance parameters. We expect this program to lay the foundation of a biorefinery which is fast catching the attention of policy makers, because of the huge potential to replace fossil fuels. And, parallelly we also continue to explore incremental innovation which gives us opportunities and competitive advantage in short to medium term. We are excited by recent response at World Ethanol Conference in Munich (6-8 Nov'12) for above both initiatives.

#### Business Model

Ethanol/alcohol sector forms around 75-80% of Praj business. Also, a large part of Praj revenues are project based. We have already worked upon a strategy wherein we will look at much shorter cycle. Going forward we have identified two distinct business pillars that are getting defined in our portfolio—one is the ethanol, alcohol and beer plants business including second generation; another is the process solutions suite which will cover the water & wastewater treatment solutions and critical process equipment for variety of industries and civic applications. In the process solutions suite, we see growth in the Pharma, Biotech, Food and Beverage, Cosmetics and Personal Care industry. These sectors, with a projected 3-5 year CAGR of 15-20% will provide interesting opportunities for the emerging businesses of Water & Wastewater and Critical Process Equipment & Systems. A third evolving business pillar is that of biobased products. The starting point has been distillery performance enhancers and co-products. Biobased products business further built on the programs undertaken by Praj Matrix, the R & D Center. This business is aligned with the future trends in the market for biobased products like renewable chemicals, food & feed ingredients, cosmeceuticals, etc.

#### Investments

We have used both, organic and inorganic modes of growth. Over the past two years, we have invested into two manufacturing facilities, one for critical process equipment & systems at the Port of Kandla and another for production of biobased products which will open up a whole new segment for us. Trial production has commenced at the latter facility, located at Jejuri near Pune. Henceforth, the distillery Performance Enhancers will also be produced in this plant. Praj increased stake in Neela Systems Ltd. by further 9.8% for a consideration of Rs. 12.5 crore. This takes our holding in Neela Systems to 60%. We expect these investments to bear results in the coming fiscal.

For investments in 2<sup>nd</sup> Gen Bioethanol Commercial Demo project, we are exploring involvement of a strategic partner, through the SPV route. The discussions are progressing well.

#### Others

Following the proceedings conducted by the IT Department, the company has received notices u/s 153A(a) of Income Tax Act, 1961 to file the relevant tax returns. The company is in the process of complying with the same. We continue to believe that the provision of Rs. 25 crores which was subsequently paid out in the first half of this fiscal to be adequate.

Your Company has held steadfast. Let me assure you that we will leave no stones unturned in our effort to get back on growth path. I wish you a VERY HAPPY DIWALI & a PROSPEROUS NEW YEAR!

**Pramod Chaudhari**  
Executive Chairman,  
Praj Industries Limited

9<sup>th</sup> November 2012

Encl: Q2 & H1 FY 2012-13 Results



## STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER & HALF YEAR ENDED ON 30TH SEPT. 2012

(Amount in Rs. crores except share data)

