

PROJ INDUSTRIES LIMITED

Registered Office: "PRAJ HOUSE", Bavdhan, Pune - 411 021, Maharashtra, India. Phone: +91-20-22951511 / 22952214; Fax: +91-20-22951718 / 22951515 Website: www.praj.net; Email: investorsfeedback@praj.net, buyback@praj.net

PUBLIC ANNOUNCEMENT FOR THE ATTENTION OF EQUITY SHAREHOLDERS / BENEFICIAL OWNERS OF EQUITY SHARES OF THE COMPANY

This Public Announcement is made pursuant to the provisions of Regulation 8 (1) read with Regulation 15 (c) and is in compliance with the Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 as amended thereto ("Buyback Regulations") and contains the disclosures as specified in Schedule II to the Buyback Regulations.

1 THE BUYBACK

1.1 Praj Industries Limited ("the Company") hereby announces the buyback ("the Buyback") of its fully Paid up Equity Shares of the face value of ₹ 2/- each from the existing owners of equity shares of the Company other than promoters, directors of promoters and persons in control of the Company as defined in the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and amendments thereto and its associates (collectively referred to hereinafter as the "Promoters") from the open market using the electronic trading facilities of the National Stock Exchange of India Limited ("NSE") and the Bombay Stock Exchange Limited ("BSE") (together "the Stock Exchanges"), in accordance with the provisions of Sections 77A, 77AA, 77B and all other applicable provisions, of the Companies Act, 1956 (the "Act") and the Buyback Regulations and Article 9(A) of the Articles of Association of the Company and subject to such other approvals, permissions and sanctions as may be necessary, from statutory authorities including but not limited to the Securities and Exchange Board of India ("SEBI"), Stock Exchanges, Reserve Bank of India ("RBI") as may be required and further subject to such conditions as may be prescribed or imposed while granting such approval(s), permissions and sanctions which may be agreed to by the Board of Directors of the Company (the "Board") at a maximum price not exceeding ₹ 90/- per equity share ("Maximum Buyback Price") payable in cash, for an aggregate amount not exceeding ₹ 558.639 Million (the "Maximum Buyback Size"). The Maximum Buyback Size represents 10% of the aggregate of the Company's Paid up Equity Capital and Free Reserves as on March 31, 2011 (the date of the latest standalone audited accounts) as on the date of the Board resolution dated December 3rd, 2011 approving the Buyback. The aggregate Paid up Equity Share Capital and Free Reserves of the Company as at March 31, 2011 was ₹ 5586.392 Million.

1.2 At the Maximum Buyback Price of ₹ 90/- per equity share and for the Buyback Size not exceeding ₹ 558.639 Million, the maximum number of equity shares that can be bought back would be 6,207,100 equity shares ("Maximum Offer Shares"), representing 3.36% of the pre-Buyback outstanding fully Paid up Equity Shares of the Company as on date of the Board resolution dated December 3rd, 2011. Should the average purchase price be lower than Maximum Buyback Price, the number of equity shares bought back will be greater, assuming the payment of an aggregate consideration amount of ₹ 558.639 Million. However, the amount that will be utilized for the Buyback will not be used for buyback of more than 10% of the Paid up Equity Share Capital of the Company as on March 31, 2011.

1.3 The Company proposes to buyback a minimum of 1,551,775 equity shares ("Minimum Offer Shares") subject to a maximum price of ₹ 90/- per share. The maximum number of equity shares that the Company can buyback, as per Section 77A of the Act, shall not exceed ten percent of the total Paid up Equity Capital of the Company.

1.4 The Maximum Buyback Price at which the Buyback will be carried out is ₹ 90/- per equity share. The Maximum Buyback Price has been arrived at after considering certain parameters such as the book value, earnings trend in the recent past, the future growth and outlook for the industry and other relevant factors. The Maximum Buyback Price of ₹ 90/- is at a premium of 15.31% and 15.24% over the closing prices on the BSE (i.e. ₹ 78.05) and NSE (i.e. ₹ 78.10) respectively prevailing on the immediately preceding day of the Board meeting approving the Buyback i.e. December 3rd, 2011 (the "Board Meeting").

1.5 The amount required by the Company for the Buyback will be met out of the cash/bank balances and/or investments made by the Company. Though the Company does not propose raising debt for effecting the Buyback, it may borrow funds in the ordinary course of its business.

