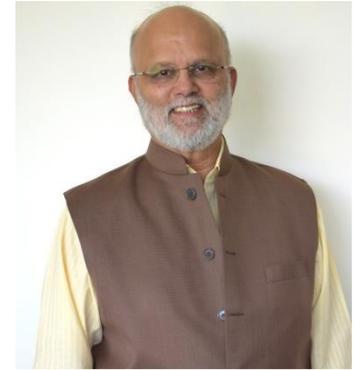


Half yearly communique to shareholders FY2019-20



Dear shareholders,

As we await Diwali, the festival of lights, I wish you, your friends and family every happiness, including good health and prosperity.

In this half yearly communiqué of FY20, I am happy to share developments in the business over the past few months.

Macro business environment

In the international arena, trade wars, volatility over crude pricing, geo-political upheavals and environment conservation have dominated headlines, leading to a subdued market sentiment. India is experiencing slower than forecasted GDP growth and recognizing this, the government is taking remedial measures and initiatives.

Regarding the domestic biofuel market, the government has recently rolled out progressive policies that facilitate adoption of ethanol, compressed biogas and biodiesel in the overall energy mix. Besides combatting the evils of climate change, this is also helping reduce pollution from the transportation sector and from burning of crop residue, while enhancing farmer's income and saving precious foreign exchange.

Commercialization of new products and technologies

At Praj, we have always taken great pride in developing and deploying sustainable innovative technology solutions that deliver enhanced value to all stakeholders. . This year is no exception. We introduced exciting new technologies that significantly enhance plant efficiency in addition to boosting productivity and driving costs down, while achieving a lower carbon footprint.

In line with the biofuel policy that allows an expanded range of sugary feedstock streams such as B-molasses / sugarcane juice/ sugar and sugar syrup, we have launched technology solutions that convert these streams to ethanol while maximizing asset utilization.

Profiit, a zero liquid discharge solution for molasses-based ethanol plants is another technology experiencing market traction –it consumes lesser support fuel in incineration of effluent thus lowering OPEX and generates high quality ash.

Opportunities in jet biofuel and renewable chemicals are gradually emerging and we are gearing up with state-of-the-art technology to grab them at the right time.

Forging new partnerships

We are in an era when collaborations are a business imperative for growth. In order to gain higher market share in Brazil, we signed a Cooperation Agreement with Dedini S/A Indústrias de Base, leaders in the local ethanol market, to provide technologies to produce corn based ethanol.

Praj has also entered an understanding with a leading US-based renewable gas technology company to deploy high efficiency reactor designs to produce renewable gas / compressed biogas from press mud and biomass residue. Under the exclusive tie-up, Indian and select markets will benefit from Praj's process technology based on designs from the US company, over other global competitors.

Conquering new frontiers

Enfinity, our 2G ethanol technology, that utilizes biomass as feedstock is gaining increasing acceptance, especially in developed economies. Earlier this year, we successfully demonstrated its performance over a longer duration to a US-based oil & gas behemoth.

Further, enfinity will be deployed in what would be USA's first cane bagasse-based bio-refinery to produce ethanol and other co-products.

Praj continues to expand its footprint in global markets by entering new countries, namely, Paraguay and Cuba, and offering our cutting-edge technology solutions.

Overview of business divisions

Riding on the back of newly introduced technologies, the Bio energy business is sustaining its market leadership in India. In the international market, Praj has successfully commissioned several prestigious projects that are testimony to the company's unwavering commitment to further the cause of renewable fuels for a cleaner and greener tomorrow.

Praj made strong headway in the renewable gaseous fuel market segment by securing maiden contracts to set up compressed bio-gas plants based on proprietary technology.

Focus on international markets, solutions for emerging sub segments and innovative integration will continue to drive Praj Hipurity's growth agenda.

A focused approach to develop large engineering and technology MNC as customers is beginning to yield favorable results for the Critical Process Equipment & Skids business.

We have further consolidated our leadership position in the brewery industry as global brewers in India continue to repose their trust in Praj's differentiated value proposition.

Increasing awareness on water as a scarce and precious resource coupled with stringent laws is driving the Zero Liquid Discharge opportunity. Our solutions are increasingly finding acceptance as industry takes concrete steps to address the water usage issue.

Community outreach programs

Praj's corporate social responsibility endeavors in the area of water resource development, education and preventive healthcare for women continue to leave a positive imprint. Over 35 villages in drought prone areas of Jalna and Ahmednagar districts are now tanker free and agriculturally prosperous. We have equipped over 3000 students from 16 rural schools with employment generating skills.

Over 4,000 women in 26 villages in rural and tribal areas have better health and nutrition, and I am happy to share that our 'Women empowerment' project at Wada won the third edition of 'Sandvik India Gender Awards, 2019'. Initiated in 2015 in ten Adivasi villages, the project empowers tribal women through improved health, livelihood and boosting their self-esteem.

You will be pleased to know that Praj was recognized with the IGCW-2019 Green Chemistry Award for the improved technology development for Furfural at the 6th Industrial Green Chemistry World Convention and Ecosystem held at IIT-Bombay earlier this month.

I thank you for your continued support. I welcome any thoughts and/or suggestions that you may have.

Wishing you and your loved ones a happy and prosperous new year!

Yours truly,
Pramod Chaudhari

Half yearly financials

For H1 FY 2019-20, income from operations stands at Rs. 505.74 crore with PBT and PAT at Rs. 27.13 crore and Rs. 24.90 crore respectively.

As of 30th Sept., 2019, order backlog is Rs. 1,130 crore and cash on hand stands at Rs. 292.38 crore.