

Hay,
you are real gold!



Achievements



Pramod Chaudhari with Mr. Patrick Tay Teck Guan, Member of Parliament, West Coast GRC (Boon Lay), Singapore at the Award Ceremony held on 21st January 2019 at Singapore.

Praj Industries Limited is recognized as "Asia's Greatest Brand of 2018" and Pramod Chaudhari, Executive Chairman, Praj Industries as "Asia's Greatest Leader of 2018" by URS media in collaboration with PricewaterhouseCoopers (pwc) who reviewed and validated the award process.



US Based Biofuels Digest, a leading industry publication, announced Praj Industries as 8th in the list of Top 50 Hottest Companies in the Advanced Bioeconomy 2019 at a gala event on 4th April 2019 at Washington DC, USA.



Hay, you are real gold !



Praj's process-technology solutions bring infinite possibilities to conserve the environment through sustainable decarbonization and address energy challenges by deploying nature's endless resources.

Praj's endeavors of using agri-waste to produce bio-energy and renewable chemicals that are gaining increasing industry-wide acceptance, resonates well with development of eco-system for a sustainable circular bio-economy.

This, well and truly epitomizes waste to wealth movement.



Board of Directors



From L to R

Rajiv Maliwal, Mrunalini Joshi, Shishir Joshipura, Berjis Desai,
Pramod Chaudhari, Daljit Mirchandani, Sivaramakrishnan Iyer,
Parimal Chaudhari, 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
Mrunalini Joshi
Parimal Chaudhari
Rajiv Maliwal
Sivaramakrishnan Iyer
Dr. Shirdhar Shukla

Chief Internal Auditor

& Company Secretary: Dattatraya Nimbolkar

Statutory Auditors: M/s P.G. Bhagwat

Cost Auditors: Dhananjay V. Joshi & Associates

Internal Auditors: Khare Deshmukh & Co.

Secretarial Auditors: KANJ & Co. LLP

Bankers:
Bank of Maharashtra
The Hong Kong and Shanghai Banking Corporation Limited
ICICI Bank Limited
Citibank N.A.
Standard Chartered Bank

Registered Office: "Praj Tower", S.No. 274 & 275/2, Bhumkar Chowk- Hinjewadi
Road, Hinjewadi, Pune 411 057, Maharashtra, India

R & D Unit I: Praj Matrix – R&D Center, Gat No. 402, 403, 1098, Village Urwade, Tal. Mulshi,
Pune 412 108, Maharashtra, India

R & D Unit II: Shreenathnagar, Patethan, P.O. Rahu, Tal. Daund, Dist. Pune 412 207, Maharashtra, India

Manufacturing Facilities: 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

Export Oriented Units
Kandla: SEZ Unit I (Plot Nos. 307 to 314) and Unit II (Plot Nos. 282 to 286 and 294 to 298), Sector IV,
Gandhidham, Kutch 370230, Gujarat, India

Presence in: India, Thailand, USA and The Philippines

Chairman's Message

Dear Shareholders,

It is my privilege to present the 33rd Annual Report of your Company for FY 2018-19.

Besides completion of 35 years of glorious journey, the year also coincided with Silver Jubilee year of Praj's listing on the stock exchange. I would like to gratefully acknowledge your continued patronage and encouragement throughout this enthralling journey.

To combat evils of climate change, nations are working towards sustainable low carbon economy. By developing innovative decarbonization solutions using Circular bio economy, Your Company is playing a very crucial role in this regard. Circular bio economy implies processing biological resources for value creation by way of renewable energy and products, and whilst in use recover and regenerate products as well as materials at the end of service life.

Our vision is expected to result in threefold benefits viz. environmental, economic and social. It reduces carbon footprints, contributes to economic growth, productivity and competitiveness of the country. As for society, circular bio economy plays an important role by boosting rural economy by way of job creation and additional income source for farmers.

I am pleased to share that Your Company's endeavors in bio industrial space have received a global recognition by way of 8th rank from last year's 34th in the list of "Hottest 50 companies in the Advanced Bio Economy 2019" as released by industry's leading publication "Biofuels Digest", USA.