2 PROPOSED TIME TABLE

Board meeting approving Buyback	December 3 rd , 2011
Date of Public Announcement	December 7 th , 2011
Date of Opening of Buyback	December 15 th , 2011
Acceptance of equity shares	Within 15 days of the relevant pay-out dates of the Stock Exchanges
Extinguishment of equity shares	Within 15 days of acceptance of equity shares as mentioned above provided the Company shall ensure that all equity shares bought back are extinguished within 7 days from the last date of completion of Buyback.
Last Date for the Buyback	December 2 nd , 2012

All payment obligations related to the Buyback shall be completed by the Last Date for the Buyback.

3 THE SPECIFIED DATE - Not Applicable

4 AUTHORITY FOR THE BUYBACK

Pursuant to Article 9(A) of the Articles of Association of the Company and in accordance with the provisions of Sections 77A, 77AA, 77B and other applicable provisions of the Act, and the Buyback Regulations, the present Buyback from open market through the Stock Exchanges has been duly authorised by a resolution passed by the Board at its meeting held on December 3rd, 2011.

5 NECESSITY FOR BUYBACK

5.1 The Buy-back is being proposed in keeping with the Company's desire to enhance overall shareholders value. The Buy-back would lead to reduction in outstanding number of Equity Shares, and consequential increase in Earnings Per Share and improvement in Return on Net Worth and other financial ratios.

6 PROCESS AND METHODOLOGY FOR BUYBACK PROGRAMME

6.1 The Buyback is open to all equity shareholders/beneficial owners, both registered and unregistered, holding equity shares either in physical and/or electronic form except the Promoters as indicated in this Public Announcement.

6.2 As per the Buyback Regulations, a company intending to purchase its equity shares from the open market shall do so on stock exchanges having nationwide trading terminals. Accordingly the Company proposes to effect the Buyback from the open market through Stock Exchanges with nationwide trading terminals i.e. through BSE and NSE.

6.3 For the Buyback, the Company has appointed the following broker (the "Appointed Broker") through whom the purchases and settlement on account of the buyback of equity shares would be made:

For Demat and Physical Shareholders:
Trust Financial Consultancy Services Private Limited: 109/110, Balarama, 1st Floor, Bandra Kurla Complex, Bandra (East) Mumbai - 400 051

6.4 The Buyback of equity shares will be made only through the order matching mechanism except "all or none" order matching system. The Company may, from time to time, but not earlier than the Date of Opening of Buyback place "buy" orders on BSE and/or NSE to buyback equity shares through the Appointed Broker, in such quantity and at such prices, not exceeding the Maximum Buyback Price of ₹ 90/- per share, as it may deem fit, depending upon the prevailing quotations of equity shares in the Stock Exchanges. Intimation about the Company's presence on BSE and/or NSE to buyback its equity shares will be made available to the said respective Stock Exchanges. When the Company has placed an order for Buyback of equity shares, the identity of the Company as a purchaser shall appear on the electronic screen and shall be available to the market participants of the Stock Exchanges.

6.5 Shareholders/beneficial owners, who desire to sell their equity shares under the Buyback, would have to do so through a stock broker, who is a member of either BSE and/or NSE, by indicating to their broker, details of the equity shares they intend to sell whenever the Company has placed a "buy" order for buyback of equity shares. The trade would be executed at the price at which the order matches and that price would be the price for that seller. The execution of the order, issuance of contract note, delivery of stock to the member, and receipt of payment from the member would be carried out in accordance with the SEBI requirements. It may be noted that all equity shares bought back by the Company may not be at a uniform price. The Company may from time to time, commencing from 15th December, 2011, place "buy" orders on the BSE and/or NSE to buy the Equity Shares through the Appointed Broker, in such quantity and at such prices, not exceeding ₹ 90/- per Equity Share, as it may deem fit, depending upon the prevailing quotations of equity shares on the Stock Exchanges so long as the market price is lower than the Maximum Buyback Price. Such buyback orders shall be placed both in normal and physical segments.

6.6 The Company and/or the Manager to the Buy-back Offer, as applicable, shall submit the information regarding bought back shares to the Stock Exchanges on behalf of the Company on a daily basis and publish the said information in a national daily on a fortnightly basis and every time when an additional 5% of the Buy-back has been completed. Provided that where there is no Buy-back during a particular period, the Company and the Manager to the Buy-back Offer shall not be required to publish the details in a national daily.

6.7 Equity shares of the Company are traded in the compulsory demat mode (Trading code: BSE- 522205; NSE- PRAJIND). Shareholders holding equity shares in physical form can sell their equity shares in the odd lot trading segment of the Stock Exchanges. The Company will place buy orders on both normal and odd lot segments.

