

## Chairman's Speech at 34<sup>th</sup> Annual General Meeting held on 18<sup>th</sup> September 2020

Good morning ladies and gentlemen. I welcome you all to the 34th Annual General Meeting and the first virtual AGM of your Company. Thank you for joining us on this online platform and I trust all of you and your dear ones are keeping well.

Allow me to introduce my board members who are with me on this video conference....

The Annual Report for the year ending 31<sup>st</sup> March, 2020 has been with you for some time now. With your permission, I shall take it as read.

2019-20 has been an eventful year for all of us in many ways. We introduced several products, expanded new markets, honed our operational excellence, and harnessed advances in digital technologies. We have developed rewarding partnerships with industry, institutions and academia.

The one accomplishment I wish to highlight is Praj being **ranked No. 1** among the **Best Places to Work in the advanced bioeconomy 2020** by Biofuels Digest, USA, the world's most widely read daily in bioeconomy. Chosen from almost 300 other organizations, this is a befitting recognition of our people centric culture that fosters innovation and intrapreneurship. It also underlines your company's capability to attract, retain and grow talent towards our vision of making the world a better place.

Covid 19 has put public health and global economy at risk as never before. You will be reassured to note that your company is responding to the pandemic in an organized way by creating safe work-from-home environment for employees with required IT support. We are taking preventive actions and supporting our stakeholders, be it customers, shareholders, employees, suppliers or society.

Days into the lockdown, we implemented a **Business Continuity Plan** to protect business interests and support customers. Our employees stepped up, supporting customers in their production schedules even if it meant travelling across state lines to commission plants. We ensured their safety and adherence to all statutory travel regulations.

Your company responded to the shortage of essential **hand wash sanitizers (HWS)** by offering free and open access of its HWS manufacturing technology. We also provided remote commissioning assistance and offered to manufacture, and supply specialized reactors required for HWS on a fast-track basis.

The outbreak of pandemic has resulted in enhanced demand for **pharmaceutical grade alcohol** which has applications such as hand wash sanitizers, disinfectants, hygiene products

etc. Ethanol manufacturers around the world are therefore keen to produce pharma grade alcohol and are looking for efficient technology solutions. We are offering Ecosmart, Praj's patented technology for the high quality pharma grade alcohol to address this demand.

We were honoured to contribute Rs. 1.76 cr. to combat the pandemic; Rs. 1.01 cr. to the PM Cares Fund, Rs. 25 Lakhs to Pune Platform for Covid-19 Response assisted by MCCIA and Rs. 50 Lakhs to Maharashtra Chief Minister's Relief Fund.

Coming to our **financial performance**, I would like to acknowledge your continued patronage and encouragement throughout this exciting journey. On the financial front, we delivered a healthy performance in FY 19-20 with net revenues at Rs.1102.37 crore, while Profit after tax was Rs. 70.43 crore.

We are happy to share that the Board of Directors has recommended Rs.2.70 /-per share for FY20 as final dividend.

Amidst the challenges posed by the world economy and geopolitical environment, the government is making significant inroads into boosting self-reliance. **Aatmanirbhar Bharat** involves numerous decisions related to MSMEs, boosting scope for private participation in numerous sectors, increasing FDI in the defence sector, among others.

We support the PM's vision of आत्मनिर्भर भारत and enriching India's energy mix towards स्वदेशी ईंधन (fuel made in India) in the form of biofuels which is a captive source of renewable energy.

Department of Biotechnology, GOI, is working towards making India a \$100 billion Bioeconomy by 2025 of which Industrial biotechnology is expected to constitute almost to 20%. Praj is the pioneer in the area of biofuels that constitutes the major chunk of industrial biotechnology.

Your company has pioneered the '**Bio-mobility**' platform that redefines transportation fuel landscape. Bio-Mobility not only contributes to the circular bioeconomy but is also aligned with GoI's Atmanirbhar vision. Bio-mobility envisages use of renewable biological sources as feedstock to produce carbon neutral transportation fuel that can be used across all modes of mobility namely, surface, air and water.

