

Chairman's Speech at 33rd Annual General Meeting held on 23rd July 2019



Good morning ladies and gentlemen. I welcome you all to the 33rd Annual General Meeting of your Company.

Allow me to introduce my colleagues on the dais...

The Annual Report for the year ended 31st March, 2019 has been with you for some time now. With your permission, I shall take it as read.

2018-19 has been a very special for all of us in more ways than one. Besides completing 35 years of a glorious journey, the year also coincided with the Silver Jubilee of Praj's listing on the stock exchange.

I would like to gratefully acknowledge your continued patronage and encouragement throughout this exciting journey. On the financial front, we delivered a healthy performance in FY 18-19 with net revenues at Rs. 1141.11 crore, while Profit after tax stood at Rs. 68.22 crore, commendable growth of 24% and 74% respectively.

We are happy to share that the Board of Directors has recommended a dividend of Rs. 1.62 per share for FY19 in addition to the interim dividend of Rs. 0.5 per share, bringing the final dividend for FY19 to Rs.2.12 per share of Rs. 2 each.

This is the era of Democratization, Digitalization, Decarbonization and Disruption in technologies. They are shaping the future of India and the world as well.

The recently concluded elections and a new government at the helm is yet another demonstration of India's prowess as the world's largest democracy. We remain optimistic that progressive steps and landmark reforms initiated during previous tenure, will continue during NDA 2.0.

Thanks to the advent of digital technologies and deeper internet proliferation, the business landscape is being redefined for the better. It has helped businesses improve not only their operational efficiency but also their market-reach globally. We are witnessing increasing participation from rural areas as a demonstration of inclusive growth.

Along with the rapid industrialization and GDP growth, there are concerns over rising greenhouse gas emissions. Countries across the globe are undertaking several Decarbonization initiatives to combat the evils of climate change and global warming.



Disruptive technologies are helping to minimize greenhouse gas emissions leading to Sustainable Decarbonization.

You will be happy to know that Praj is developing and adopting newer technologies and business models which help in ushering an era of circular bioeconomy. A 'Circular bio economy' implies processing biological resources to create renewable energy and products and while in use, recover and regenerate by-products as well as materials at the end of their service life. This is sustainable decarbonization in action.

I am proud to state that Praj Industries was ranked 8th in the 'The 50 Hottest Companies in the Advanced Bioeconomy 2019', by the industry's leading publication, Biofuels Digest, USA. The improvement in ranking from #34 last year demonstrates stakeholders' confidence in the company's technologies, global partnerships and growth in the Indian market. The award recognizes Praj's work in bioenergy and innovative engineering solutions towards a sustainable bio economy.

Praj's endeavors in the circular bioeconomy complement the fundamentals of sustainability to achieve balance among Planet, People and Profit. Our pioneering technology solutions are the result of strong research and development by scientists at our world class facility, Praj Matrix. The futuristic solutions address customers' stated as well as unstated needs and aspirations.

One such example of pioneering technology solutions is the commercialization of 'enfinity'- our 2nd generation ethanol production technology. It uses agri-based feedstock to generate biofuel and renewable chemicals. Incidentally, Enfinity was awarded the prestigious Golden Peacock Eco-Innovation Award, 2019 in the Engineering sector by Institute of Directors, just last month.

The global economy continues to be challenging owing to upheavals in the geopolitical landscape. Uncertainty over Brexit, concerns over US-China trade wars, tensions in the Middle East are resulting in a VUCA like environment. Although World Bank has retained India's growth rate forecast at 7.5% for FY 19-20, the effects of a potential global slowdown in the Indian economy cannot be undermined.

We are cautiously optimistic about India's growth potential in the coming year amid weak consumer demand and particularly, a stressed financial sector. The government has taken several measures to boost economic growth in terms of recapitalization of PSU banks, stepping up infra spends and policies to drive exports, among others.

On the business front, we saw landmark developments in progressive policy initiatives in the bioenergy sector aimed at accelerating production and use of ethanol. The ethanol blending rate has reached a level of 6.2% in the current year as against 4.22% for the same period last year. It is reassuring for Praj as well as the bioenergy sector that the same approach will continue during coming years. We expect that the



reelected Government will not only continue these policies but also step them up further.

The industry has responded positively to different regulatory interventions such as expansion of the range of feedstock, upward revision of ethanol prices, bailout packages and monetary support to 2G ethanol projects. We are seeing a significant improvement in the enquiry pipeline.

