

# Praj Industries announces joint

EXPRESS NEWS SERVICE

DECEMBER 16

PUNE-based Praj Industries, global leader in biofuels technology, have announced the formation of a Joint Venture Company in Brazil. The new company is formed in association with a Brazilian Engineering, Procurement, Construction & Manufacturing Company (EPCM), Jaragua Equipamentos Industriais Ltd. Praj will hold 54 per cent in the joint venture while Jaragua will hold the balance 46 per cent. The joint venture will provide Praj an entry into the fastest growing ethanol market in the world. Jaragua is a leading Brazilian engineering major.

At the beginning of FY

2007-08, Praj had announced its intention to enter the Brazilian Market to enhance its global share of the ethanol technology and plant & equipment market. With this in view, Praj had already set up an office in Sao Paulo, Brazil. The Brazilian office, apart from pursuing business leads, has also been assessing the opportunity in Brazil as well as understanding the business models for future operations.

With the rising price of crude oil, Brazil has further increased its use of ethanol by introducing flex fuel cars. Currently, Brazil uses 17 billion litres ethanol (both hydrous and anhydrous). With production slated to grow from 19 billion litres to 30 billion litres in

2010, the opportunity for new capacities is vast. A large part of Brazilian growth in ethanol production is driven by growth in Flex Fuel Vehicles (FFVs - operating on both 100 per cent hydrous ethanol and 100 per cent petrol/gasoline).

"The formation of joint venture in Brazil demonstrates Praj's commitment to Brazilian ethanol market. We are in Brazil for the long haul and will work closely with Brazilian customers to enhance performance of ethanol plants and their return on investments, said chairman of Praj Pramod Chaudhari.

The Joint Venture Company, Praj Jaragua Bioenergia S.A., will supply end-to-

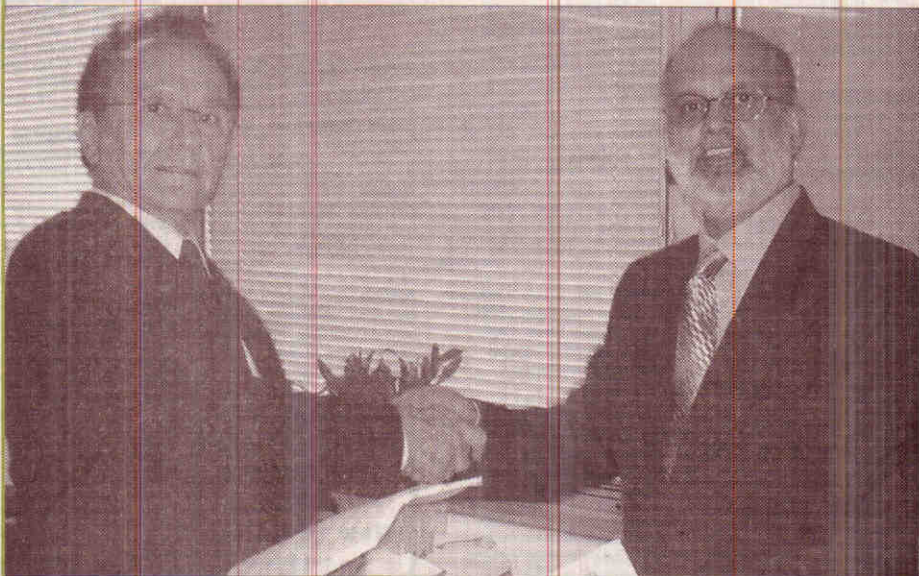
end solutions for sugarcane juice to ethanol production - right from transportation of cane, cane preparation to juice extraction (milling/diffuser), juice evaporation, fermentation, distillation, molecular sieve (MSDH) based dehydration plant upto wastewater concentration and treatment. The solution will result in an energy and feedstock efficient plant. Backed by vast synergistic resources from the partners, the JV will reduce the delivery time considerably and enable plants to be set up faster.

"Praj understands that Brazil has a very different model for production of ethanol. A large part of its ethanol is produced directly

## venture with Brazilian company

from sugarcane juice unlike in other cane producing countries. However, the technology paradigm is shifting, given that Brazil will produce more and more ethanol than sugar. Energy and Feedstock yields are becoming more critical, so is the fact that wastewater management is assuming greater importance," said Chaudhari.

"The Brazilian Joint Venture Company will operate in the state of Sao Paulo and will have a number of Brazilian nationals on its role including the top management. It will be an amalgam of Indian and Brazilian expertise in technology," elaborated Chaudhari who will be the chairman of this Joint Venture.



Alvaro Bernardes Garcia, president of Jaragua, with Pramod Chaudhari, chairman of Praj Industries, at Sao Paulo during the inking of the deal