

## Chairman's speech at 35<sup>th</sup> AGM

I welcome all of you to this 35<sup>th</sup> Annual General Meeting (AGM) of Praj Industries Ltd. Thank you for joining us on this online platform and I trust all of you and your dear ones are keeping well.

I extend warm welcome to all the Directors of the Company and also Mr Sandeep Rao, Partner P G Bhagwat LLP., Statutory Auditors, Mr. Vikas Khare, Partner KANJ & Co LLP , our Secretarial Auditors and Scrutiniser for this AGM. They are present at this meeting.

The Annual Report for the year ending 31<sup>st</sup> March, 2021 has been with you for some time now. With your permission, I shall take it as read.

Let me begin with the latest development. Yesterday India celebrated World Biofuel Day 2021 that underlines importance of non-fossil fuels as an alternative to conventional fossil fuels. This in many ways comes as a defining moment for the biofuels industry. In the two decades of biofuels movement in India, today industry has been experiencing tailwinds like never in the past. This comes on the back of Prime Minister's participation in world environment day celebration of 5<sup>th</sup> June 2021. The program had a special theme of "Promotion of Biofuels for Better Environment" and honourable Prime Minister released the "Report on Road Map for Ethanol Blending in India 2020-2025". This underlines Importance of biofuels as Socio-Economic-Environmental growth enabler for the nation.

If we reflect on FY 2020-21, it presented unique challenge to humanity and Business with the onset of Pandemic. Unprecedented times called for unprecedented measures by way of collective response from people, governments, business and society at large. During these testing times, your company has demonstrated resilience by delivering strong performance.

Notwithstanding uncertainties in the economic environment, family of Praj shareholders continued to grow steadily. I am pleased to mention that shareholders' count has crossed 2 lac in number. I welcome new shareholders and remain grateful to you all for this demonstration of patronage and continued trust in our vision of making this world a better place.

One of the highpoints in Praj's journey this year is 2<sup>nd</sup> ranking in Low Carbon Fuels and Renewable Chemicals category and 3<sup>rd</sup> in Biodesign & Engineering category, in a list of world's 50 Hottest companies in Global Bioeconomy for 2021. This is befitting endorsement of Praj's technology prowess in the global landscape.

In yet another milestone development this year was George Washington Carver Award 2020, considered as top global honour in the Industrial Biotechnology. I had the privilege of accepting this



award as first ever Indian recipient and I dedicate to the team Praj for their unconditional partnership in this journey.

Coming to our financial results for FY 20-21, I would like to gratefully acknowledge cooperation of our customers, partners, employees and other stakeholders throughout this exciting journey. We delivered a healthy performance with net revenues at Rs. 1304.67 crore, while Profit after tax was Rs. 81.07 crore.

I am happy to restate that the Board of Directors has recommended dividend of Rs. 2.16/-per share for FY21.

Now coming to business landscape, this year, domestic Bio Energy sector witnessed significant changes in the Industry structure along with favourable developments in the overall eco system. This is also leading to innovative business models across the value chain. Considering social, environmental and economic benefits of ethanol blending program (EBP), the government of India has advanced 20% ethanol blending target by 5 years from 2030 to 2025. Expanded range of feedstock, especially starchy, is expected to make way for ethanol production across the country. This is creating visibility of growth in ethanol demand and is definitely a step towards **Aatmanirbhar Bharat** by way of energy self-reliance.

Your company's flagship bioenergy business continues to reinforce leadership in domestic market. Customers have bestowed their trust in Praj's pioneering process solutions for processing sugary as well as starchy feedstock for production of ethanol. This is attributable to innovative technology solutions that help customers maximize ethanol production while minimizing their carbon footprints at an optimal cost.

India's first of its kind demo plant for production of Compressed Bio gas using variety of agri-residues as feedstock was inaugurated last year by Honourable Union Minister of Environment and Climate change. This demo facility is being used to test, improve and optimize the technology further. This will also instil confidence in prospective developers, paving way for realization of CBG plants. In yet another first, Praj successfully commissioned nation's first integrated bioenergy complex in UP, that produces Bioethanol, CBG, Bio-fertilizers and other value added products.

Transportation, in all its forms that is surface, air, marine, is a high growth sector that provides vital connectivity between generation and consumption centres, playing important part in nation's GDP. However it is also identified as the 2<sup>nd</sup> largest emitters of GHG after industry and thus contributes to



climate change. Praj's pioneering Bio-Mobility™ platform of technology solutions utilizes biological resources to produce low carbon renewable transportation fuels in liquid as well as gaseous form.

Bio-Mobility™ platform is already helping reduce GHG emissions in surface transportation. With over 64 nations embracing blending mandates, there remains tremendous growth potential for deeper penetration.

Aviation sector is considered as significant contributor to carbon footprints and pressure for cleaner skies is building up. Sustainable Aviation Fuel, SAF, part of Praj's Bio-Mobility platform is under commercialization that provides solution to address this challenge. With stringent environmental norms being envisaged in aviation sector opportunities for SAF are very promising.