Water scarcity remains one of the major challenges and hence minimizing water footprint is a priority area for all industries. Recently, we successfully introduced technologies developed in-house to reduce water consumption in ethanol plants by almost 75%. We also launched a few revolutionary technology solutions for molasses-based ethanol plants, which significantly improve operational efficiency and profitability.

We are making healthy progress on the first batch of four numbers of 2nd Gen integrated bio refinery projects in India. Design engineering work has already been completed for three projects and we have secured the first order to supply critical equipment to their process plant.

In the engineering business, Critical Process Equipment and Skids continues to focus on becoming preferred partners for technology licensors and global EPC players. The Brewery business reinforced its market leadership in India. With stringent statutory environmental norms coming into play, the Water and waste water business has witnessed strong market traction across the industry spectrum.

Last year was a difficult year for the Pharma industry as it experienced headwinds in the form of regulatory challenges. This led to a reduced capital expenditure on building new production capacity.

However, the future for bioenergy continues to be promising given the fact that countries around the world are introducing a conducive policy framework to facilitate increased share of biofuels in their energy mix.

Markets in South East Asia and Latin American are showing traction by pushing ethanol blending mandates. After EU Institutions agreed to the Renewable Energy Directive ('RED II'), European customers are taking keen interest in Praj's 2G ethanol technology solutions. Several prospective customers have contacted us, visited our 2G demo plant and discussions to set up 2nd Gen refineries are underway.

On the domestic front, The Government of India has announced the SATAT initiative, under which it plans to install 5000 CBG plants by 2025. Compressed Bio Gas or CBG is a renewable gaseous fuel that has found acceptance as clean transport fuel. In line with this, we have expanded our bio-energy basket by adding CBG technology solutions that use biomass and different agri waste as feedstock. Praj is setting up an integrated CBG demo plant--a first in the country. By leveraging our existing customer



network and proven expertise in the bio processing industry we believe we are in the pole position to benefit from opportunities in the rapidly emerging CBG market.

Introducing new products is a business imperative for growth for any organization. At Praj, we maintain exclusive focus on developing innovative technology solutions that keep us ahead of the curve.

One such example is Bio-jet fuel, an associated business opportunity, now emerging on the horizon. To capitalize on this opportunity, Praj has joined hands with Gevo, Inc., USA, to develop and commercialize technology to produce isobutanol using sugary-based feedstock. Isobutanol, a high energy platform for bio-jet fuels, is another opportunity for the aviation industry. This is an important element that takes us closer to meet our vision of an integrated bio-refinery.

We believe renewable chemicals and materials are going to play a very crucial role soon. We are now focusing on research and development of renewable chemicals and materials. They are gaining increasing acceptance globally, especially in packaging as an alternative to plastic, in the cosmetic, and in the furniture industry among others. Our scientists at Praj Matrix are striving hard to introduce new molecules and enhancing techno-commercial feasibility for increased usage of renewable chemicals.

As you may know, sustainability is a core value at Praj. We take our responsibility of conserving natural resources and contributing to the betterment of society very seriously. As part of its corporate social responsibility, Praj Foundation is partnering with villagers in drought prone areas of Maharashtra to make villages water sufficient. So far we have undertaken as many as 30 sustainable water resources development projects in drought affected areas in Ahmednagar, Jalna and Pune. By desilting streams and conserving water through micro irrigation practices, we have succeeded in recharging ground water thus creating a positive and sustainable impact.

We are taking initiatives towards preventive healthcare for women. We have encouraged women in Velhe and Wada talukas to grow their own nutrition garden through low cost easily available techniques. This has increased consumption of vegetables in their diet, apparent in the drastic improvement in their hemoglobin (Hb) count.

Praj Foundation has been implementing the Introduction to Basic Technology program in 13 model schools in eight rural districts in Western Maharashtra. This project is aimed at skill enhancement as an important tool to help students find career prospects in the industrial sector.

In conclusion, I would like to thank all employees for their contribution towards Praj's performance. I also extend my gratitude towards customers, the government, bankers and other stakeholders for their cooperation and for their trust in the Company. A



special mention is reserved for two of our retiring directors, Daljit Mirchandani and Rajiv Maliwal, who have been associated with us for over a decade.

And to all the shareholders, I would like to express my sincere appreciation for your continued encouragement and support.

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Pune, July 23, 2019.