

Praj Industries Limited

Q2 & H1 FY20 Results

# Safe Harbor



*Certain statements in this communication concerning our future growth prospects are forward-looking statements, which involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, intense competition in our industry of operations including those factors which may affect our cost advantage, wage increases, our ability to attract and retain highly skilled professionals, cost overruns on contracts, client concentration, our ability to manage our international operations, our ability to successfully complete and integrate potential acquisitions, liability for damages on our contracts, the success of the companies in which Praj Industries Ltd. has made strategic investments, withdrawal of governmental fiscal incentives, political instability, legal restrictions on raising capital or acquiring companies outside India and unauthorized use of our intellectual property and general economic conditions affecting our industry. Praj Industries Ltd. may, from time to time, make additional written and oral forward-looking statements, including our reports to shareholders. The company does not undertake to update any forward-looking statement that may be made from time to time by or on behalf of the company.*

# Key Developments



- The sugar year ending October 31, 2019 is projected to record the highest ever levels of ethanol blending to the tune of 6.7%. This includes a meaningful maiden contribution of ethanol made from B-heavy molasses route.
- For the sugar year November 1, 2019 to October 31, 2020, the OMCs have floated a tender to procure 511 crore litres of ethanol. This is 55% higher than the requirement of 329 crore litres in the preceding year. This will elevate the ethanol blending levels closer to the 10% mark.
- In a significant boost to the Bioenergy sector, the Cabinet Committee on Economic Affairs (CCEA) approved higher price for the product derived from different raw materials under the Ethanol Blended Petrol (EBP) programme.
  - The price of ethanol derived from the C-heavy molasses route revised to INR43.75 a litre from INR43.46
  - Ethanol from the B-heavy molasses route revised to INR54.27 a litre from INR52.43
  - Ethanol from sugarcane juice/sugar/sugar syrup route fixed at INR59.48 a litre from INR59.19
  - The revised prices will be applicable from Dec 1, 2019 to Nov 30, 2020

# Key Developments



- Praj Industries entered into a Cooperation Agreement with Dedini S/A Indústrias de Base, Brazil to provide ethanol production technologies to the Brazilian market.
- 'Enfinity', Praj's proprietary and award-winning technology, will be deployed to produce ethanol and other co-products using sugarcane bagasse in USA's first bagasse-based bio-refinery.
- Praj has received the critical equipment supply contract from BPCL for Bargarh 2G refinery.
- Praj was awarded for 'Improved Technology development for Furfural' in the MNC/Large/Medium Companies category, at 6th Industrial Green Chemistry World Convention and Ecosystem held at IIT Bombay,