Praj's state-of-the-art 'Innovation Centre'- Praj Matrix, successfully completed 10 years of operations. Over the past decade, Praj Matrix has developed and commercialized futuristic technology solutions that have helped your Company to maintain its leadership position in the bioenergy space. With renewable chemicals gaining increasing acceptance globally, especially in packaging, cosmetic, furniture industry among others, our scientists at Praj Matrix are striving hard to introduce new molecules and enhancing techno-commercial feasibility for increased usage of renewable chemicals.

Your Company continues its R&D endeavors towards improving commercial viability of 2nd generation smart integrated bio refinery. This bio refinery has capability to process various feedstocks such as Rice (paddy) Straw,

Wheat Straw, Corn Cobs & Corn Stover, Sugar Cane bagasse & Cane trash, Cotton stalk etc. to produce multiple products viz. Bio-ethanol, Compressed Bio Gas, Bio fertilizer and variety of Biochemicals, etc.

For the flagship bioenergy business, this has been an eventful year as it witnessed various favorable steps by Government of India in terms of new policies. The industry is showing buoyancy as we see increasing number of enquiries.

This year, in line with GOI's initiative SATAT, your Company expanded its bio-energy basket by adding Compressed Bio Gas (CBG) technology solution that uses biomass and different agri waste as feedstock. CBG is poised to play a key role in greenhouse gas (GHG) reductions in addition to facilitating India's pursuits for energy self-reliance. We expect the new Government will not only continue these policies but also step up them further.

Outlook for Engineering and High Purity business segments is promising. These businesses have entered newer customer segments and geographies. With strong focus on collaboration, your Company has secured preferred partner status with leading technology licensors and global EPC companies.

While closing, I wish to reiterate that Your Company will continue to relentlessly focus on creating and delivering value for customers to capitalize on the opportunities, both in domestic and international markets.

Your Company is leapfrogging to make significant contribution towards opportunities of new India.

I remain confident of your continued support in realizing company's vision of making the world a better place.



Pramod Chaudhari
Executive Chairman
May 2019, Pune

CEO & MD's Note



Dear Shareholders,

It gives me pleasure to share the performance of your company for FY 2018-19 with you.

During FY 2018-19 on consolidated basis, revenues stood at ₹ 1141.11 cr as against ₹ 923.46 cr in FY 2017-18 an improvement of 24%. PAT stood at ₹ 68.22 cr an improvement 73% over previous year.

Please allow me to walk you through the some of the important developments for Financial Year 2018-19.

When you take a bold step, the providence conspires to help you – Government announced several progressive policy initiatives in the Bio energy sector aimed at accelerating the ethanol production along with launch of the ambitious SATAT program for Compressed Biogas (CBG) as a sustainable alternative for automotive fuels. These initiatives aim meeting multiple goals - increasing farmer's income, reducing air pollution and resultant health issues created by burning of Hay, creating a technologically superior alternative to fossil fuels, generating rural employment, meeting India's commitment on Paris accord for CO₂ footprint reduction and enriching the soil. All this without taxing the consumer!

Highlights of Performance in Financial Year 2018-19

Our flagship Bioenergy business is ready to translate the emerging opportunities to performance. Leveraging the core value of innovation, we have introduced several innovative solutions to improve operational efficiency and profitability of ethanol plants while optimizing water and energy footprint. We have expanded our global footprint with installations in Bolivia and Kazakhstan. Execution of the 4 integrated 2G bio refineries is progressing as per schedule.

We have embarked upon a program to enhance the value proposition for our 2G ethanol plants through co-product development and value added waste stream treatment. Our innovation of ethanol from corn fiber is generating interest amongst customers in advanced markets. Your Company is setting up an integrated CBG demo plant- a first in the country. This will help our customers de-risk their feedstock supply chain to multiple feedstocks and also help the company take the pole position in fast emerging CBG market.

Strong on field performance and deep-rooted customer relationships have helped our Brewery Business deliver its best ever performance. Strong focus on seeding and cultivating relationships with key customers in international markets is helping Critical Process Equipment and Skids (CPES) business build a very robust foundation for sustainable growth. A segment focused approach combined with strong application engineering and execution is helping us win customers who value technology play for highly complex Zero Liquid Discharge (ZLD) systems.

