



We Create, We Contribute.



Skid mounted pharma system engineered and manufactured by Praj HiPurity Systems

## We Create, We Contribute.

Praj is a provider of sustainable solutions to the process and project engineering industry, worldwide. With the vision of making the world a better place, Praj is in constant pursuit of cleaner, greener and eco-friendly solutions. Sustainability is an integral element in Praj's offerings to the end user industries that it serves viz. Bioenergy, Pharmaceuticals, Food & Beverage, Oil & Gas and Chemicals. The Company's vision is ably supported by the world-class R&D Center Matrix, manufacturing facilities and its talent pool.



## Board of Directors

Names from L to R : Rajiv Maliwal, Shishir Joshipura, Berjis Desai, Mrunalini Joshi, Pramod Chaudhari, Parimal Chaudhari, Sivaramakrishnan Iyer, Daljit Mirchandani, Dr. Shridhar Shukla and Sachin Raole

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# Company Profile



## Board of Directors

## Executive Directors

Pramod Chaudhari, Executive Chairman  
Shishir Joshipura, CEO and Managing Director  
Sachin Raole, CFO and Director - Finance & Commercial

## Non - Executive Directors

Berjis Desai  
Daljit Mirchandani  
Rajiv Maliwal  
Sivaramakrishnan Iyer  
Parimal Chaudhari  
Mrunalini Joshi  
Dr. Shridhar Shukla

<b>Chief Internal Auditor &amp; Company Secretary</b>	Dattatraya Nimbolkar
<b>Statutory Auditors</b>	M/s P.G. Bhagwat
<b>Cost Auditors</b>	Dhananjay V. Joshi & Associates
<b>Internal Auditors</b>	Khare Deshmukh & Co.
<b>Secretarial Auditors</b>	KANJ & Co., LLP
<b>Bankers</b>	Bank of Maharashtra The Hong Kong and Shanghai Banking Corporation Limited ICICI Bank Limited Citibank N.A. Standard Chartered Bank
<b>Registered Office</b>	"Praj Tower", S.No. 274 & 275/2, Bhumkar Chowk - Hinjewadi Road, Hinjewadi, Pune 411 057, Maharashtra, India
<b>R &amp; D Unit - I</b>	Praj Matrix - The Innovation Center, Gat No. 402, 403, 1098, Village Urwade, Tal. Mulshi, Pune 412 108, Maharashtra, India
<b>R &amp; D Unit - II</b>	Shreenathnagar, Patethan, P.O. Rahu, Tal. Daund, Dist. Pune 412 207, Maharashtra, India
<b>Manufacturing Facilities</b>	S.No.748, Sanaswadi, Gat No. 745, Sanaswadi, Pune 412 208 Maharashtra, India Plot No. E-20 & E-21 additional MIDC Area, Jejuri Tal. Purandar, Pune 412 303, Maharashtra, India
<b>Export Oriented Unit</b>	Kandla SEZ Unit I, Plot No 307 to 314, Sector IV, Gandhidham, Kutch 370 230, Gujarat, India Kandla SEZ Unit II, Plot No 282 to 286 and 294 to 298, Sector IV, Gandhidham, Kutch 370 230, Gujarat, India
<b>Presence in</b>	India, Thailand and USA



# Chairman's Message

## Dear Shareholders,

It is my privilege to present to you the Annual Report for FY 2017-18. Picking the thread from last year, energy revolution in India has taken a leap. Your Company is spearheading this movement and has received consent to proceed from eminent Oil Marketing Companies of India for their 2<sup>nd</sup> generation biorefinery projects.

A welcome news comes with the Union Cabinet approving the much awaited National Policy on Biofuels for 2018. Ecosystem of the 2<sup>nd</sup> gen ethanol addresses many flagship agendas viz. rural employment creation, increasing farmer income, import substitution of oil and reduction in the GHG emissions. Indian Government's relentless focus on widespread adoption of ethanol and other alternate fuels across the nation continues to bolster visibility prospects for India in the global ethanol market.

A vibrant dialogue continues on the bio-based economy with 2<sup>nd</sup> gen biorefinery forming a major constituent of energy policies of various countries. Your Company's integrated biorefinery demonstration plant has attracted attention from stakeholders around the world. This is in addition to the 34<sup>th</sup> rank in the list of *50 Hottest Companies in the Advanced Bioeconomy 2018*, published by the US based prestigious Biofuels Digest. These developments corroborate the confidence in the Company's ability to significantly contribute to the global renewable energy market.



