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

Dear Sir / Madam,

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

Thanking you,

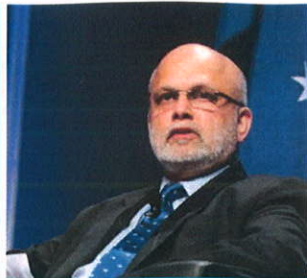
Yours faithfully,

For PRAJ INDUSTRIES LIMITED



DATTATRAYA NIMBOLKAR
CFO & COMPANY SECRETARY

Encl : As above



Integrating Transformation: An Update

Dear Shareholders,

The Indian economy is going through paradoxical times. On one hand is an expectation of rapid economic revival and on the other are the forces of globalization which have muted the investment sentiments. Capex cycles are taking longer to revive which has also led to subdued performance in some sectors.

Praj has also witnessed a muted performance during the first half with the 2nd quarter is most certainly a blip, we had advised on this performance level as well as our expectations of a better second half at the start of the fiscal 2015-2016. The substantially higher good quality new order intake gives me reasons to be optimistic about the future.

Moreover, as the capex cycle revives, we are confident that your Company will spring back on to the growth trajectory. Given the preparation on ground coupled with the value maximization exercise undertaken by your company, we will also see this translating into higher shareholder value in the coming period.

As they say, journey of a thousand miles starts with one step. Your Company took its first step towards transforming itself over a year ago. It gives me pleasure to share some key developments during the half year ended 30th September, 2015

Innovation:

We pride ourselves in taking new technologies quickest to the market. This agility saw us introducing several new solutions which will help our customers reduce energy and water footprint as well as effluent load leading to greater sustainability. New technologies led orders form nearly 15% of the order intake during the half year.

You may recollect that we introduced a separate division for modernization of ethanol plants which is now gaining scale. Going forward we expect modernization business to be the vehicle for taking new technologies to market, providing further impetus for innovation.

In India, Oil Marketing Companies have issued an Expression of Interest to procure 2.6 bln liters of ethanol (equivalent to 10% blending). This will also call for innovation to be introduced in greenfield as well as brownfield ethanol plants. We are already seeing a higher level of interest to adopt new technologies.

New Markets

Water & Wastewater business is gaining entry into newer sectors. Recently it bagged an order from a large dairy Company in India. It is closely working with F & B and textile Companies, amongst others, to enhance their sustainability.

Internationalization is a strong focus for emerging business and an identified strategy should see interesting developments, going forward. Praj HiPurity Systems is partnering several Indian Pharma Companies who have been investing overseas. It is also intensifying its efforts with MNC Pharma Companies. In the first half, Praj HiPurity has received orders from Indian Companies expanding into Americas.

Brewery business is also on the go with commissioning of two international projects for global players. Critical Process Equipment and Systems has been building on its skids design and manufacturing capabilities. During the half year, it has received orders for oil & gas skids.

Excellence

Business & Operational Excellence initiatives, as part of the transformation process, are being implemented. Your Company is very confident that the results will follow. Although we have seen some short term head-winds, we are on track to achieve our goals towards value maximization.

Leadership

Your Company has put in place a leadership program to develop a pipeline of future leaders for supporting high performance. Launched under the aegis of C-LEAP, the focus is on developing a culture for the NEXT growth orbit for Praj, supporting customer's business and partnering in their growth as well as creating knowledge for customers' and other stakeholders' benefit.

The 2nd Generation Cellulosic Ethanol technology has been given the name of Enfinity which represents the infinite possibilities in renewable energy and environment. The recent EOI released by Indian OMCs indicates that the ethanol demand is likely to move up, creating a possibility for Cellulosic Ethanol production. We are exploring several approaches which will lead to a good prospect for Enfinity to go-to-market.

Other highlights

Praj Industries further increased its holding in its subsidiary Praj HiPurity Systems Ltd by acquiring additional 20% stake. With this, Praj HiPurity Systems Limited has become a Wholly Owned (i.e. 100%) subsidiary of the Company.

Praj and Gevo have signed an agreement (converting the earlier MOU into a definitive agreement) towards commercial development of Biobutanol. This agreement will enable licensing of Gevo's technology across Praj's customer base. Further, Praj and Gevo will also commercialize Gevo's technology for making renewable jet fuel from Biobutanol (ATJ) in India.

Awards & Accolades

Praj Industries has been shortlisted as a finalist at the Platts Biofuels Industry Leadership Award for 2015. This speaks volumes of the work done by Praj in the field of Biofuels.

Results

I would like to reiterate that current performance should not be seen as an indicator of the full year performance. We aim to bring the Company to a sustainable level of business so as to trigger growth. Your management is working towards this goal with a timebound program. While there have been several extraneous reasons for drop in sales resulting into drop in margins, your Company's management remains optimistic about the 2nd half of the fiscal.

Wish you all a happy and prosperous Diwali and a very Happy New Year !

Sincerely yours

Pramod Chaudhari
Executive Chairman
Praj Industries Limited

November 2015