| Sr. No. | Particulars                                                                              | Quarter ended on               |                               |                                | Half year ended on             |                                | Year ended on                            |
|---------|------------------------------------------------------------------------------------------|--------------------------------|-------------------------------|--------------------------------|--------------------------------|--------------------------------|------------------------------------------|
|         |                                                                                          | 30th Sept. 2012<br>(Unaudited) | 30th June 2012<br>(Unaudited) | 30th Sept. 2011<br>(Unaudited) | 30th Sept. 2012<br>(Unaudited) | 30th Sept. 2011<br>(Unaudited) | 31 <sup>st</sup> March 2012<br>(Audited) |
| 1       | a. Net Sales / Income from Operations                                                    | 187.55                         | 163.93                        | 228.90                         | 351.48                         | 393.19                         | 880.44                                   |
|         | b. Other Operating Income                                                                | -                              | -                             | -                              | -                              | 0.42                           | 0.42                                     |
|         | <b>TOTAL INCOME FROM OPERATIONS (NET)</b>                                                | <b>187.55</b>                  | <b>163.93</b>                 | <b>228.90</b>                  | <b>351.48</b>                  | <b>393.61</b>                  | <b>880.86</b>                            |
| 2       | Expenses                                                                                 |                                |                               |                                |                                |                                |                                          |
|         | a. Cost of material consumed                                                             | 108.34                         | 89.18                         | 129.57                         | 197.52                         | 241.15                         | 548.76                                   |
|         | b. Purchase of Stock in Trade                                                            | -                              | -                             | -                              | -                              | -                              | -                                        |
|         | c. Changes in inventories of Finished Goods, Work in Progress & Stock in Trade           | 0.87                           | 0.73                          | 14.05                          | 1.60                           | 0.08                           | (3.02)                                   |
|         | d. Employee benefit expenses                                                             | 25.85                          | 24.40                         | 24.59                          | 50.25                          | 45.15                          | 88.46                                    |
|         | e. Depreciation and amortisation expenses                                                | 3.23                           | 3.30                          | 2.92                           | 6.53                           | 5.78                           | 14.17                                    |
|         | f. Exchange (gain) / loss                                                                | 6.05                           | (1.95)                        | 5.29                           | 4.10                           | 3.07                           | 2.93                                     |
|         | g. Other expenditure                                                                     | 32.56                          | 36.98                         | 36.11                          | 69.54                          | 69.18                          | 160.31                                   |
|         | <b>TOTAL EXPENSES</b>                                                                    | <b>176.90</b>                  | <b>152.64</b>                 | <b>212.53</b>                  | <b>329.54</b>                  | <b>364.41</b>                  | <b>811.61</b>                            |
| 3       | Profit from Operations before Other Income, Interest & Exceptional Items (1-2)           | 10.65                          | 11.29                         | 16.37                          | 21.94                          | 29.20                          | 69.25                                    |
| 4       | Other Income                                                                             | 9.28                           | 4.06                          | 8.99                           | 13.34                          | 13.42                          | 42.81                                    |
| 5       | Profit from ordinary activities before Interest & Exceptional Items (3+4)                | 19.93                          | 15.35                         | 25.36                          | 35.28                          | 42.62                          | 112.06                                   |
| 6       | Finance Costs                                                                            | 0.00                           | 0.33                          | -                              | 0.33                           | -                              | 0.14                                     |
| 7       | Profit from ordinary activities after Interest but before exceptional Items (5-6)        | 19.93                          | 15.02                         | 25.36                          | 34.95                          | 42.62                          | 111.92                                   |
| 8       | Exceptional items                                                                        | -                              | -                             | -                              | -                              | -                              | -                                        |
| 9       | Profit from ordinary activities before tax (7-8)                                         | 19.93                          | 15.02                         | 25.36                          | 34.95                          | 42.62                          | 111.92                                   |
| 10      | Less : Expenses (net) related to prior periods                                           | -                              | -                             | -                              | -                              | -                              | -                                        |
| 11      | Profit before tax from ordinary activities                                               | 19.93                          | 15.02                         | 25.36                          | 34.95                          | 42.62                          | 111.92                                   |
| 12      | Tax expense                                                                              | 3.93                           | 2.96                          | 4.83                           | 6.89                           | 8.46                           | 46.10                                    |
| 13      | Net Profit from ordinary activities after tax                                            | 16.00                          | 12.06                         | 20.53                          | 28.06                          | 34.16                          | 65.82                                    |
| 14      | Extra ordinary items (net of tax expense)                                                | -                              | -                             | -                              | -                              | -                              | -                                        |
| 15      | Net Profit for the period                                                                | 16.00                          | 12.06                         | 20.53                          | 28.06                          | 34.16                          | 65.82                                    |
| 16      | Paid-up equity share capital (Face value Rs.2/- each)                                    | 35.49                          | 35.49                         | 36.96                          | 35.49                          | 36.96                          | 35.91                                    |
| 17      | Reserves excluding revaluation reserves as per Balance Sheet of previous accounting year |                                |                               |                                |                                |                                | 514.87                                   |
| 18      | Basic EPS (Face value Rs. 2/- per share)<br>(Before extra ordinary items)                | 0.90                           | 0.68                          | 1.11                           | 1.58                           | 1.85                           | 3.58                                     |
|         | Diluted EPS (Face value Rs. 2/- per share)<br>(Before extra ordinary items)              | 0.90                           | 0.68                          | 1.11                           | 1.58                           | 1.85                           | 3.57                                     |
| 19      | Basic EPS (Face value Rs. 2/- per share)<br>(After extra ordinary items)                 | 0.90                           | 0.68                          | 1.11                           | 1.58                           | 1.85                           | 3.58                                     |
|         | Diluted EPS (Face value Rs. 2/- per share)<br>(After extra ordinary items)               | 0.90                           | 0.68                          | 1.11                           | 1.58                           | 1.85                           | 3.57                                     |

Across **5** Continents...

In more than **50** Countries...