# At a glance

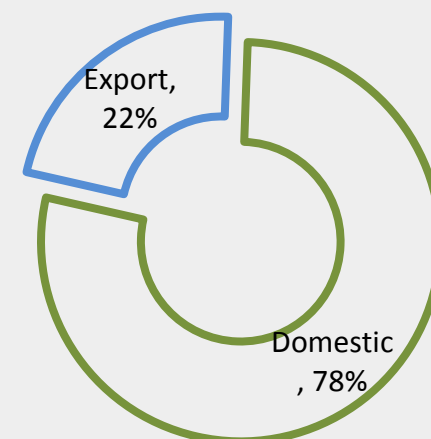
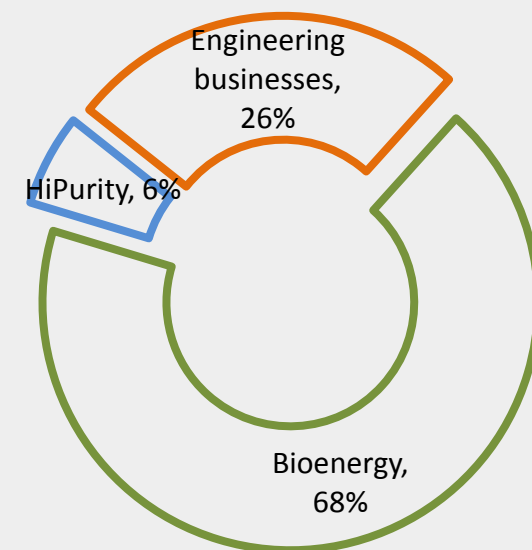
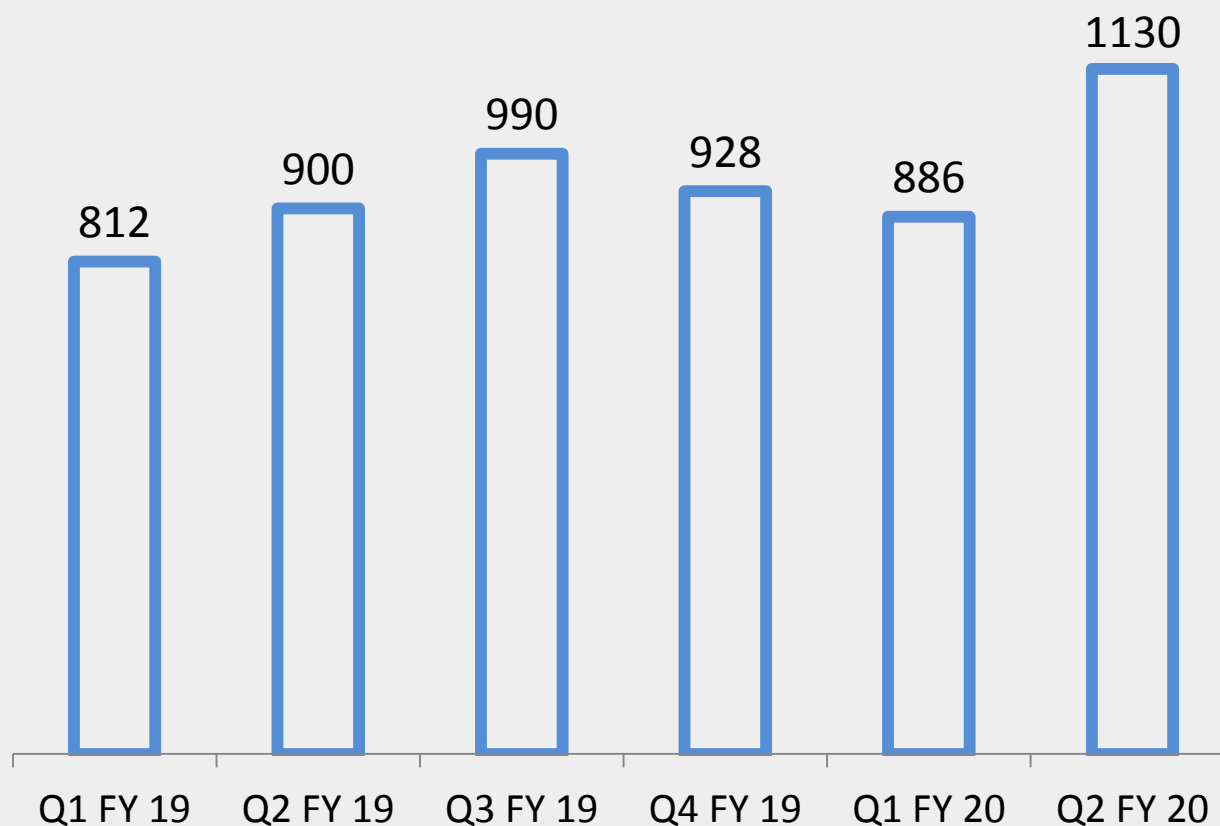