Government recently launched Deep Ocean Mission that focuses on innovative technology solutions for marine sector. Shipping industry is huge consumer of oil and emitter of GHG. Marine biofuels part of Praj's Bio-Mobility platform is being developed to address this area.

Mutually rewarding strong customer relationships is one of the hallmark Praj's success stories. This is helping our engineering businesses report robust performance in uncertain times.

On the back order wins from prestigious customer, Our Zero liquid discharge business is experiencing market traction across various industry segments for treating their effluent.

Praj HiPurity systems is playing a key role in fighting the pandemic by partnering with leading pharma companies to scale up vaccine manufacturing capacity to cope up with high demand.

Our Critical Process Equipment business is leveraging the expertise on building skid mounted modular process plants to help global customers optimize the installation and commissioning time.

Our state of the art R&D facility, Praj Matrix, remains the backbone for the company's endeavours towards a clean energy-based Bioeconomy. It is home to over 90 scientists and is custodian of over 300 patents in various technology areas. It supports Praj's existing business lines in improving process efficiency, throughput maximization and energy footprint optimization. Additionally it facilitates commercialization of innovative proprietary technologies by way of setting lab scale, pilot plants and demonstration projects to instill confidence among stakeholders.

Partnership across the value chain with renowned organizations around the world is one of the growth levers for Praj. Our collaborations with various partners around the world in diverse areas around such

as technology development, market expansion, project financing, strategic sourcing etc. is progressing as planned.

While signs of economic recovery are evident, business environment is still experiencing challenges owing to restrictions on mobility, high commodity prices, uncertainty over sustained availability of labor, under vaccinated population. These challenges have potential to impact financial performance of businesses. Your Company stays cautiously optimistic as we learn to effectively deal with these testing times

As a build-up to COP 26 Climate Change summit at Glasgow scheduled in November 2021, Praj looks forward to joining UNFCCC<sup>3</sup>'s **Race to Zero** global campaign aimed at zero carbon recovery to unlock inclusive and contributing to sustainable growth.

Propagating usage of low carbon Biofuels is envisaged as optimal solution to help India meet its nationally determined contribution as per Paris climate change summit. India's transportation fuel mix is being reconfigured to account for higher portion of biofuels. Automobile industry landscape is fast evolving to include electric vehicles, hybrid vehicles and of late flex fuel vehicles. Biofuels have potential to work in tandem with traditional IC engine based mobility and futuristic e-mobility. Inclusion of farming community and opportunities for social entrepreneurs are unique advantages Bio-Mobility offers, which are very important for agrarian economy like India.

Additional 12 billion liters per annum ethanol capacity is required to fulfil 20% ethanol blending. Additional ethanol blending opportunities are in store with the ushering of Flex fuels vehicles, 100% ethanol fuelled vehicles in the Indian automobile industry. Currently ethanol is blended in petrol; however ethanol blending in diesel program is in advance stage of development. Commercialization of ethanol blending in diesel in coming year will open up huge market for ethanol as diesel consumption is almost 3 times of petrol consumption. Ethanol production using agri residue as feedstock is expected to get big boost to cater to this demand with technology advancement driving financial feasibility.

There is a Special Interest Group within Praj that is looking at future fuels such as biohydrogen which promises to be yet another big opportunity given government's focus on National Hydrogen Mission. As call for curbing GHG emissions gains momentum in aviation as well as marine sector, biofuels are poised for scripting a very interesting future.



Your Company has also made inroads into new frontier of Bioeconomy namely, *Bio-Prism™* portfolio of technologies for production of renewable chemicals and materials (RCM). Made from renewable feedstock, RCMs are green & sustainable alternatives for commodity products made from hydrocarbon sources. They help reduce GHG emissions and conserve environment. We have identified specific growth industries such as Bio-plastics, Cellulose –Lignin refinery products, specialty chemicals, agri-supplements and bio-industrial products.

The future looks even more exciting with the ushering of new wave of industrial revolution of Industry 5.0 V2 that is mainstreaming Bioeconomy as its integral part on global canvas.

Praj has embarked on a journey to set benchmark for the ESG practices in the industrial biotechnology segment. 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.

Praj's flagship division contributes to decarbonizing transportation sector so as to curb GHG emissions that help conserve environment. Our ZLD solutions help customers recycle and reuse water in their process plants thus minimizing water footprint.

Praj foundation has been undertaking the 'Sustainable Water Resources Development' initiative in severely drought affected villages with focus on increasing availability of water for drinking as well as agriculture purposes.

Praj is always a strong proponent of furthering social causes and lending a helping hand to underprivileged section of the society. Praj has been playing its part by joining forces with reputed institution in fight against covid to help augment existing public health infrastructure and also create new facilities equipped with ventilators and oxygen supply.

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.