Growth prospects in the High Purity and Engineering business segments are also equally exciting. These businesses have made headways in the global markets. Your Company has successfully delivered some complex jobs in the chemical and oil & gas sector. Focus remains on maintaining high quality and leveraging the domain knowledge of the industries that the Company serves.

I am personally confident that having weathered the slowdown on various counts, Your Company is now fully geared up to leverage its core competencies supported by business strategy, global brand and prudent practices.

I take this opportunity to welcome Mr. Shishir Joshipura as the CEO and Managing Director. He has assumed the position with effect from 2<sup>nd</sup> April, 2018. He brings with him over 35 years of experience with proven track record at various leadership levels. I believe his deep understanding of business, both local and global and a sound industry background will be value accretive to the Company.

Closing, I thank you for your continued support.

**Pramod Chaudhari**

June 2018  
Executive Chairman  
Pune

# CEO & MD's Message

## Dear Shareholders,

I am pleased to write to you for the first time as the CEO & MD of Praj Industries. I had the opportunity to get to know my colleagues better and also meet some of the key customers. This has reinforced my belief in the strong institution that Your Company is and the potential it holds.

During FY 2017-18, Your Company delivered a stable performance despite an uncertain business environment and continued to build on its position as a global process solutions provider. On consolidated basis, revenues stood at ₹ 916.6 Cr., with PBT and PAT at ₹ 53 Cr. and ₹ 39.5 Cr., respectively.

With the renewable energy industry gaining momentum the world over, Bioenergy space presents an unprecedented opportunity. Your Company is right at the forefront to capitalize on them as one of the globally leading solutions provider.

In addition to the exciting developments related to Bioenergy and 2<sup>nd</sup> generation ethanol, growth levers are in place for other business verticals viz. High Purity Solutions for the pharmaceuticals industry, Critical Process Equipment & Skids for the oil & gas and related sectors, Brewery and Zero Liquid Discharge Solutions for the Industrial Wastewater Treatment. Your Company is also putting in efforts towards R&D, ramping up the design driven thinking and focusing on modernization.



The endeavor to bring in additional offerings to drive growth in established markets, while also improving the footprint in under-penetrated geographies remains the mainstay. Through various strategic initiatives, Your Company remains focused on deepening the relevance of its offerings to the customers. Solid global reference base and constant focus on innovation combined with sustainability enables Your Company to improve customer centricity.

It is my priority to collaborate with all stakeholders and to lead Praj to its next phase of growth. I look forward to your continued support in this journey.

## Shishir Joshipura

June 2018  
CEO & MD  
Pune



Praj's 2<sup>nd</sup> Generation Biorefinery Demo Plant

## Praj's integrated biorefinery demonstration plant

India's first and Praj's own integrated biorefinery demonstration plant deploys Praj's homegrown technology for manufacturing ethanol from variety of agri residue. With ethanol production capacity of 1 million liter per annum and capability to process a range of 2<sup>nd</sup> gen feedstock like rice and wheat straw,

bagasse, corn cobs and corn stover, the biorefinery is also a technology platform for the research and development of a horde of renewable fuels and chemicals. India has taken a major step towards enhanced energy security with the ethanol blending program.