6.8 Subject to the Company purchasing Minimum Offer Shares, nothing contained herein shall create any obligation on the part of the Company or the Board to buyback any equity shares (other than Minimum Offer Shares) or confer any right on the part of the shareholder to offer any equity shares for Buyback, even if the Buyback Size i.e. ₹ 558.639 Million has not been reached, and/or impair any power of the Company or the Board to terminate any process in relation to the Buyback, if so permissible by law.

7 METHOD OF SETTLEMENT

7.1 The Company will pay the consideration to the Appointed Broker on or before every settlement date as applicable to the respective Stock Exchanges in respect of equity shares bought back.

7.2 The shareholders/beneficial owners holding equity shares in the demat form would be required to transfer the number of equity shares sold by them by tendering the delivery instruction to their respective depository participant ("DP") for debiting their beneficiary account maintained with the DP and crediting the same to the pool account of the broker through whom the trade was executed. The shareholders holding equity shares in physical form may present the share certificates along with valid transfer deeds to their respective brokers through whom the trade was executed.

7.3 The Company has opened a Depository Account styled "Praj Industries Limited - Buyback of equity shares" with HDFC Bank Limited with DP ID - 13012400 and Client ID - 00216535. Equity shares bought back in the demat form would be transferred into the aforesaid account by the Appointed Broker on receipt of equity shares from the clearing and settlement mechanism of BSE and NSE. The ISIN of the Company is INE074A01025. These equity shares shall be extinguished and destroyed in the manner specified in Securities and Exchange Board of India (Depository and Participants) Regulations, 1996 and its bye-laws and in the manner specified in the Buyback Regulations.

7.4 In respect of equity shares bought back in the physical form, the equity shares would be extinguished and the physical certificates will be destroyed in the manner specified in Buyback Regulations within 15 days of acceptance of such shares.

7.5 The Company will extinguish all equity shares bought back within 15 days of acceptance of equity shares provided the Company shall ensure that all equity shares bought back are extinguished within 7 days from the last date of completion of Buyback.

7.6 **MAXIMUM AMOUNT TO BE INVESTED UNDER THE BUYBACK**
The maximum amount which the Company would deploy for the Buyback is ₹ 558.639 Million.

7.7 **THE MINIMUM AND MAXIMUM NUMBER OF EQUITY SHARES PROPOSED TO BE BOUGHT BACK, SOURCES OF FUNDS AND COST OF FINANCING**

9.1 Subject to provisions contained in the resolution passed at the Board Meeting held on

December 3rd, 2011 authorizing the Buyback, at the Maximum Buyback Price of ₹ 90/- per equity share and for the Buyback Size not exceeding ₹ 558.639 Million, the maximum number of equity shares that can be bought back would be 6,207,100 equity shares, representing 3.36% of the pre-Buyback outstanding fully Paid up Equity Shares of the Company as on date of the Board approval. Should the average purchase price be lower than Maximum Buyback Price, the number of equity shares bought back will be greater, assuming the payment of an aggregate consideration amount of ₹ 558.639 Million. However, the amount that will be utilized for the Buyback will not be used for buyback of more than 10% of the Paid up Equity Share Capital of the Company as on March 31, 2011.

9.2 The Company proposes to buyback a minimum of 1,551,775 equity shares, subject to a maximum price of ₹ 90/- share

10 **BRIEF INFORMATION ABOUT THE COMPANY**
PRAJ Industries Limited, headquartered at "PRAJ HOUSE", Bavdhan, Pune - 411 021, India, was incorporated on 8th November, 1985. The Company is engaged in process and project engineering. The Company offers solutions to add value in bio-ethanol, alcohol, brewery plants, process equipment and water and wastewater treatment systems for customers, worldwide.

The Company's business lines include alcohol/ethanol plants, biodiesel plants, brewery plants, water and wastewater treatment, biotechnologies, process equipment, and agri services. The Company's products and services include distillery plants, brewery machinery, and information technology (IT) software and IT enabled services. It has presence across all five continents. The Company's subsidiaries include Paceaon Engineering Projects Ltd., India BioEnergy Europa B. V., Netherlands, PRAJ Jaraguu Bioenergia S.A., Brazil, PRAJ Americas Inc., U.S.A., PRAJ Far East Co. Ltd., Thailand, Praj Industries (Africa) (Pty) Ltd., South Africa, Praj Industries (Tanzania) Limited, Tanzania and Praj Industries (Sierra Leone) Ltd, Sierra Leone respectively.

11 BRIEF FINANCIAL INFORMATION OF THE COMPANY

The brief audited financial information of the Company for the last three financial years ended March 31 and certified by financials for the six months ended September, 2011 as limited by B. K. Khare & Co., Statutory Auditors of the Company, is detailed below.