## Financials : Figures in Rs cr

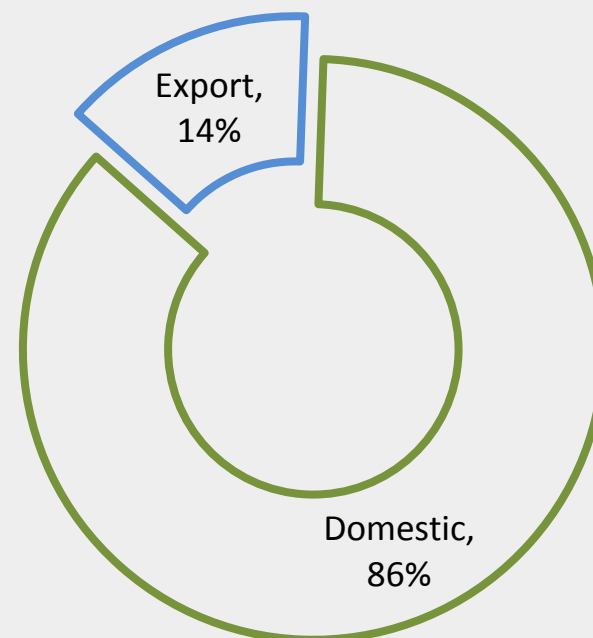
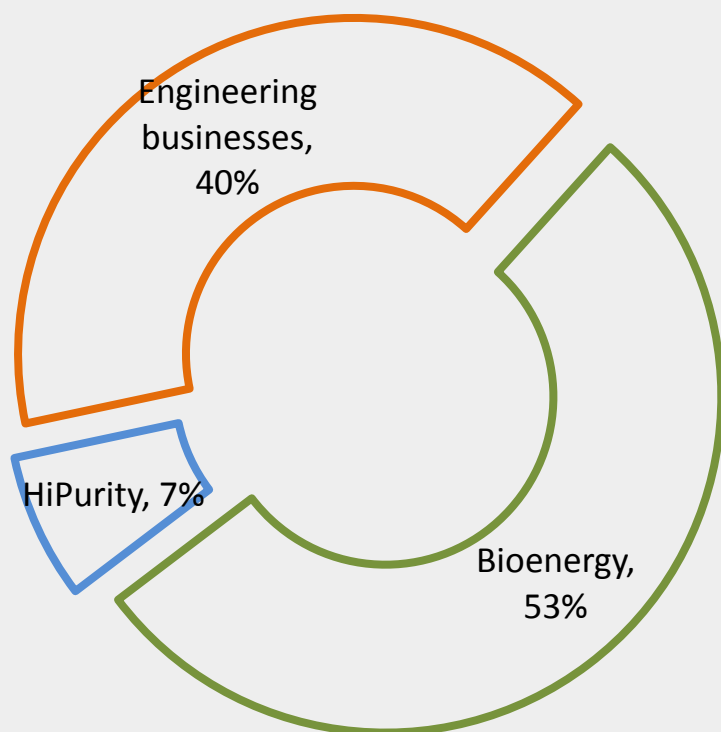
	Q2 FY 20	Q1 FY 20	Q2 FY 19	H1 FY 19	H1 FY 20
Operating income (net of excise duty)	294.14	211.60	251.03	442.63	505.74
EBITDA (excl other income)	16.68	8.11	13.83	21.06	24.78
PBT	17.19	9.94	12.86	17.34	27.13
PAT	16.13	8.77	8.94	12.43	24.90
Order Intake	539	168	338	403	707

Note - all figures on consolidated basis, i.e. Praj Industries India, its local execution companies and subsidiaries