## Praj at a Glance (Consolidated)

	UOM	2017-18	2016-17	2015-16	2014-15	2013-14
Sales (Gross)	₹ Mn	9234.568	9551.624	10638.168	10122.032	9858.371
Sales (Net of Excise)	₹ Mn	9165.864	9149.912	10236.038	10122.032	9858.371
Other Income	₹ Mn	267.249	222.781	183.562	336.588	230.092
Total Income	₹ Mn	9501.817	9774.405	10821.730	10458.620	10088.463
Total Expenditure Excluding Depreciation	₹ Mn	8730.767	8877.909	9517.385	9216.541	9081.384
EBIDTA (Excluding other Income)	₹ Mn	610.296	732.168	1154.199	930.163	791.382
Depreciation	₹ Mn	240.925	221.243	250.249	378.260	237.631
Profit Before TAX	₹ Mn	530.125	675.253	1054.096	863.819	769.448
PAT Before Minority Interest	₹ Mn	394.877	445.999	824.722	782.289	565.026
PAT After Minority Interest	₹ Mn	394.909	446.028	824.623	762.662	546.257
Other Comprehensive Income	₹ Mn	8.017	(6.384)	6.843	-	-
Total Comprehensive Income	₹ Mn	402.894	439.615	831.565	-	-
Net Block Of Fixed Assets + CWIP	₹ Mn	3020.738	3102.045	2957.310	3071.989	3280.278
Share Capital	₹ Mn	361.865	358.888	355.945	354.930	354.930
Reserves And Surplus	₹ Mn	6899.492	6737.453	6196.902	5866.654	5470.277
Net Worth	₹ Mn	7261.357	7096.341	6552.847	6221.584	5825.207
EPS Basic	₹	2.19	2.50	4.64	4.30	3.08
Cash EPS	₹	3.53	3.74	6.05	6.43	4.42
No. of Shares	Nos.	180,932,415	179,444,188	177,972,409	177,465,079	177,465,079
Dividend	%	81%	81%	81%	81%	111%
Book Value Per Share	₹	40.13	39.55	36.82	35.06	32.82
<b>RATIOS</b>						
EBIDTA (Excluding other Income) to Sales	%	7%	8%	11%	9%	8%
PBT to Sales	%	6%	7%	10%	9%	8%
PAT to Sales	%	4%	5%	8%	8%	6%
RONW	%	6%	7%	13%	13%	9%
ROCE	%	7%	10%	16%	14%	13%

The financial results summary for financial years 2015-16 and onwards are prepared in accordance with Ind-AS and financial results for other financial years are prepared as per the prevailing GAAP.



## Directors' Report

**To The Members of Praj Industries Limited,**

Your Directors are pleased to present the 32<sup>nd</sup> Annual Report and the Audited Financial Statements for the year ended 31<sup>st</sup> March, 2018.

### Financial Results

During the year under review, your Company has recorded total income of ₹ 7283 Mn (previous year ₹ 7787 Mn), 7% reduction in total income. Profit before Tax declined by 41% to ₹ 399Mn (previous year ₹ 674Mn). The performance summary is presented herewith:

	(₹ Mn.)	
Particulars	2017-18	2016-17
Turnover	7020	7592
Other Income	263	195
Total Income	7283	7787
Total Expenses	6884	7113
PBT	399	674
PAT	315	469
Other Comprehensive Income	7	1
Total Comprehensive Income	322	470
(+) Balance in Profit & Loss account	5067	4580
(+) INDAS Adjustments (ESOPs)	2	17
Profit Available for Appropriations	5391	5067
Appropriations		
Dividend		
- Final	291	-
- Dividend Tax (final Dividend)	59	-
Transfer to Special Economic zone Re-investment Reserve	72	-
Balance in Statement of Profit & Loss	4969	5067

### State of Company's Affairs

Please refer Management Discussion & Analysis report annexed to this report dealing with the state of Company's affairs at length. (Refer Annexure 1).

### Summary of Consolidated Results

During the year, the Total Income stood at ₹ 9502 Mn which is lower by 3% over last year (₹9774Mn). Profit before tax at ₹ 530 Mn is lower by 21% over last year (₹ 675 Mn). The performance summary is presented herewith:

	(₹ in Mn)	
Particulars	2017-18	2016-17
Turnover	9235	9552
Other income	267	222
Total income	9502	9774
Total expenses	8972	9099
PBT	530	675
PAT (after Minority Interest)	395	446
(+) Other Comprehensive Income	8	(6)
Total Comprehensive Income	403	440

### Dividend

The Board of Directors of your Company has recommended a final dividend of ₹ 1.62/- (81%) per equity share of Face Value of ₹ 2/- for the Financial Year ended 31<sup>st</sup> March, 2018. The dividend is payable subject to shareholders' approval at the ensuing Annual General meeting (AGM). The final dividend pay-out, if approved by the shareholders in the ensuing AGM, will be around ₹ 353Mn (Dividend: ₹ 293 million and Dividend Distribution Tax ₹ 60 Mn).