Particulars	₹ In Millions except key ratios			
	Half year ended September 2011 (Limited Reviewed)	Year Ended March 31, 2011 (Audited)	Year Ended March 31, 2010 (Audited)	Year Ended March 31, 2009 (Audited)
Income from operations	3931.856	5529.310	6022.840	7718.813
Other Income	138.362	290.255	424.517	238.034
Total Income	4070.218	5819.565	6447.357	7956.847
Earnings before Finance Charges, Depreciation and Tax (operating) excluding other income	345.566	420.580	974.156	1565.050
Profit after Tax	341.617	534.725	1138.847	1297.479
Equity Dividend (including dividend tax)	NIL	270.590	311.145	386.289
Subscribed Equity Share Capital	369.557	369.557	369.477	366.862
Reserves & Surplus	5561.548	5219.931	4953.857	4067.745
Reserves & Surplus (Excluding Amalgamation & Capital Reserves)	5558.452	5216.835	4950.761	4064.649
Net Worth	5931.105	5589.488	5323.334	4434.607
Net Worth (Excluding Amalgamation & Capital Reserves)	5928.009	5586.392	5320.238	4431.511

Key Ratios	Half year ended September 2011 (Limited Reviewed)	Year Ended 31.03.2011 (Audited)	Year Ended 31.03.2010 (Audited)	Year Ended 31.03.2009 (Audited)
EBITDA to Sales	8.78%	7.61%	16.17%	20.28%
PAT to Sales	8.69%	9.67%	18.91%	16.81%
Basic Earnings per Share (₹)	1.85*	2.89	6.18	7.08
Diluted Earnings per Share (₹)	1.85*	2.89	6.16	7.02
Book value per Share *** (₹)	32.08	30.23	28.80	24.16
Dividend	NIL	63%	72%	90%
Return on Net Worth ***	5.93%*	9.81%	23.36%	32.70%
Debt-Equity Ratio	NA**	NA**	NA**	0.03:1
Return on Capital Employed ***	5.93%*	9.81%	23.06%	32.18%

* Not Annualized
** The company does not have any debt in the respective years hence the ratio cannot be calculated.
*** Capital reserve and amalgamation reserve have not been considered for calculation. The Key ratios have been computed as below:

Key Ratios	Methodology
EBITDA to Sales	EBITDA (Net of other income) / Sales
PAT to Sales	PAT / Sales
Basic Earnings per Share (₹)	PAT / Number of Equity Shares
Diluted Earnings per Share (₹)	PAT / (Number of Equity Shares + Convertible Securities)
Book value per Share (₹)	Net Worth / Number of Equity Shares
Dividend (%)	Dividend / Face Value
Return on Net Worth	PAT / Average Net Worth
Debt-Equity Ratio	Total Debt / Total Equity
Return on Capital Employed	PAT / (Average Total Equity + Average Debt)

12 ESCROW ACCOUNT - Not Applicable

13 LISTING DETAILS AND STOCK MARKET DATA

13.1 The Company's equity shares are listed on the BSE and NSE.

13.2 The high, low and average market prices for last three years and the monthly high, low and average market prices for the six months preceding this public announcement and the corresponding volumes on BSE and NSE where equity shares of the Company are traded are as follows:

BSE									
Period	High (₹)	Date of High	No. of equity shares traded on that day	Low (₹)	Date of Low	No. of equity shares traded on that day	Average price (₹)	Total Volume traded in that period	
C.Y.2008	265.80	7-Jan-08	873,496	49.10	27-Oct-08	614,474	157.45	204,747,500	
C.Y.2009	122.55	5-Jun-09	3,353,609	45.10	06-Mar-09	318,805	83.82	279,262,411	
C.Y.2010	112.90	7-Jan-10	1,996,455	61.45	26-Nov-10	2,469,441	87.18	115,891,031	
Nov 2011	84.45	4-Nov-11	200,493	68.65	23-Nov-11	228,111	76.55	3,897,972	
Oct 2011	85.75	31-Oct-11	170,170	68.40	06-Oct-11	126,326	77.07	8,222,372	
Sept 2011	85.75	21-Sep-11	1,206,349	62.10	26-Sep-11	225,821	70.37	6,619,988	
Aug 2011	78.65	01-Aug-11	452,068	64.30	26-Aug-11	399,273	75.00	9,729,409	
July 2011	95.45	25-Jul-11	2,871,475	72.40	12-Jul-11	308,988	83.92	19,697,802	
June 2011	77.00	30-Jun-11	1,602,433	68.00	21-Jun-11	90,572	72.5	2,128,240	

