



## Chairman's Speech at the Annual General Meeting 25th July, 2016

Dear Shareholders,

It is my pleasure to welcome you all to the 30th General Meeting of your Company. The Annual Report for the year ended 31st March 2016 has been with you for some time now. With your permission, I shall take it as read.

In 2016, as economies around the world grappled with a rather volatile and uncertain macro environment, India emerged as the fastest growing economy.

According to IMF, India is being termed as one of the bright spots among major emerging markets, with GDP expected to grow upto 7.5% in 2016-17. The rapid fall in commodity prices, increased FDI, further complemented by several steps taken by government to improve the investment climate, are expected to make the projected economic growth broad-based and sustainable.

Fiscal 2016 clearly proved to be a point of inflection for the domestic ethanol market which saw a higher blending rate. To meet its ambition of 20% ethanol blending, India will have to look at 2nd generation feedstock. The EOI issued by OMCs in this respect and centre's plan to launch an integrated bio-energy mission with an indicative outlay of Rs 10,000 cr from the next financial years are the steps toward creation of a positive ecosystem for the ethanol blending program. With India's commitment to combat climate change, ethanol plays an important role in our energy matrix, while also supporting the farming community and rural upliftment.

An increased pace of Research & Development, improved investments in 2G technology and innovation along with setting up of commercial facilities, we believe, will certainly jumpstart the commercialization of 2G technologies in the country, in the months to come. Your Company is expected to play a significant role in taking forward the 2G agenda of the country.

On the global front, many advanced economies in the Americas, Europe and Asia continue to witness pain as they attempt to revive growth rates during the period, led by a host of factors. This, coupled with the recent Brexit vote may see continued volatility. India will have a mixed impact, given its trade intensity with UK. Other economies will also show some level of uncertainty.



Praj is constantly sharpening its approach towards enhancing the brand salience and is taking several steps in a calibrated manner to become more future ready.

In terms of business operations, the focus on Innovation and Excellence remains rock solid. Your Company continues to work towards capitalizing on its strategy to drive the established businesses in a steady manner, while also ramping up operations in the emerging businesses. In sync with this strategic approach, your Company's management is making efforts to build on an established strong global base of 750 references, leveraging innovation and breakthrough technologies, monetizing R&D investments, while also ensuring excellence in delivery and efficiency of operations.

Infrastructure projects have caught impetus in India - right from railways, power transmission, roads. In the wake of this, consumption-led growth will soon follow and is expected to restart another upward cycle of investments. Praj solutions find application in the consumption facing industries like textile, pharma, food & beverage. Crude oil prices, which saw largest ever fall in 2015-16, are also firming up. This should see our other businesses also regaining the lost ground.

Energy will continue to be of interest to your Company, especially the renewable energy. Exploring newer forms, apart from ethanol, your Company has been working with gas based systems for transportation. This will help your Company expand the portfolio of business in a synergistic manner as waste from distilleries and other process industries is a large source of biogas. Recently, we commissioned a gas based system for a waste-to-energy project for a reputed client with an in-house developed technology.

On the final note, while India remains a bright spot, it is tempered by lower credit offtake, growing bank NPAs, corporate debt burden, consumer price inflation and continued delays in the passage of certain bills including the GST. While CPI will see improvement due to improved monsoon, it may be a while before the other challenges are taken care of. Directionally, the Government has recognized the malaise and is working towards it. However, capital formation, which is crucial for industrial well-being, will remain a critical element of your Company's growth take off.

Notwithstanding this, your Company will enhance the relevance of its offerings in the market alongwith reach and effectiveness. In the medium to longer term, Praj will continue to look at different business models of growth to increase the return on investments.



Finally, I would like to express my appreciation to all the employees, customers and stakeholders for their loyalty and trust.

And to all of the shareholders, I would like to express my gratitude for their continued encouragement and support. To demonstrate this, the Company disbursed an interim dividend of Rs 1.62 per share (81%) on paid up capital of Rs 35.59 cr, keeping up with the practice of consistent dividend payout.

Thank you ladies and gentlemen.

**Pramod Chaudhari**

**Executive Chairman**