## Dividend Distribution Policy

In accordance with the Regulation 43A of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Company has formulated a Dividend Distribution Policy and the same is annexed herewith as **Annexure 11**. The Policy is also hosted on the website of the Company and can be viewed at [www.praj.net](http://www.praj.net)

## Reserves

The Company is not proposing any transfer to the General Reserve for the year 2017-18.

## Credit Rating

- a) CRISIL has re-affirmed "**A1+**" rating to the Company's short-term banking facilities which signifies that the degree of safety regarding timely payment of instruments is **very strong**.
- b) CRISIL has also re-affirmed its rating of the Company's long-term bank facilities to "**AA/stable**".

The "**AA**" rating signifies **high safety** with regard to timely payment of long-term financial obligations.

## Subsidiaries

During the fiscal, in view of project completion, your Company has closed down its project specific step down subsidiary by name Praj Industries (Tanzania) Limited with effect from 23<sup>rd</sup> October, 2017. In view of this, it ceased to be the step down subsidiary of the Company.

Praj Engineering & Infra Ltd. (Formerly, Pacecon Engineering Projects Ltd.), India, Praj HiPurity Systems Ltd., India, Praj Americas Inc., U.S.A., Praj Far East Co. Ltd., Thailand, Praj Industries (Africa) (Pty.) Ltd, South Africa, Praj Far East Philippines Ltd. Inc., The Philippines, and Praj Industries (Namibia) Pty. Ltd., Namibia continue to be subsidiaries of your Company.

Consolidated Financial Statements of the Company, which include the results of the said Subsidiary Companies, are included in this Annual Report. Further, a statement containing the particulars for each of the Company's subsidiaries is also enclosed. Copies of Annual Accounts and related detailed information of all the subsidiaries can also be sought by any member of the Company or its Subsidiaries by making a written request to the Company Secretary at the Registered Office of the Company in this regard. The Annual Accounts of the Subsidiary Companies are also available for inspection at the Company's and/or the concerned Subsidiary's Registered Office.

The Company has formulated a policy for determining 'material' subsidiaries and such policy is hosted on the Company's website i.e. [www.praj.net](http://www.praj.net)

Further, a statement containing salient features of the financial statements of subsidiaries in the prescribed format AOC-1 is appended as **Annexure 7** to this Report. The statement also provides the details of performance, financial position of each of the subsidiaries.

## Corporate Governance

Pursuant to the provisions of Regulation 34 (2) & (3) and 53(f), read with Schedule V of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, Management Discussion and Analysis Report (**Annexure 1**), Report on Corporate Governance and Compliance Certificate on Corporate Governance (**Annexure 3**), Business Responsibility Report (**Annexure 10**), Dividend Distribution Policy (**Annexure 11**) are annexed to this report.

## Directors

Ms. Parimal Chaudhari, Director (DIN: 00724911) will retire by rotation at the ensuing Annual General Meeting and being eligible offers herself for re-appointment.

During the year, Mr. Prakash Kulkarni (DIN : 00019652) and Mr. Kishor Chaukar (DIN : 00033830) Independent Directors of the Company retired with effect from 11<sup>th</sup> August, 2017.

Mr. Daljit Mirchandani (DIN : 00022951) retired by rotation as Director of the Company on 11<sup>th</sup> August, 2017 and being willing and eligible, was re-appointed as Director of the Company.

Ms. Mrunalini Joshi (DIN 00957617) was appointed as Additional Director of the Company under Section 160 of the Companies Act, 2013 and also as Independent Director under Sections 149 and 152 of the Companies Act, 2013 with effect from 11<sup>th</sup> August, 2017 till the conclusion of Annual General Meeting to be held for adoption of accounts for the financial year 2019-20 or 10<sup>th</sup> August, 2020 whichever occurs earlier, subject to the approval of shareholders at ensuing Annual General Meeting of the Company.

Mr. Shishir Joshipura (DIN: 00574970) was appointed as Additional Director under Section 160 of the Companies Act, 2013 with effect from 2<sup>nd</sup> April, 2018. Further, Mr. Shishir Joshipura was appointed as Chief Executive Officer and Managing Director of the Company for a period of Five (5) years with effect from 2<sup>nd</sup> April, 2018, subject to the approval of shareholders at ensuing Annual General Meeting of the Company.