Over **500** References



## STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER & HALF YEAR ENDED ON 30TH SEPT. 2012

| Sr. No. | Particulars                                                                  | Quarter ended on                             |                               |                                | Half year ended on             |                                | Year ended on                |
|---------|------------------------------------------------------------------------------|----------------------------------------------|-------------------------------|--------------------------------|--------------------------------|--------------------------------|------------------------------|
|         |                                                                              | 30th Sept. 2012<br>(Unaudited)               | 30th June 2012<br>(Unaudited) | 30th Sept. 2011<br>(Unaudited) | 30th Sept. 2012<br>(Unaudited) | 30th Sept. 2011<br>(Unaudited) | 31st March 2012<br>(Audited) |
| A       | PARTICULARS OF SHAREHOLDING                                                  |                                              |                               |                                |                                |                                |                              |
| 1       | Public Shareholding - Number of Shares                                       | 122,115,079                                  | 125,754,679                   | 137,078,723                    | 122,115,079                    | 137,078,723                    | 134,250,494                  |
|         | Public Shareholding - Percentage of Shareholding                             | 68.81%                                       | 70.86%                        | 74.19%                         | 68.81%                         | 74.19%                         | 73.78%                       |
| 2       | Promoters and Promoter Group Shareholding                                    |                                              |                               |                                |                                |                                |                              |
|         | a. Pledged / encumbered                                                      |                                              |                               |                                |                                |                                |                              |
|         | - No. of shares                                                              | Nil                                          | Nil                           | Nil                            | Nil                            | Nil                            | Nil                          |
|         | - % of shares (as a % of total Shareholding of Promoters and Promoter Group) | Nil                                          | Nil                           | Nil                            | Nil                            | Nil                            | Nil                          |
|         | - % of shares (as a % of the total share capital of the Company)             | Nil                                          | Nil                           | Nil                            | Nil                            | Nil                            | Nil                          |
|         | b. Non encumbered                                                            |                                              |                               |                                |                                |                                |                              |
|         | - No. of shares                                                              | 55,350,000                                   | 51,710,400                    | 47,700,000                     | 55,350,000                     | 47,700,000                     | 47,700,000                   |
|         | - % of shares (as a % of total Shareholding of Promoters and Promoter Group) | 100%                                         | 100%                          | 100%                           | 100%                           | 100%                           | 100%                         |
|         | - % of shares (as a % of the total share capital of the Company)             | 31.19%                                       | 29.14%                        | 25.81%                         | 31.19%                         | 25.81%                         | 26.22%                       |
| B       | INVESTOR COMPLAINTS                                                          | For the quarter ended on 30th September 2012 |                               |                                |                                |                                |                              |
|         | Pending at the beginning of the quarter                                      |                                              |                               | Nil                            |                                |                                |                              |
|         | Received during the quarter                                                  |                                              |                               | 2                              |                                |                                |                              |
|         | Disposed of during the quarter                                               |                                              |                               | 2                              |                                |                                |                              |
|         | Remaining unresolved at the end of the quarter                               |                                              |                               | Nil                            |                                |                                |                              |

### Notes :

- The above results were reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on 18th October 2012. The prior year comparatives are regrouped / reclassified wherever necessary to conform to current period's presentation.
- The Statutory Auditors have carried out a limited review of the above financial results.
- In the quarter ended March 2012 the Company made a prudential provision for estimated liability arising out of the proceedings conducted by the Income Tax Department under Section 132 of the Income Tax Act, 1961 on the basis of information and facts available with the Company and applicable legal provisions. On 1st October 2012, the company has received notices u/s 153A(a) of Income Tax Act, 1961 to file the relevant tax returns. The company is in the process of complying with the same. The management continues to believe that the provision of Rs.25 crores made in the books of account is adequate.
- During the Quarter, the Company has incorporated a subsidiary in Philippines
- The consolidated unaudited financial results for the quarter and half year ended on 30th Sept. 2012 are summarized below:

| Particulars                              | Quarter ended on<br>30th Sept. 2012 | Quarter ended on<br>30th June 2012 | Quarter ended on<br>30th Sept. 2011 | Half year ended<br>on 30th Sept. 2012 | Half year ended<br>on 30th Sept. 2011 | Year ended on<br>31st March 2012 |
|------------------------------------------|-------------------------------------|------------------------------------|-------------------------------------|---------------------------------------|---------------------------------------|----------------------------------|
| Consolidated turnover                    | 228.28                              | 204.58                             | 265.81                              | 432.86                                | 456.28                                | 1,047.44                         |
| Consolidated profit after tax            | 13.38                               | 13.69                              | 21.73                               | 27.07                                 | 36.10                                 | 67.89                            |
| Basic EPS (Face value Rs.2/-per share)   | 0.75                                | 0.77                               | 1.18                                | 1.52                                  | 1.95                                  | 3.69                             |
| Diluted EPS (Face value Rs.2/-per share) | 0.75                                | 0.77                               | 1.18                                | 1.52                                  | 1.95                                  | 3.69                             |

- The Company operates only in one segment, i.e. "Process and Project Engineering".