## Order backlog (at the end of each quarter, values in Rs cr)



Q2 FY20 : Rs 539 cr

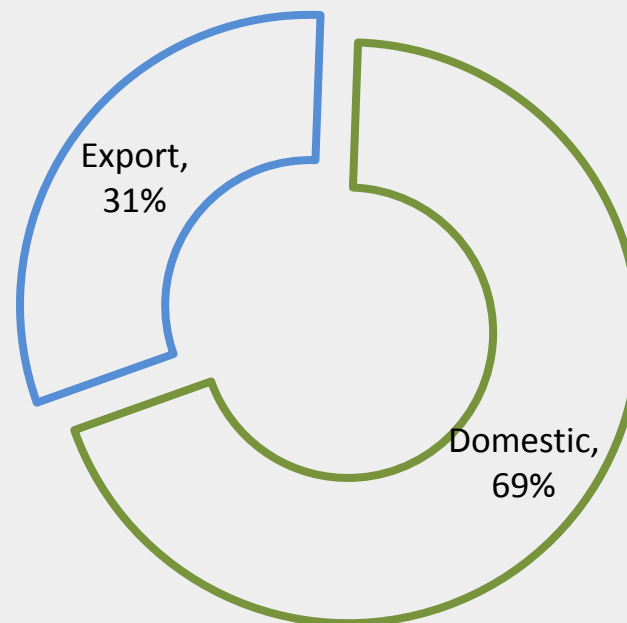
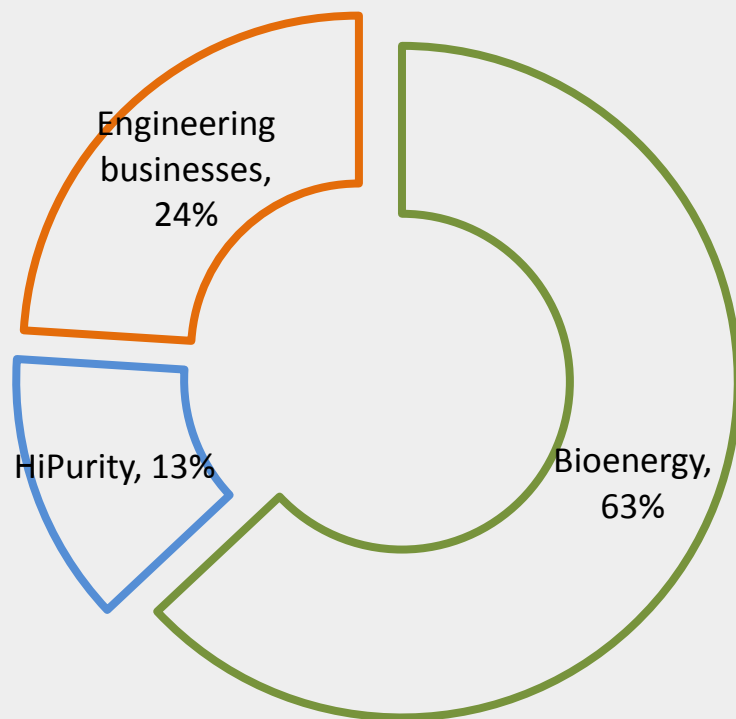


Note - Engineering businesses include critical process equipment & skids, brewery and water & wastewater treatment segments.

# Revenue Split



Q2 FY20 : Rs 294.14 cr



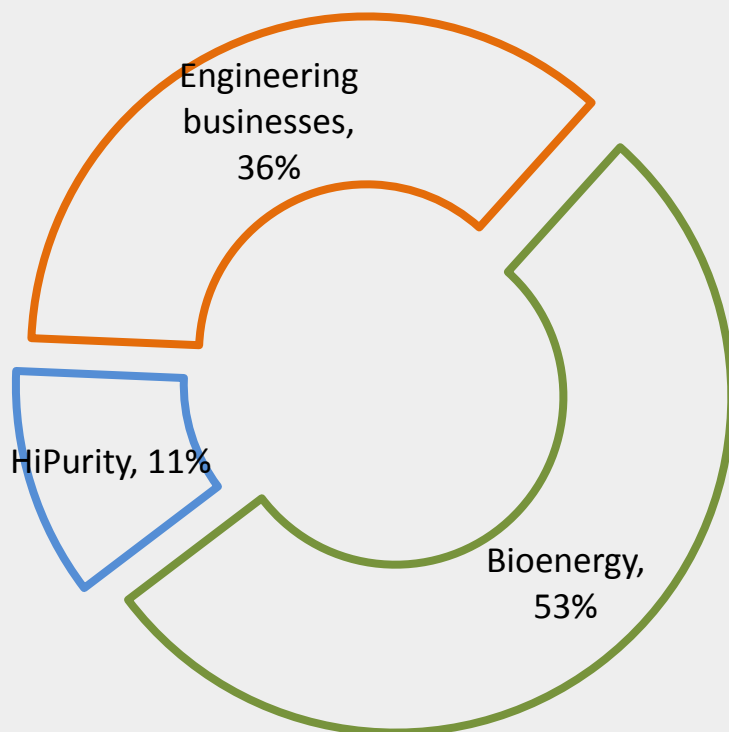
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# H1 Order Book



