

Praj Ind to hike its global market share in bio-fuel tech segment

Our Bureau
PUNE

Praj Industries, the Pune-based bio-processes and engineering company, expects to increase its global market share in the bio-fuel technology segment to over 10%. This will be done through a mix of acquisitions, organic growth and widening its bio-fuel operations from just ethanol to bio diesel as well.

"The Company is expected to move to a new trajectory that will enhance its global market share to beyond 10% in the bio-fuel technology sector by the turn of the decade. This may involve

organic and inorganic growth strategies including acquisitions/JVs overseas, expansion of geographies or product offering, speeding up R&D. Some action has already been initiated in this direction," Pramod Chaudhari, chairman, Praj, said.

The board of directors have approved an initial investment of Rs 40 crore for a joint venture in Europe and the start of operations in Brazil. It may be recalled that the Marubeni Corporation and Vinod Khosla invested close to Rs 117 crore in Praj last year following which it acquired for Rs 22.5 crore the Omaha, US-based CJ Schneider. CJS is a detailed engineering services

supplier to the bio-fuels industry.

In line with its growth plans, its board of directors have approved forming a joint venture with Aker Kvaerner (AK) Process, with the latter holding a 40% stake. This takes forward the 2006 alliance between Aker Kvaerner and Praj for cooperation on bio-ethanol projects in Europe. The JV, to be located in Europe, will offer European customers access to the complete scope of services required for licence, plant design and construction integrated with Praj technology.

Expanding its presence in the bio-fuel market, Praj has entered the bio-diesel space, offering internally devel-

oped turnkey solutions including technology, engineering, plant and equipment and project management services. This entry is in line with the growth of bio-diesel, since nearly 60% of the incremental growth in world transport being diesel-based. A separate division has been created within Praj to handle this business.

Widening its geographical reach, Praj is currently examining acquisition proposals, to enter the Brazilian bio-fuels technology, plant and equipment market. Brazil's target of doubling its ethanol production by 2010 will require new plant designs and technology. Praj sees this as an entry opportunity.

Net profit rises to Rs 27 crore

Praj Industries' net profit rose to Rs 27 crore (Rs 10.4 crore) on total income of Rs 206.5 crore (Rs 97.5 crore) for the quarter ended March 31, 07. For the full year, 2006-2007, its total income was Rs 616.4 crore (Rs 270 crore) and net profit Rs 86.5 crore (Rs 24.4 crore). It has ended the last fiscal with an order book of Rs 750 crore. Given this growth, Praj has advanced its target by a year of reaching the Rs 1,000-crore turnover mark to the current year.

Based on its performance, the board declared a second interim dividend of 90% in March, 2007 which has already been paid. So far, the company has paid an interim dividend totalling 135% for the year. Additionally, the board has also proposed a bonus share in a ratio of 1:1.