



Chairman's Speech at 32nd Annual General Meeting held on 6th August, 2018

Good morning ladies and gentlemen. It gives me great pleasure in welcoming you all to the 32nd General Meeting of your Company.

The Annual Report for the year ended 31st March 2018 has been with you for some time now. With your permission, I shall take it as read.

At the outset, let me formally introduce Mr. Shishir Joshipura - the CEO and MD of Praj Industries Limited. He has assumed the position, with effect from 2nd April 2018. He brings with him over 35 years of proven track record at various Leadership levels in the engineering industry. The Board believes that his deep understanding of business and proven track record at various leadership positions will be value accretive to the Company.

FY 2017-18 was a reasonably positive year for Praj. In the backdrop of continued macro-economic volatility and a persistent slowdown in private capex and capacity creation across key markets, Praj performed well to deliver profitable results. The financials reflected a stable performance with net revenues at Rs. 916 crore, while Profit after tax stood at Rs. 40 crore.

On the macroeconomic developments, recovery in commodity, trade and investment trends translates to improved business sentiments. In India, the sentiment has been favorable with boost in consumption on the back of two good monsoons, stable inflation & interest rates and rebound in trade channels post implementation of GST. Stronger expectations of economic growth for FY 2018-19 have further built in optimism across sectors.

Indian government's relentless focus on widespread adoption of ethanol and other alternate fuels continues to bolster visibility of prospects for India in the global renewable energy market.

A welcome news comes with the Union Cabinet approving the much awaited National Policy on Biofuels 2018. This policy will provide impetus to the biofuel program in India, leading to additional ethanol production. Salient features of the policy include -

- Categorization of 1st and 2nd gen biofuels and Bio CNG into basic biofuels and appropriate fiscal incentives
- Inclusion of a wide array of additional feedstock for the production of 1st gen ethanol such as sugarcane juice, B heavy molasses and damaged grains
- Viability gap funding to the tune of Rs 5000 cr for the gen 2nd gen biorefinery projects over a period of 6 years and
- Differential price and tax incentives for 2nd gen ethanol

The government recognizes biofuels not just for the economic benefits, but also for contribution to improved air quality in high-density urban centers.



Further, the recently released sugar bailout package provides measures to help the liquidity of Indian sugar industry. These include interest subvention on soft loans sanctioned by banks to sugar mills for augmenting ethanol production capacity.

We believe, long-term levers are falling in place for biofuel landscape, addressing many flagship agendas such as rural employment creation, increasing farmer's income, import substitution for oil and reduction in the GHG Emission among others. A biofuel economy built on such a strong foundation is certain to prosper.

Against this backdrop, Praj continues to enjoy a pioneering position in this space in India. Apart from the increased traction in the 1st gen ethanol potential, we have commenced work on three 2nd gen biorefinery projects for Indian Oil Marketing Companies.

BioCNG is another category of renewable gaseous fuel that is finding acceptance as clean transport fuel. Your Company has commercialized this technology and is offering it to the prospective customers. The technology has been developed and also tested at the 2nd gen biorefinery demonstration plant.

Praj continues to drive a sustainable approach to creating greener, eco-friendly solutions. I am pleased to share that the US-based prestigious Biofuels Digest in the recently published list, captioned "50 hottest companies in the advanced bio economy 2018", listed Praj at the 34th spot. The list consists of companies from different parts of the world making noteworthy contribution to the global renewable energy space - a testimony to Praj's technological leadership in the industrial biotech space. All these happenings are encouraging and conducive towards our ensuing growth story.

The emerging space of bioeconomy is the future of the global energy sector. With a suite of renewable fuels and chemicals, Your Company continually brings new solutions to meet the sustainability goals of customers, resolving the global challenges pertaining to environment and energy security.

Praj HiPurity Systems is enhancing the scope of work. FY 2017-18 marked the highest ever sales for PHS business. While the market share in the segment of water systems was steady, it was a remarkable year for process systems marking a rise in recognition and market share, both.

The focal point of the Critical Process Equipment & Systems Business is process skids, wherein Your Company is leveraging its engineering expertise. Some complex jobs in the Chemical and Oil & Gas Sector have been delivered successfully in the year gone by.

Brewery business continues to contribute to the overall performance of the Company, with stable market share. Appropriate strategies to connect with new and established references are being marked, thereby improving long-term growth prospects in each of the businesses.



While the market share in the Water and wastewater business was maintained, higher focus is directed towards high complexity zero liquid discharge system for industrial effluents and expanding reach across sectors.

To strengthen presence in the evolving markets and geographies, Your Company has been investing and building R&D capabilities to develop an array of solutions. Praj Matrix continues to track the path of sustainability and innovation with the goal of providing eco-friendly solutions for a future-perfect world.

Whilst on the subject, I am pleased to announce that we are arranging visit of our Shareholders to R&D Centre, Praj Matrix, on Friday, the 17th Aug 2018. Our Company Secretary, Mr Dattatraya Nimbolkar will tell you more about this.

A unique blend of strong business model, disciplined value engineering, innovation and strong brand equity, we believe, will help catapult the Company to greater heights in the coming future. While we expect a challenging global environment to continue in the near-term, we remain confident that the business fundamentals and strong reference base will continue to drive future performance and growth across verticals.

Looking forward, Your Company will continue to enhance the relevance of its offerings in the market along with a solid brand reach. We believe there lays a massive opportunity across the domestic and global fronts and we are confident in the Company's ability to leverage on the upcoming trends, including mandate intensity. In the medium to longer term, building on strong foundations already laid down, Praj will continue to implement the strategy of innovation and excellence across its operational model, augmenting solid gains for the business and profitability.

FY 2018-19 and 2019-20 will be critical to place Your Company in the next league of corporate performers; all engines are on to achieve necessary acceleration.

We are happy to share that the Board of Directors has recommended a dividend of Rs. 1.62 per share, which is 81% on paid-up capital of Rs.36.30 crore.

Closing, I would like to express my appreciation to all the employees, for their contribution towards Praj's performance. I would also like to extend my gratitude towards customers and all other stakeholders for their loyalty and trust in the Company. And to all the shareholders, I would like to express my sincere appreciation for continued encouragement and support.

A BIG thank you !!

Pramod Chaudhari
Executive Chairman