



## 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

# Praj Industries Limited

CIN - L27101PN1985PLC038031

Regd. Off. "PRAJ TOWER", S.NO. 274 & 275/2,  
BHUMKAR CHOWK - HINJEWADI ROAD, HINJEWADI, PUNE - 411 057



## STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED ON 30TH SEPTEMBER, 2015

(Rs. In Crores except share data)

Sr. No.	Particulars	Quarter ended			Half year ended		Year ended
		30th Sept. 2015 (Unaudited)	30th June, 2015 (Unaudited)	30th Sept. 2014 (Unaudited)	30th Sept. 2015 (Unaudited)	30th Sept. 2014 (Unaudited)	31st March, 2015 (Audited)
1	a. Net Sales / Income from Operations	174.37	145.33	208.83	319.70	371.70	801.13
	b. Other Operating Income	0.73	-	-	0.73	-	-
	<b>TOTAL INCOME FROM OPERATIONS (NET)</b>	<b>175.10</b>	<b>145.33</b>	<b>208.83</b>	<b>320.43</b>	<b>371.70</b>	<b>801.13</b>
2	Expenses						
	a. Cost of material consumed	91.14	70.39	118.25	161.53	208.49	418.45
	b. Purchase of Stock in Trade	-	-	-	-	-	-
	c. Changes in inventories of Finished Goods, Work in Progress & Stock in Trade	(0.68)	(2.68)	1.06	(3.36)	2.24	3.06
	d. Employee benefit expenses	31.15	33.00	29.88	64.15	56.38	110.29
	e. Depreciation and amortisation expenses	5.41	5.56	6.27	10.97	12.84	26.13
	f. Exchange (gain) / loss	(1.23)	(4.78)	(2.71)	(6.01)	(5.54)	(9.16)
	g. Other expenditure	40.76	43.51	51.44	84.27	94.09	216.21
	<b>TOTAL EXPENSES</b>	<b>166.55</b>	<b>145.00</b>	<b>204.19</b>	<b>311.55</b>	<b>368.50</b>	<b>764.98</b>
3	Profit from Operations before Other Income, Interest & Exceptional Items (1-2)	8.55	0.33	4.64	8.88	3.20	36.15
4	Other Income	3.72	2.32	8.60	6.05	12.89	32.30
5	Profit from ordinary activities before Interest & Exceptional Items (3+4)	12.27	2.65	13.24	14.93	16.09	68.45
6	Finance Costs	-	-	0.10	-	0.13	0.30
7	Profit from ordinary activities after Interest but before exceptional Items (5-6)	12.27	2.65	13.14	14.93	15.96	68.15
8	Exceptional items	-	-	-	-	-	-
9	Profit from ordinary activities before tax (7-8)	12.27	2.65	13.14	14.93	15.96	68.15
10	Less : Expenses (net) related to prior periods	-	-	-	-	-	-
11	Profit before tax from ordinary activities	12.27	2.65	13.14	14.93	15.96	68.15
12	Less : Tax expense						
	- Current Year	2.09	0.48	1.46	2.57	1.97	10.46
	- Prior Years	(0.38)	-	(10.76)	(0.38)	(10.76)	(10.84)
13	Net Profit from ordinary activities after tax	10.56	2.17	22.44	12.74	24.75	68.53
14	Extra ordinary items (net of tax expense)	-	-	-	-	-	-
15	Net Profit for the period	10.56	2.17	22.44	12.74	24.75	68.53
16	Paid-up equity share capital (Face value Rs.2/- each)	35.58	35.49	35.49	35.58	35.49	35.49
17	Reserves excluding revaluation reserves as per Balance Sheet of previous accounting year						579.92
18	Basic EPS (Face value Rs. 2/- per share) (Before extra ordinary items)	0.60	0.12	1.26	0.72	1.39	3.86
	Diluted EPS (Face value Rs. 2/- per share) (Before extra ordinary items)	0.59	0.12	1.26	0.71	1.39	3.85
19	Basic EPS (Face value Rs. 2/- per share) (After extra ordinary items)	0.60	0.12	1.26	0.72	1.39	3.86
	Diluted EPS (Face value Rs. 2/- per share) (After extra ordinary items)	0.59	0.12	1.26	0.71	1.39	3.85

A PARTICULARS OF SHAREHOLDING							
1	Public Shareholding - Number of Shares	117,595,079	117,165,079	118,065,079	117,595,079	118,065,079	117,165,079
	Public Shareholding - Percentage of Shareholding	66.10%	66.02%	66.53%	66.10%	66.53%	66.02%
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	60,300,000	60,300,000	59,400,000	60,300,000	59,400,000	60,300,000
	- % of shares (as a % of total Shareholding of Promoters and Promoter Group)	100%	100%	100%	100%	100%	100%
	- % of shares (as a % of total share capital of the Company)	33.90%	33.98%	33.47%	33.90%	33.47%	33.98%

B INVESTOR COMPLAINTS		For the quarter ended on 30th Sept, 2015					
	Pending at the beginning of the quarter						Nil
	Received during the quarter						6
	Disposed of during the quarter						6
	Remaining unresolved at the end of the quarter						Nil

