



Raise The Rhythm



Dear Shareholders,

Performance

Your Company announced its half yearly financial results for FY 2011-2012. As compared to corresponding quarter of previous fiscal, your Company's turnover and profit have improved by 110% and 145% respectively. This is largely on account of the 'Raise the Rhythm' program undertaken by the Company (I had referred to it in my FY 2011 mid-year briefing to you in November, 2010). The program also included intensified efforts to promote new business lines like water & wastewater treatment plants wherein your company has achieved good results.

Even as the global meltdown continues and India too is showing signs of stress, your Company is engaged in emerging markets wherein it has a good presence and recognition. During the half year, 52% of the order book and 43% of the turnover come from these markets. Europe and USA continue to be dormant.

While the Company awaits economic situation to normalize, it is building internal capabilities and augmenting market facing activities to reap the benefits when the market turns around.

Raising the Rhythm

Your Company had launched a program aimed at reviving the performance and rebuilding its growth momentum a year ago under the 'Raise the Rhythm' banner. Some key actions that were undertaken include:

- Focus on current business of Ethanol Plants in growth markets like South, Central America, South East Asia and Africa - Praj has received key orders from these geographies which include an order for a large capacity ethanol plant for a oil major in South Central America; a large order from a sugar company in Tanzania and another from a European Company for a plant in Africa.
- As stated earlier, we entered into the Water and Wastewater Treatment business in the last fiscal. The business has shown good traction in terms of enquiry flow and order book. We have made progress in the Common Effluent Treatment Solutions market with breakthrough in Textile

- Common Effluent Treatment Plants (CETPs). Apart from that, we have offered solutions for pharma, chemicals, agrichemicals, co-gen applications. We expect the market to grow as environmental regulations worldwide are becoming more and more stringent and organizations are becoming more conscious of their responsibility towards the ecosystem.
- The other non-ethanol businesses are Brewery Engineering and Plants. Brewery Plants are largely focused on Indian customers and as such India is continuing to clock 15% YOY growth. New international players are entering the market, presenting expansion/modernization and Greenfield opportunities.
- For Customized Engineering and Manufacturing, we have already invested in a separate manufacturing facility at the port of Kandla where we expect to undertake export jobs. The facility with an added capacity of 3000 MT per annum has been made operational.
- For biotech products like bionutrients, your Company has set up a facility at Jejuri near Pune.

Apart from short term performance enhancement, your Company is now working towards a long term growth program wherein the Company is exploring synergistic growth opportunities in line with current offerings.

On the lignocellulosic to ethanol process development, Praj Matrix has intensified its activities. Our engagement with our Joint Development Partner, Qteros, is moving forward.

Centers of Excellence

Your Company is known for quality and reliability of its offerings. The Company is now

ramping up resources and capabilities in order to stay ahead. The Company has launched :

- Centers of Excellence for Applied Technology that will examine incremental innovation, continuous innovation, identification of promising technologies for commercialization and acquisition of new technologies. The goal is to have a line up of technologies and offering which will expand the market – current and new.
- The Center of Excellence for Engineering that will promote application of advanced engineering systems and processes which will continually improve our offering while engaging in value engineering for cost competitiveness.

The Company continues to examine inorganic opportunities in adjacent spaces.

End Piece

With an order book on hand of Rs. 900 crores, your Company has already seen a growth in order book.

Your Company is watchful of the developments and turbulence in the market and will review its performance and outlook constantly and take prompt corrective actions. While external factors are not in the control of the Company, we can certainly conserve our resources and build internal strengths to address a resurging market.

Here is wishing you a
VERY HAPPY & PROSPEROUS DIWALI
and a HAPPY NEW YEAR !

Pramod Chaudhari
Executive Chairman

19th October, 2011