H1 FY20 : Rs 707 cr

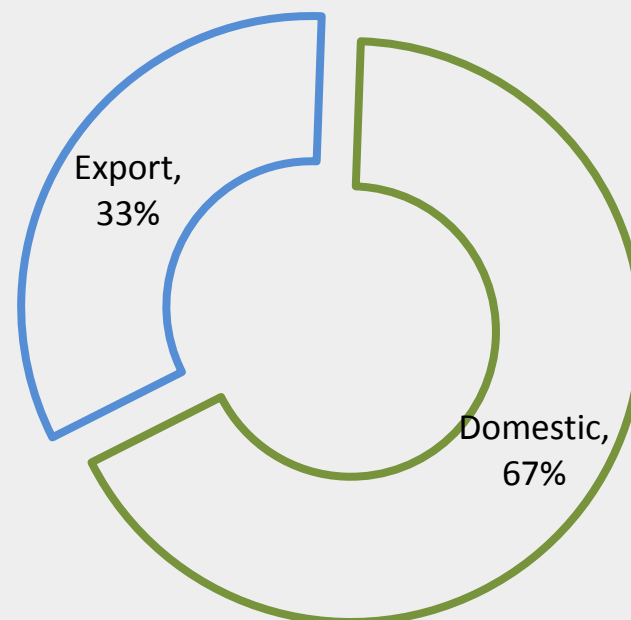
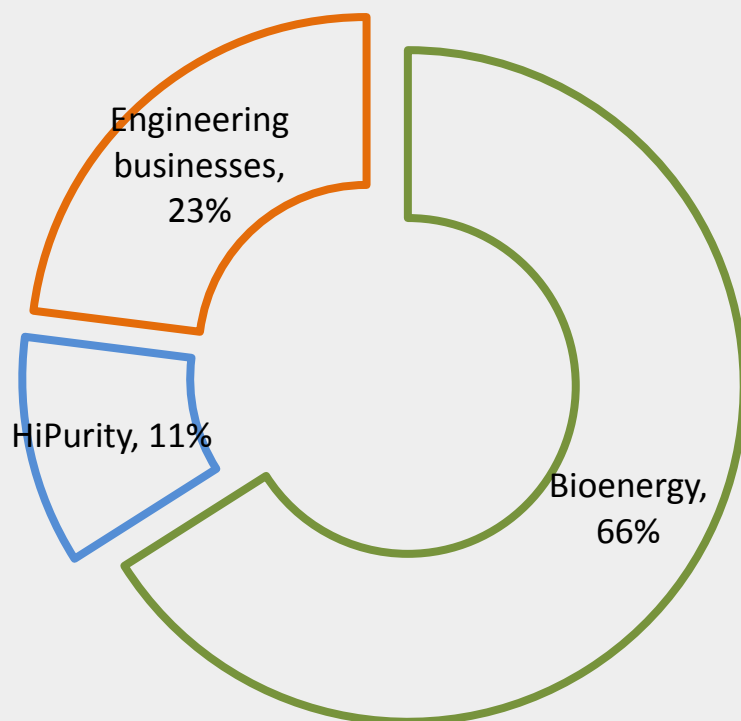


Note - Engineering businesses include critical process equipment & skids, brewery and water & wastewater treatment segments.

# H1 Revenue



H1 FY20 : Rs 505.73 cr

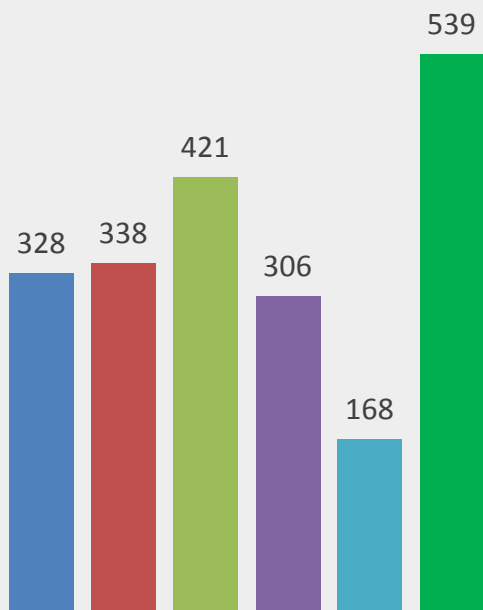


Note - Engineering businesses include critical process equipment & skids, brewery and water & wastewater treatment segments.

