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संपदा

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International Business



From Being a Contender to a Champion: Praj's Leadership in the Ethanol Industry in Southeast Asia

Yashodhan Mankame

Praj, India's most accomplished industrial biotechnology company was institutionalized in 1983 with the objective of providing technology-led-EPC solutions to the agro-processing industry. We have 1000++ references present across 5 continents in more than 100+ countries. Praj facilitates decarbonization and carbon recycling through circular bio-economy and has thus gained a reputation as India's premier sustainable climate action company.

With the help of sound process industry knowledge and a customer-centric approach, Praj quickly gained strong footholds in the domestic market in India. To fulfil the company's growth objective and also to de-risk the company's dependency on any single market, Praj was looking to grow beyond India.

The thought of expanding business in South-East Asia (SEA) came to our Founder Chairman, Dr. Pramod Chaudhari when he visited Thailand, Singapore, and Indonesia in 1992 with an Indian Business delegation. The economies in Southeast Asia (SEA) were

booming at this time. Praj's visionary leadership recognized this prospect and entered Southeast Asia. SEA has served as a growth frontier for Praj in the international market. The extended SEA & Pacific region consists of 18 countries.

Although several Indian companies were active in SEA, establishing a true-blue technology-led process was a challenge. At that time Indian companies did not carry a very good reputation for technology excellence or quality of equipment compared to dominating European and Japanese players. To start with, it meant developing a close-knit network within the industry ecosystem including potential customers. Further, it was critical to understand market needs, problem areas, and devise customized technical solutions to address their requirements. It was important to secure the first breakthrough to showcase locally the company's capabilities to inspire market confidence. The first ethanol plant of 1,20,000 litre per day was commissioned in 1994 at Lawang, Indonesia. Concerted efforts were put in to win over the trust of potential

customers through a series of deep engagement across the functions and hierarchies. Few important stakeholders in SEA were hosted in India to demonstrate on-ground capabilities and build confidence.

In SEA, majority of businesses are run and controlled by Chinese enterprises. Hence developing relations with Chinese customers senior management and developing their trust in Praj was a foregone imperative. Understanding the local culture, customs, language played a critical role. Appreciating and harnessing local culture made it possible to build personal relations. Setting up a local office in SEA for ongoing interactions with customers instead of remotely operating from India made a big difference. Praj built a very good network of associates to eliminate the language barrier as a top business priority. This helped deepen interactions with customers.

Our first big breakthrough order came in late 1996 from San Miguel Corporation, the biggest potable beverage company in the Philippines. We bagged three beverage-grade ethanol projects that transformed market perception about Praj as a serious and committed player. Ensuring timely delivery to complete satisfaction of customers helped the company's market positioning as a reliable supplier. Then there was no looking back as Praj established itself as a leader in the Philippines and eventually in Thailand and Vietnam.

A major setback came in the form of the Asian currency crisis in 1998, which brought the market to a standstill. For three years businesses in the region struggled as the demand cycle was subdued. We maintained close contact with customers by way of

providing them know-how and operations support throughout the crisis. The business momentum picked up once again in 2001, and we were able to secure one of the largest beverage grade distillation plant orders in Thailand.

In 2004 talks had started in the government sector in Thailand about launching an Ethanol blending program (EBP). The development of the Fuel EBP first in Thailand and next in the Philippines proved to be the next positive boost for us. This was to spur the farming sector and rural economy. Also, the oil barrel had crossed US\$ 70 and was only seeing an upward movement. We assisted the stakeholders in the industry mainly the sugar companies and starch companies in the advocacy effort at the government and petroleum company level.

Cassava is the starchy feedstock available in abundance locally. Our effort in fingerprinting the local feedstocks at Praj R&D Centre and developing and fine-tuning our technology to give better productivity on the local feedstocks was a crucial step. With the help of the expertise available at Praj Matrix R&D center we developed and fine-tuned technology to produce ethanol by processing cassava. Innovation and R&D expertise to develop technology solutions to process locally made feedstock for the production of ethanol provided Praj a competitive advantage over its counterparts from Europe, America, and Japan companies. These initiatives helped us grab and maintain leadership of the fuel ethanol market in Thailand.

The success of an EBP in Thailand inspired our advocacy effort for similar programs in the Philippines. From a concept level till the



announcement of the 10% ethanol blending mandate in the Philippines in 2009, we continued to rally around the industry stakeholders. EBPs in both countries gave us a good flow of business in other countries as well. To meet the market requirements, we upgraded our business model from being a technology, engineering, and key equipment supplier to providing EPC solutions for the process plant. This meant building up our backend capability in terms of understanding engineering standards, quality norms, and statutory requirements along with hiring local talent to strengthen on-ground expertise.

A major step for us was to get orders from high-end markets in the region i.e., Australia and Japan. We are one of the few Indian companies that have supplied projects to these countries. To negate high labour costs in these markets we configured an innovative skid-mounted solution. The challenge was complying with the stringent engineering, construction, and safety standards. This called for a thorough study and necessary modifications in the delivery value chain. The plant was built as per local standards in container size skids in the Praj factory in India and multiple skids were shipped to Australia.

The skids were bolted together at the site in 8 days to complete the plant. This was a unique experience of cost-effective and quick project execution for us and the customer. Because of this smooth implementation, the customer placed another order three years later for a similar plant double the capacity. Similar was our experience in Japan where we supplied plants that were partially prefabricated in India and then erected at the site in Japan. We are one of the few companies in India that have supplied complete process plants to Japan. The backend engineering projects implementation and manufacturing teams at Praj always took these new challenges with a customer-centric approach and implemented the projects to the customer's satisfaction.

Praj has successfully established itself as a reliable industrial biotechnology company in the Bio-energy sector in the SEA region. About 35% of the region's ethanol production comes from our plants and we hold close to 60% market share of the new capacity build. Our vision is to provide sustainable bioenergy solutions to achieve decarbonization through a circular bioeconomy. With our legacy of 25 years, Praj is synonymous with advanced technology, consistent quality, trusted performance, and customer-centricity. Today Praj is a proud market leader in the SEA region having supplied several ethanol plants in Thailand, Indonesia, Philippines, Australia, Cambodia, Vietnam, Japan, etc. and the journey continues.



Yashodhan Mankame

Executive Director

Praj Far East Co Ltd.

yashmankame@prajfareast.com