



## **Chairman's Speech at the Annual General Meeting 11th August, 2017**

Good morning ladies and gentlemen. I welcome you all to the 31st Annual General Meeting of Your Company. Annual Report for the year ended 31st March, 2017 has been with you for some time now. With your permission, I shall take it as read.

The year gone by saw the global economy take guarded steps, owing to challenges like geopolitical volatility in Eurozone, currency depreciation in some of the emerging markets, fall in crude oil and commodity prices; which also affected the industrial capex. New administration in the USA has global spillovers, more so because of USA's withdrawal from the Paris COP 21 Climate Agreement signed by 175 countries. However, momentum around the world to combat climate change and transition to clean growth economies by many individual countries continues.

Indian scenario offers some cause for cheer with good monsoon and healthy sowing data. The outside in view on India remains positive, with IMF retaining the forecast growth rate at 7.2% for the year 2017-18. On the flipside, weaker offtake and rupee appreciation are expected to have an adverse impact on the exports. This also means that the home market will remain an important market for Indian companies. Some temporary negative shocks which got induced by developments such as de-monetization and uncertainty before the GST implementation, resulting in lack of capex formation are more or less getting resolved now.

In such a scenario, leveraging its deep understanding of industry dynamics, Your Company has embarked upon three pronged strategy: rationalization of business portfolios, thrust on international markets by leveraging global footprints and driving innovation.

FY 2016-17 was very encouraging for the Bioenergy segment with the latest addition of 2nd generation cellulosic ethanol technology to the portfolio of sustainable solutions. A major milestone was achieved with successful commissioning of the Smart Biorefinery Demonstration Plant in Maharashtra, India, which was inaugurated by Mr Nitin Gadkari, Union Minister of Road, Transport, Highways & Shipping in May 2017. This technology platform will be used for development of other renewable fuels and chemicals. 2nd generation cellulosic ethanol will be a game-changer for the biofuels industry as it provides a highly viable use to the otherwise untapped agri residue. Additionally, the technology to produce biobutanol has entered the commercialization phase in association with Gevo Inc of USA. One of the major applications of biobutanol is aviation fuel.



It is heartening to be at the center of this energy revolution taking place in the country, leading to greater energy self-sufficiency. Two Oil Marketing Companies namely, Indian Oil Corporation Limited (IOCL) and Bharat Petroleum Corporation Limited (BPCL) have selected Your Company as technology partner for three 2nd generation biorefinery projects in India. MOUs have been signed to that effect.

Your Company is at the forefront of creation of an eco-system for fuel ethanol in India. Ethanol has become a topic of national interest in the discussion on energy security. Forums like the Bioenergy Urja Utsav organized by the Ministry of Petroleum and Natural Gas in association with Mahratta Chamber of Commerce, Industries and Agriculture and National Yuva Cooperative Society in Pune and World Biofuels Day celebration in Delhi yesterday on 10th Aug and over 100 places across India, are effectively being used for the dialogues. Announcement by Hon Minister for Petroleum & Natural Gas about finalization and early implementation of Biofuel Policy to accelerate immediate investments by OMCs to the extent of \$2 bn and substantial investments in the coming years, is very heartening and expected to benefit Your Company in near future.

In the 1st generation ethanol space, Your Company continues to command a pioneering position. Modernization and retrofit of existing plants across the globe is tracking value-accretive offering. With a complete bouquet of sustainable solutions and strong base of over 750 global references, Bioenergy segment of Your Company has a competitive advantage to drive growth.

Another exciting area is the pharmaceutical and wellness related segment. Praj HiPurity Systems Ltd., a wholly owned subsidiary of Your Company, is enhancing the scope of work with greater attention on expanding reach across geographies. Stringent FDA norms and compliance with statutory requirements continue to open up promising opportunities in pharma, healthcare and wellness industry, in India as well as international markets. Through its modular process systems division, Praj HiPurity is geared up to capitalize on these opportunities.

Your Company has been investing in world-class R&D capabilities. Praj Matrix continues to follow the path of sustainability and innovation with the goal of providing eco-friendly solutions for a better world. While supporting innovation in the existing businesses, it is also creating its own niche in the industrial biotech sector.

In the engineering businesses - the focal point of Critical Process Equipment & Systems (CPES) Business is industrial equipment needing higher engineering input. The Company is leveraging its expertise to expand into modular skids and specialized projects. For Brewery segment, greater connect with domestic and global references is continuously ensured, thereby improving sustainable visibility.



As a project engineering and manufacturing organization, it is of utmost importance that manufacturing facilities meet all the safety norms and Your Company conducts itself in a manner that is consistent with the global sustainability standards. During the year, Kandla facility that caters to the international clients, underwent a rigorous audit conducted by Together for Sustainability (TfS). TfS is a joint initiative of prestigious global chemical companies to improve sustainability practices within the supply chains of chemical industry.

Also, Sanaswadi facility was bestowed with the prestigious National Safety Council Award, acknowledging efforts in the area of health, safety & environment. Additionally, Your Company was also bestowed with the best supply chain management practices award by the Indian Institute of Materials Management (IIMM) in the large manufacturing sector category.

Your Company always strives to give back to the community surrounding it. Praj Foundation came into being in 2004 with a clearly stated objective of bringing a social impact that would best reflect the Company's strengths, with environment, education and health as focus areas. Some of the projects undertaken by Praj Foundation include preventive healthcare for women of villages around our R&D Center, sessions on health and growing own vegetables through kitchen garden projects, innovative learning through Introduction to Basic technology program etc.

I would like to make a special mention of the award winning Sustainable Water Resources Development Project in drought hit areas of Maharashtra state. The project includes broadening, deepening and de-silting the streams to enhance storage capacity of reservoirs. The stored water is used for drinking and agriculture. I am very proud to share that Your Company recently won the prestigious BT-CSR Excellence Award, 2017 in the Water Saving Category for a project in Jalna district. In addition, Praj also encourages its employees to participate in various engagements, either through Praj Foundation's programs or in personal capacity.

A unique differentiator for Your Company is the quality of its strong leadership team, ably supported by competent engineers and research professionals. Each of our strategic business units is spearheaded by highly experienced and qualified executives to enable realization of business objectives. Center for leadership development at Praj continues to arm and enable them toward excellence.



As we look ahead, in the medium to long term, Praj will continue to implement the strategy of innovation and excellence across operational models to deliver superior technology solutions. It will also continue to enhance the relevance of offerings in the markets and thereby, create value for the customers.

I am glad to share that the Board of Directors has recommended dividend of Rs 1.62 per share (81%) on paid up capital of Rs 35.95 crore.

I would also like to share that tenure of Mr Prakash Kulkarni and Mr Kishor Chaukar, both independent directors, is coming to an end at the close of today's Annual General Meeting. I take this opportunity to thank both of them for their valuable contribution and guidance to the Company throughout their tenure. We would like to felicitate them with a token of appreciation.

Finally, on behalf of the Board of Directors and Team Praj, I thank you for your support.

Now we will continue with the proceedings of the Annual General Meeting.

**Pramod Chaudhari**

**Executive Chairman**