# Financial performance: Trends

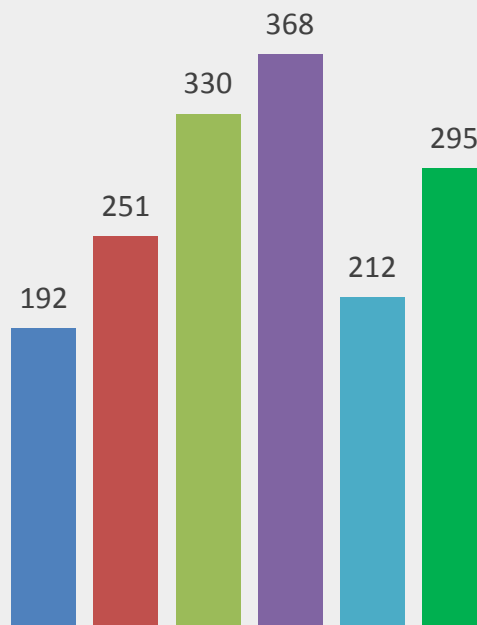


## OB



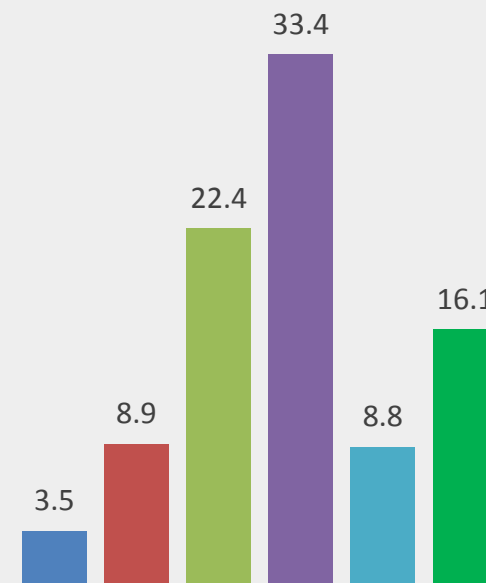
FY19 Q1 FY19 Q2 FY19 Q3  
FY19 Q4 FY20 Q1 FY20 Q2

## Sales



FY19 Q1 FY19 Q2 FY19 Q3  
FY19 Q4 FY20 Q1 FY20 Q2

## PAT



FY19 Q1 FY19 Q2 FY19 Q3  
FY19 Q4 FY20 Q1 FY20 Q2

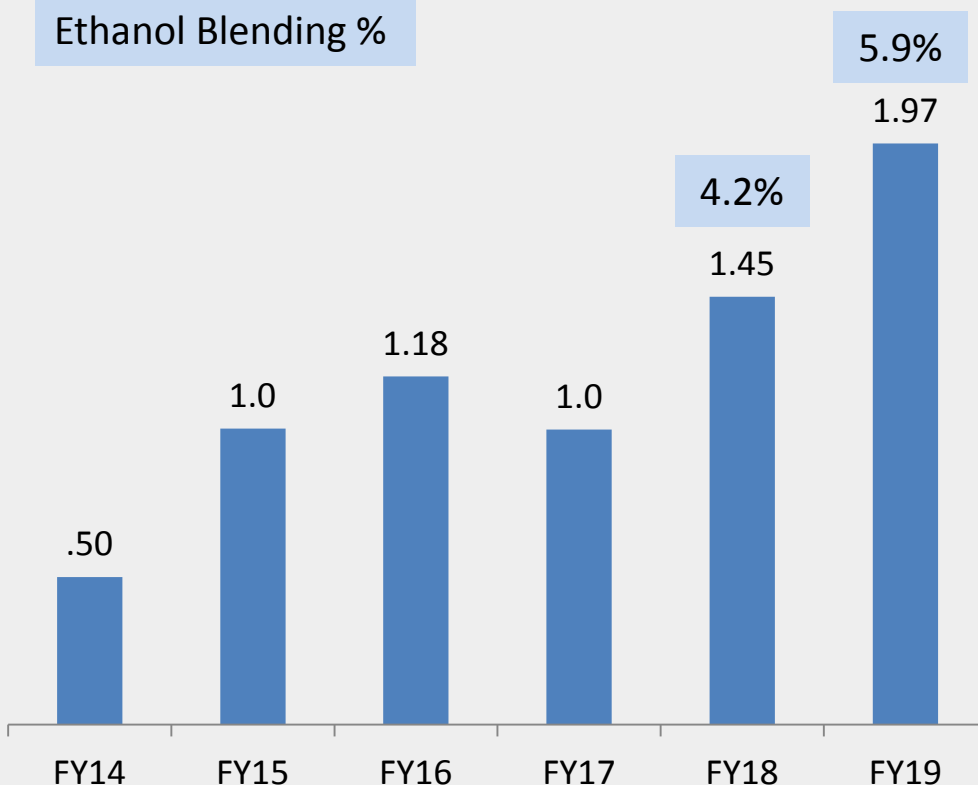
- 1. Bio Energy**
- 2. Engineering**
- 3. PHS**