Across **5** Continents...

In more than **50** Countries...

Over **500** References



# STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER & HALF YEAR ENDED ON 30TH SEPT. 2012

## STATEMENT OF ASSETS AND LIABILITIES (STANDALONE)

| No. | Particulars                                | FOR STANDALONE  |                 |                 |
|-----|--------------------------------------------|-----------------|-----------------|-----------------|
|     |                                            | 30th Sept. 2012 | 30th Sept. 2011 | 31st March 2012 |
| (A) | <b>EQUITY AND LIABILITIES</b>              |                 |                 |                 |
| 1   | <b>Shareholders' funds</b>                 |                 |                 |                 |
|     | a. Share capital                           | 35.49           | 36.96           | 35.91           |
|     | b. Reserves and surplus                    | 528.07          | 556.15          | 514.87          |
|     | c. Money received against Share warrants   |                 |                 |                 |
|     | <b>Sub-total - Shareholders funds</b>      | <b>563.56</b>   | <b>593.11</b>   | <b>550.78</b>   |
| 2   | <b>Minority Interest</b>                   |                 |                 |                 |
| 3   | <b>Non - Current Liabilities</b>           |                 |                 |                 |
|     | a. Long-term liability                     | 0.09            |                 |                 |
|     | b. Deferred tax liabilities (net)          | 13.05           | 14.42           | 13.19           |
|     | c. Other long - term liabilities           |                 |                 |                 |
|     | d. Long term provisions                    | 7.88            | 6.30            | 5.52            |
|     | <b>Sub-total - Non current liabilities</b> | <b>21.02</b>    | <b>20.72</b>    | <b>18.71</b>    |
| 4   | <b>Current Liabilities</b>                 |                 |                 |                 |
|     | a. Short term borrowings                   |                 |                 |                 |
|     | b. Trade payables                          | 112.00          | 130.49          | 139.77          |
|     | c. Other current liabilities               | 192.02          | 300.31          | 217.88          |
|     | d. Short term provisions                   | 123.50          | 81.00           | 157.76          |
|     | <b>Sub-total - Current liabilities</b>     | <b>427.52</b>   | <b>511.80</b>   | <b>515.41</b>   |
|     | <b>TOTAL - EQUITY AND LIABILITIES</b>      | <b>1,012.10</b> | <b>1,125.63</b> | <b>1,084.90</b> |
| (B) | <b>ASSETS</b>                              |                 |                 |                 |
| 1   | <b>Non - Current Assets</b>                |                 |                 |                 |
|     | a. Fixed Assets                            | 176.70          | 171.19          | 174.41          |
|     | b. Non current investments                 | 91.14           | 10.23           | 89.93           |
|     | c. Deferred tax assets (net)               |                 |                 |                 |
|     | d. Long term loans and advances            | 8.90            | 11.05           | 11.63           |
|     | e. Other non current assets                | 0.00            | 0.00            | 10.00           |
|     | <b>Subtotal - Non current assets</b>       | <b>276.74</b>   | <b>192.47</b>   | <b>285.97</b>   |
| 2   | <b>Current Assets</b>                      |                 |                 |                 |
|     | a. Current Investments                     | 192.08          | 316.27          | 135.00          |
|     | b. Inventories                             | 60.90           | 68.12           | 74.08           |
|     | c. Contract in progress                    | 53.81           | 41.46           | 68.92           |
|     | d. Trade receivables                       | 195.46          | 211.64          | 257.61          |
|     | e. Cash and cash equivalents               | 47.71           | 174.63          | 117.18          |
|     | f. Short term loans and advances           | 185.40          | 121.04          | 146.14          |
|     | g. Other current assets                    |                 |                 |                 |
|     | <b>Subtotal - Current assets</b>           | <b>735.36</b>   | <b>933.16</b>   | <b>798.93</b>   |
|     | <b>TOTAL - ASSETS</b>                      | <b>1,012.10</b> | <b>1,125.63</b> | <b>1,084.90</b> |

Place : Pune  
Date : 18th Oct. 2012

**PRAMOD CHAUDHARI**  
EXECUTIVE CHAIRMAN

Regd. Office

**PRAJ Industries Limited**

"PRAJ House", Bavdhan, Pune 411021. INDIA.

T: +9120 2290 5000, F: +9120 2295 1718

e-mail : investorsfeedback@praj.net

[www.praj.net](http://www.praj.net)