As part of this platform, Praj offers technology solutions to produce 1st and 2nd-generation (infinity) bioethanol, bio-diesel, renewable natural gas and sustainable aviation fuel (SAF). Bio-mobility not only complements the existing value chain of automotive industry but also has all important farmer inclusion elements. It leverages the existing fuel dispensing infrastructure and at the same time, creates entrepreneurship and employment opportunities for the farming community.

On the back of a formidable track record of its Bio-Mobility™ platform, your company is now making inroads into the Renewable Chemical and Materials through its newly launched **Bio-**

**Prism™ portfolio.** Praj is developing technologies to produce bio-based RCM, which are sustainable alternatives to products made from fossil resources.

Praj has identified specific growth industries such as Bio-plastics, Cellulose –Lignin refinery products, Specialty chemicals, Agri-supplements and Bio-industrial products that likely to present promising opportunities over medium term. These products will find application in industry sectors such as paints and coatings, nutraceuticals, automotive, packaging, furnishing, construction, agriculture and food. With its strategic partners, Praj will formulate appropriate business models to commercialize these technologies.

We are confident that Bio-Mobility and Bio Prism, the mainstays of our business will offer differentiated value to stakeholders across the value chain.

Today, we are faced with the dual responsibility of preserving the environment while growing the economy. To achieve this, it therefore becomes necessary to forge alliances in what I like to call the **3A** mantra– **Appropriate, Affordable Answers**. 3A establishes win-win alliances across the board from research and development, to design and deployment.

Your company is actively pursuing many relationships. In India, we are collaborating with Automotive Research Association of India (**ARAI**), **India's** leading automotive R&D organization set up by the Automotive Industry with the Government of India. We are working together to design, develop and commercialize technologies that will boost the application of biofuels in the transportation and other industries. As a part of this MOU, Ethanol blending in diesel is identified as a priority program and project blueprint is being drawn up to develop technology solution. This breakthrough technology will have positive impact on environment, economy, energy and society.

Internationally, we have partnered with **Dedini of Brazil** to provide advanced technologies for ethanol production for the South American market.

We are also working with **Sekab E-Technology, Sweden** to commercialize technology to produce advanced biofuels and bio-chemicals from forest residue found in abundance in Nordic countries. Potential customers in the Nordic region have expressed interest and initiated discussions to set up advanced bioethanol facilities ranging from 50 to 75 KTA ethanol.

Your company is expanding the scope of its collaboration with **GEVO, USA** to produce sustainable aviation fuel by deploying an innovative business model which integrates India's farming sector.

Making headway in its Bio Prism portfolio, your company signed an MOU with **Lygos, USA** to co-develop Lygos's proprietary yeast for the production of PLA or lactic acid for various commercial applications. Bioplastics present the huge opportunity globally and this Innovative end to end PLA process development will help Praj & Lygos to secure pole-position.

Our MOU with **National Chemical Laboratory (NCL)** will help us work on various futuristic projects including the RCM segment.

What do these partnerships mean for your company? As a torch bearer for bioeconomy in India, the onus is on us to lead the way through innovative technology and breakthrough solutions in developing this fledgling industry. We are therefore nurturing an ecosystem across the value chain in the areas of biofuels and renewable chemicals and materials.

With respect to business performance, your company's flagship bioenergy business improved domestic market share even as overall volumes plateaued. Our innovative solutions have helped resolve problems our customers were experiencing in their plants. We commissioned distillery having lowest water footprint and are setting up India's first-of-its-kind integrated bio-energy complex. This facility will produce multi products such as ethanol, CBG and fertilizer from bio-based feedstock while maintaining lowest energy and water footprint.

**International market** witnessed subdued momentum in creating new capacity due to local political and economy challenges. In Europe, implementation of Renewable Energy Directive ('RED II') has progressed slower than planned. This has led to ethanol producers focussing more on increasing capacity and improving quality in existing 1G ethanol plants.

RenovaBio, Brazil's new ethanol policy has the potential to nearly double the Brazilian ethanol market. In January 2020, Indian and Brazilian governments signed an MOU to work together on research and development of renewable energy, as well as in the field of second-generation biofuels.

