



## CHAIRMAN'S HALF YEARLY COMMUNICATION

21<sup>st</sup> Oct 2022

My dear Praj shareholders,



As we await Diwali, the festival of lights, I wish you, your friends and family every happiness, including good health and prosperity. I am pleased to apprise you, at this midyear juncture, of various highlights / developments at Praj.

We are witnessing climate adversities all around the world. Calls of immediate measures to fight climate change are getting louder from all quarters around the world. Race to Zero campaign towards carbon neutrality is gaining strong momentum with several nations and global conglomerates announcing the roadmap to achieve net zero target. World is currently passing through testing times triggered by geopolitical challenges.

Volatile oil prices and rise in inflation have engulfed global economy. This has brought to fore need for energy security by exploring alternative energy sources that are captive in nature.

With increasing need for sustainable development, mainstreaming Bioeconomy has emerged as a promising pathway. With its innovative technology solutions in Bioeconomy, your company is well positioned to contribute to energy transition. Biofuels as integral part of bioeconomy are poised to play bigger part in this.

India's biofuels movement has picked up great momentum. With favourable policy environment, India's EBP20 program is marching as per plans. India has crossed the mark of 10% ethanol blending in petrol five months ahead of the plan. Earlier this month, team of Union Cabinet Ministers launched pilot project on Flexi-Fuel Strong Hybrid Electric Vehicle, that can run on a blend of petrol and ethanol up to 83%. It is another encouraging development that will further drive the demand for ethanol.

With calls for cleaner skies are getting louder, Sustainable Aviation Fuel (SAF) has emerged as a next big opportunity in the biofuels space. These significant developments as part of "AtmaNirbhar Bharat", will facilitate India's pursuit for energy independence by 2047.

As another major milestone in Praj's journey, Asia's First 2G Ethanol Bio-Refinery that is built on Praj's enfinity technology at IOCL's, Panipat complex was unveiled by Hon. Prime Minister. While benefiting more than 1 lac farmers, this Bio-Refinery is expected to create around 1500 jobs for rural youth. 2G ethanol has



higher potential to displace GHG emissions. This plant alone will help eliminate around 320,000 MT of CO<sub>2</sub> every year which is equivalent to replacing nearly 63,000 cars on road annually. The success of this project will pave way for many projects in domestic as well as international markets.

The financial year began with challenges around volatile commodity prices, energy shock in Europe and rising global inflation. However, your company delivered a strong performance with a healthy growth in order book and delivery volumes.

Your company's strong performance in first half of FY 23 which can be seen in the table below:

*(Figures in INR crore)*

*(consolidated)*

	OB	Sales	PBT
H1 FY23	2075	1606.45	120.1
H1 FY22	1406	918.67	76.57

Let me give you an overview of the business landscape and important developments.

Our bioenergy business continued its strong performance with a healthy order book with majority of order for starchy feedstock. On International front, our efforts in providing solutions for low carbon and low energy intensity ethanol are opening newer options and enquiries have started to build up. We have enhanced our reach in Europe, South & North American markets to address this emerging need. Our Engineering and PHS businesses continue to see momentum by way of healthy order book and improving enquiry basket. Energy Transition needs of global customers are creating significant opportunity for our CPES business. Energy giants are investing heavily in blue & green hydrogen projects to address the growing demand of this zero-carbon fuel. Our capabilities to conceptualize, design and manufacture complex modules is finding increasing acceptance from leading customers across the globe.

As Indian pharma industry transits to global size capacity build in biopharma space, fermentation technologies are set to acquire center stage. Leveraging our capabilities in fermentation space our PHS business has made a few initial breakthroughs in this application space for high-capacity fermenters.

Recently we have entered into an MoU with ICT to establish Center Of Excellence & Innovation (COEI) for Biopolymers. CoEI will undertake research, promote academic pursuit and explore newer applications including developing biodegradable plastic as a solution curb plastic menace.



I am pleased to share that we received prestigious Golden Peacock Award in the Innovative Product and Service category for our ground-breaking product BIOSYRUP®. Additionally, Confederation of Indian Industry conferred Praj with CAP 2.0 award for commitment towards climate actions.

COP 27 Climate Change summit being held in Egypt in November 2022, has redrawn focus on strategies and action plans towards transition to Net Zero. This will give further momentum to climate actions. With basket of innovative technology solutions in sustainable decarbonisation and carbon recycling your Company is poised to capitalize on opportunities emerging in near future.

Thank you for your patience, your confidence and trust in Praj, our teams and in me.

Our best wishes to you and your dear ones during this happy festive season.

**शुभ दीपावली.**

Sincerely,