### Notes :

- The Auditors of the Company have carried out the limited review of the above unaudited financial results in terms of clause 41 of the Listing Agreement. The above results were reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on 29th October, 2015.
- Prior year comparatives are regrouped / reclassified wherever necessary to conform to current period's presentation.
- The Company operates only in one segment, i.e. "Process and Project Engineering".
- The Consolidated results for the above period are available on Company's Website at www.praj.net and also on Websites of BSE and NSE.
- During the quarter ended 30th September 2015, the company acquired balance 20% equity shares in its subsidiary company Praj HiPurity Systems Limited at a price of Rs 35.74 crores. As a result of this additional stake acquired, the company's shareholding in Praj HiPurity Systems Limited stands at 100% as at the end of 30th September 2015.
- During the quarter ended 30th September 2015, Company allotted 430,000 equity shares to its employee under ESOP scheme at an exercise price of Rs 72.70 per equity share
- The Consolidated unaudited financial results for the quarter and half year ended on 30th September, 2015 are summarized below:

	Quarter ended			Half year ended		Year ended
	30th Sept. 2015 (Unaudited)	30th June, 2015 (Unaudited)	30th Sept. 2014 (Unaudited)	30th Sept. 2015 (Unaudited)	30th Sept. 2014 (Unaudited)	31st March, 2015 (Audited)
Consolidated turnover	203.05	192.50	265.04	395.55	486.32	1,011.85
Consolidated profit after tax	4.75	5.18	24.87	9.93	27.36	76.27
Basic EPS (Face value Rs.2/-per share)	0.27	0.29	1.40	0.56	1.54	4.30
Diluted EPS (Face value Rs.2/-per share)	0.27	0.29	1.40	0.56	1.54	4.29

## STATEMENT OF ASSETS AND LIABILITIES

		(Rs. In crores)	
Sr. No.	Particulars	STANDALONE	
		30th Sept. 2015	31st March 2015
<b>(A)</b>	<b>EQUITY AND LIABILITIES</b>		
1	<b>Shareholders' funds</b>		
	a. Share capital	35.58	35.49
	b. Reserves and surplus	595.71	579.92
	c. Money received against Share warrants	-	-
	<b>Sub-total - Shareholders' funds</b>	<b>631.29</b>	<b>615.41</b>
2	<b>Minority Interest</b>	-	-
3	<b>Non - Current Liabilities</b>		
	a. Long-term borrowings	0.14	0.20
	b. Deferred tax liabilities (net)	0.11	0.85
	c. Other long - term liabilities	-	-
	d. Long term provisions	12.83	11.79
	<b>Sub-total - Non current liabilities</b>	<b>13.08</b>	<b>12.84</b>
4	<b>Current Liabilities</b>		
	a. Short term borrowings	-	-
	b. Trade payables	126.41	145.18
	c. Other current liabilities	238.95	209.12
	d. Short term provisions	70.79	100.36
	<b>Sub-total - Current liabilities</b>	<b>436.15</b>	<b>454.66</b>
	<b>TOTAL - EQUITY AND LIABILITIES</b>	<b>1,080.52</b>	<b>1,082.91</b>
<b>(B)</b>	<b>ASSETS</b>		
1	<b>Non - Current Assets</b>		
	a. Fixed Assets	208.41	216.42
	b. Non current investments	176.96	141.22
	c. Deferred tax assets (net)	-	-
	d. Long term loans and advances	16.57	12.00
	e. Other non current assets	0.00	0.00
	<b>Subtotal - Non current assets</b>	<b>401.94</b>	<b>369.64</b>
2	<b>Current Assets</b>		
	a. Current Investments	119.67	147.93
	b. Inventories	68.51	70.31
	c. Contracts in progress	160.94	126.67
	d. Trade receivables	167.13	203.03
	e. Cash and cash equivalents	55.04	72.86
	f. Short term loans and advances	107.29	92.47
	g. Other current assets	-	-
	<b>Subtotal - Current assets</b>	<b>678.58</b>	<b>713.27</b>
	<b>TOTAL - ASSETS</b>	<b>1,080.52</b>	<b>1,082.91</b>

Place : Pune  
Date : 29th October, 2015

GAJANAN NABAR  
CEO & MANAGING DIRECTOR  
DIN : 00714569

### Disclaimer:

Certain statements in this communication concerning our future growth prospects are forward-looking statements, which involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements.

The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, intense competition in our industry of operations including those factors which may affect our cost advantage, wage increases, our ability to attract and retain highly skilled professionals, cost overruns on contracts, client concentration, our ability to manage our international operations, our ability to successfully complete and integrate potential acquisitions, liability for damages on our contracts, the success of the companies in which Praj Industries Ltd. has made strategic investments, withdrawal of governmental fiscal incentives, political instability, legal restrictions on raising capital or acquiring companies outside India and unauthorized use of our intellectual property and general economic conditions affecting our industry.

Praj Industries Ltd. may, from time to time, make additional written and oral forward-looking statements, including our reports to shareholders. The company does not undertake to update any forward-looking statement that may be made from time to time by or on behalf of the company.