We are making healthy progress on first batch of **2G bio refinery projects** for Oil marketing companies in India. We expect to commission the first plant by end-2021.

Your Company is in final stages of commissioning India's first **demo plant to produce compressed biogas system** from multiple feedstocks. The automated facility is designed to annually produce up to 35000 m<sup>3</sup> of raw biogas by processing up to 70 MT of dry biomass and organic wastes like press mud, vinasse, food waste and MSW. Praj's CBG technology is experiencing market interest for both transportation sector and high energy consuming industrial applications.

**Critical Process Equipment and Skids** business has progressed on establishing strategic relationships with select Global Technology and EPC players. Due to our targeted customer centric efforts, we are successful in strongly positioning ourselves as a strategic supplier to our key customers. We are also going to be benefitted from the global shift from China to India as a sourcing destination. Different customers are now seeking to develop India as an alternative to China.

The **Brewery business** continued to strengthen its leadership position in the domestic market, developing solutions for improving energy footprint and co products for customers.

With water tables fast depleting and erratic monsoon patterns, there is increased awareness about water conservation. The stringent environmental norms and increasing sensitivity towards water usage has resulted in growing demand for water recovery, recycle and reuse systems. Our **waste water treatment business** has reported healthy flow of enquiries for ZLD systems from marquee customers across different sectors.

Our **Praj Hipurity business** is making strong inroads in vaccines and injectables segments of pharma industry through water and process solutions. To combat Covid-19, several projects are being setup for manufacturing COVID vaccines as well as disinfectant liquid, which will result in significant opportunities.

To utilize its expertise and knowhow in process industry, we have expanded our business offerings in the **Operations and Maintenance (O&M)** services. Harnessing advancement in **digital technologies**, we are creating value for customers by offering a higher degree of plant reliability, performance and OpEx benefits.

There are several prospects unfolding in both, domestic and international landscape, and your company is technologically well placed to capitalize on them.

Based on the government's recent announcement of expanding sugar streams and rage of feedstocks for production of ethanol, **Ethanol blending program** in India is poised to leap forward. Praj has proven expertise in processing various sugary and starchy feedstock and remains a preferred choice for customers.

The success of India's first batch of four **commercial 2G bio refineries** will instill customer confidence and open market opportunities especially in Europe.

Some of our prized innovative technology development projects such as **ethanol blending in diesel** will reach maturity levels and open market opportunities.

**Globally mandates** such as RED-II, LCFS and Renova Bio among others will continue to create market growth opportunities.

Leveraging our global partnerships on the technology and market side, Praj will be able to increase its global market footprint.

The dedicated efforts of the **Praj Foundation** towards water conservation, preventive healthcare for women and skilling initiatives for youth continue in rural areas as part of our responsibility towards a building a self-reliant India.

The **Sustainable Water Resources Development project** that began in 2013 in drought afflicted Marathwada now covers 37 villages in 4 districts. Repairing check dams, widening streams and desilting has led to year-round drinking water supply, enhanced productivity of crops, employment and livestock productivity.

The **Introduction to Basic Technology (IBT) Project** for rural schools of Western Maharashtra trains students from 8th, 9th and 10th grade in engineering, environment and energy, agriculture and animal husbandry, home and health subjects. The project has currently benefited more than 6500 students.

Praj Foundation believes that a healthy woman is the first step towards an empowered woman. The “**Food is Medicine**” approach has covered in 500 tribal beneficiaries in 11 villages in Wada Taluka of Palghar district. The programme focuses on eradicating anaemia and improving health of women by creating awareness through health sessions, promoting kitchen gardens for nutritional security, and improving lifestyle to boost immunity.

In conclusion, I would like to express my appreciation to all the employees for their contribution towards your company’s performance.

I would also like to extend my gratitude towards customers, governments, bankers and other stakeholders for their cooperation and for the trust in the Company.

And to all the shareholders, I would like to express my sincere appreciation for your continued encouragement and support.

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**Pune, September 18, 2020.**

**Note: This does not purport to be the proceedings of the 34<sup>th</sup> Annual General Meeting of Praj Industries Ltd held on Friday, the 18<sup>th</sup> September, 2020 at 10.00 am.**