# India Perspective: Fuel Ethanol Scenario



## Fuel Ethanol Supply (in billion liters)

Ethanol Blending %



## Key Highlights

- Blending rate improved from 4.2% to 5.9% in last year
- Out of 1.97 bln liters, 0.3 bln liters produced using B-heavy/ sugar cane juice partially
- Reducing surplus sugar by 3 lac tons

Source: NSI, ISMA

**Positive impact of National Biofuel policy**

# Indian Ethanol Requirement map till 2022



Source: PPAC

Particulars	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
<b>Petrol Sale Projection (in Bln. Ltr) (8.38 % CAGR)</b>	27.59	32.00	32.41	35.13	38.07	44.00
<b>Ethanol Requirement</b>						
<b>5% blending</b>	1.38	1.70	1.62	1.75	1.90	2.20
<b>10% blending</b>	2.76	3.20	3.24	3.51	3.80	4.40
<b>20% blending</b>	5.51	6.60	6.48	7.02	7.61	8.80

- Recently OMCs has floated tender for 5.11 Bln. Ltr of ethanol supply
- B-heavy & sugarcane juice ethanol can enable E10 blending & more
- In addition, beverage alcohol expected to growth at 7% CAGR over next five years

# Bio Energy related Policies (1/2)



## National Biofuels Policy

- Progressive National Biofuels Policy 2018 - objective of reaching **20% ethanol-blending by the year 2030**

## Additional Feedstock

- **Allowed** additional feed stock options like B Heavy, Sugarcane Juice, Spoiled Grains etc.

## Ethanol Pricing

- **Upward revision** of price derived from B heavy molasses + partial sugarcane juice + 100% sugarcane juice
- Reduction in GST on ethanol for blending in fuel. ( 18% to 5%)

## Financial & Other support

- Bailout package for sugar industry
- Interest subvention to Sugar Mills for Ethanol Expansion & effluent treatment
- Formation of State wise Bioenergy Boards

Source: GOI published PIB

## Bio Energy related Policies (2/2)



### "Pradhan Mantri JI-VAN (Jaiv Indhan-Vatavaran Anukool fasal awashesh Nivaran) Yojana"

- Providing financial support to Integrated Bioethanol Projects (2G) using lignocellulosic biomass and other renewable feedstock.
- The JI-VAN Yojana will be supported with total financial outlay of Rs.1969.50 crore for the period from 2018-19 to 2023-24.

### Sustainable Alternative Towards Affordable Transportation (SATAT)

- A developmental effort that would benefit both vehicle-users as well as farmers and entrepreneurs. It is planned to roll out 5,000 Compressed Bio-Gas plants across India in a phased manner, with 250 plants by the year 2020, 1,000 plants by 2022 and 5,000 plants by 2025.
- These plants are expected to produce 15 million tonnes of CBG per annum, which is about 40% of current CNG consumption of 44 million tonnes per annum in the country.

*Source: GOI published PIB*



# Engineering Business: H1 Highlights



❖ Brewery Market Share in Domestic >70%

❖ CPES business established Strong Business Connect with US Oil & Gas EPC Majors

❖ Pneumatic pressure test @40 Bar successfully completed for a syngas application

❖ Praj Waste Water (Environment) division's focus on ZLD solutions helps win critical business in Oil, Gas, Metals sectors



International Quality Brewery Plant



Pneumatic pressure test @40 Bar

# PHS: H1 Highlights



- ❖ Healthy Order Book of Rs. 79 Cr in H1 FY20 vs Rs. 54 Cr. in H1 FY19

- ❖ MPS: Bagged Order for First injectable facility for an US MNC for their Indian Operations

- ❖ Augmented Offerings by introducing new products (BioWiz, Crystalizer, Small Volume Parenteral, Microsphere)

Sample Installation



BioWiz



Crystalizer



Small  
Volume  
Parenteral

**MPS: Modular Process Systems**

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