C.Y.: Calendar year Source: www.bseindia.com or Arithmetical average of high and low prices during that period # High and Low prices are based on daily closing prices during that period

NSE									
Period	High (₹)	Date of High	No. of equity shares traded on that day	Low (₹)	Date of Low	No. of equity shares traded on that day	Average price (₹)	Total Volume traded in that period	
C.Y.2008	265.80	7-Jan-08	2,180,611	49.55	27-Oct-08	1,347,696	157.68	471,416,472	
C.Y.2009	122.70	5-Jun-09	8,320,138	45.05	06-Mar-09	749,870	83.88	779,336,445	
C.Y.2010	113.00	7-Jan-10	5,384,744	63.90	26-Oct-10	2,956,860	88.45	356,215,931	
Nov 2011	84.60	4-Nov-11	489,982	68.85	23-Nov-11	1,246,631	76.73	15,938,524	
Oct 2011	85.85	31-Oct-11	862,229	67.95	04-Oct-11	892,854	76.90	30,778,078	
Sept 2011	78.10	21-Sep-11	2,885,666	67.80	30-Sep-11	1,047,241	73.3	21,141,162	
Aug 2011	85.50	01-Aug-11	1,548,296	64.20	26-Aug-11	1,182,912	74.85	34,180,445	
July 2011	94.70	22-Jul-11	23,712,791	72.55	12-Jul-11	844,101	83.62	63,589,932	
June 2011	78.00	30-Jun-11	904,311	68.10	21-Jun-11	385,606	73.05	9,916,288	

C.Y.: Calendar year Source: www.nseindia.com or Arithmetical average of high and low prices during that period # High and Low prices are based on daily closing prices during that period

There has been no change in the equity capital structure during the period for which data has been disclosed in the table above, either by way of rights or bonus issue except shares allotted pursuant to Employee Stock Option Plan. The proposal for buyback of equity shares was approved by the Board on December 3rd, 2011. The closing market price of the equity shares of the Company on December 2nd, 2011 i.e. as on the working day immediately before the date of the resolution of the Board approving the Buyback was ₹ 78.05 per share on the BSE and ₹ 78.10 per share on NSE and the closing market price of the equity shares of the Company on December 5th, 2011 i.e. working day immediately after the date of the resolution of the Board approving the Buyback was ₹ 79.95 per share on the BSE and ₹ 79.00 per share on NSE. (Source: www.bseindia.com and www.nseindia.com)

14 PRESENT CAPITAL STRUCTURE AND SHARE HOLDING PATTERN

14.1 The share capital of the Company as on date of this Public Announcement is as follows:

Share Capital	(₹ in million)
Authorised Capital	
450,000,000 Equity Shares of ₹ 2/- each	900.000
Issued, Subscribed and Paid up Capital	
184,778,723 Equity Shares of ₹ 2/- each fully paid up	369.557

14.2 The equity shareholding pattern of the Company as on 3rd December, 2011 and after the proposed Buyback is as given below:

Name of the shareholder	No. of equity shares	Shares as a % of total number of equity shares	No. of equity shares post buy back*	Shares as a % of total number of equity shares post buyback
Promoters				
Indian	47,700,000	25.81	47,700,000	26.71
Foreign:	NIL	NIL	NIL	NIL
Sub Total	47,700,000	25.81	47,700,000	26.71
Public Shareholding:				
Institutions				
Mutual Funds / UTI	5,682,705	3.07		
Financial Institutions / Banks	8,540,154	4.62		
Foreign Institutional Investors	31,958,349	17.30		
Non-Institutions				
Bodies Corporates	22,813,436	12.35	130,871,623	73.29
Non Resident Indians	6,124,958	3.31		
Clearing Member	810,671	0.44		
Office Bearers	371,425	0.20		
Foreign Companies	1,622,250	0.88		
Trusts	60,500	0.03		
Individuals	59,094,275	31.98		
Sub Total	137,078,723	74.19	130,871,623	73.29
Total	184,778,723	100	178,571,623	100

* The actual number of equity shares to be bought back would depend upon the average price paid for the equity shares bought back and the amount deployed in the Buyback. As an illustration, at the proposed maximum price of ₹ 90/- per equity share and for a deployed amount of ₹ 558.639 Million, the number of equity shares to be bought back would be approximately 6,207,100 equity shares. Should the average purchase price be lower than Maximum Buyback Price, the number of equity shares bought back will be greater, assuming the payment of an aggregate consideration amount of ₹ 558.639 Million. However the amount that will be utilized for the Buyback