Pharmaceutical industry is experiencing a very challenging environment over the last couple of years leading to reduced capital expenditure on building of new production facilities. We have taken this situation as an opportunity to innovate and improve our offerings to build a platform for future growth for our HiPurity business.

We are enhancing our offering by leveraging opportunities offered by digitalization and expanding our offerings to include Operation and Maintenance (O&M) services. People are the most important resource for a knowledge-based organization. We are paying special attention to nurturing and growing talent with a view to make organization future ready.

As I complete my first year at Praj, I will be amiss if I fail to acknowledge the guidance and direction I received from the members of the Board. I thank my business partners, team members and other stakeholders for support extended. I thank you my dear shareholders for your continued faith in Praj's vision and mission.

My team and I remain confident that we will continue to build on this year's performance and traverse the path to a more promising future.

Shishir Joshipura
CEO & MD
May 2019, Pune

Ready for the future



Dr. Anil Kakodkar, Chairman - High Level Committee and Chairman - Scientific Advisory Committee on Hydrocarbons of Ministry of Petroleum and Natural Gas with Pramod Chaudhari, Executive Chairman Praj Industries at a ground breaking ceremony of **Integrated Demo Plant of Compressed Bio Gas (CBG)**. The ceremony was held on Wednesday, 9th Jan 2019, at Shreenath Mhaskoba Sugar Factory near Pune.



Visitors from European Union and South East Asia at Praj's 2nd Generation Integrated Bio-Refinery Demo Plant near Pune.

Praj at Glance (Consolidated)

	UOM	18-19	17-18	16-17	15-16	14-15
Sales (Gross)	₹ Min	11411.120	9234.568	9551.624	10638.168	10122.032
Sales (Net Of Excise)	₹ Min	11411.120	9165.864	9149.912	10236.038	10122.032
Other Income	₹ Min	322.966	267.249	222.781	183.562	336.588
Total Income	₹ Min	11734.086	9501.817	9774.405	10821.730	10458.620
Total Expenditure Excluding Depreciation	₹ Min	10625.337	8730.767	8877.909	9517.385	9216.541
EBIDTA (Excluding Other Income)	₹ Min	883.323	610.296	732.168	1154.199	930.163
Depreciation	₹ Min	229.496	240.925	221.243	250.249	378.260
Profit Before Tax	₹ Min	879.253	530.125	675.253	1054.096	863.819
PAT Before Minority Interest	₹ Min	682.075	394.877	445.999	824.722	782.289
PAT After Minority Interest	₹ Min	682.032	394.909	446.028	824.623	762.662
Other Comprehensive Income	₹ Min	6.291	8.017	(6.384)	6.843	-
Total Comprehensive Income	₹ Min	688.366	402.894	439.615	831.565	-
Net Block Of Fixed Assets + CWIP	₹ Min	2928.679	3020.738	3102.045	2957.310	3071.989
Share Capital	₹ Min	365.296	361.865	358.888	355.945	354.930
Reserves And Surplus	₹ Min	7084.856	6899.492	6737.453	6196.902	5866.654
Net Worth	₹ Min	7450.152	7261.357	7096.341	6552.847	6221.584
EPS Basic	₹	3.75	2.19	2.50	4.64	4.30
RATIOS	UOM	18-19	17-18	16-17	15-16	14-15
EBIDTA (Excluding Other Income)To Sales	%	8%	7%	8%	11%	9%
PBT To Sales	%	8%	6%	7%	10%	9%
PAT To Sales	%	6%	4%	5%	8%	8%
RONW	%	9%	6%	7%	13%	13%
ROCE	%	12%	7%	10%	16%	14%
No. Of Shares	Nos.	182,647,850	180,932,415	179,444,188	177,972,409	177,465,079
Dividend	%	106%	81%	81%	81%	81%
Book Value Per Share	₹	40.79	40.13	39.55	36.82	35.06
Cash EPS	₹	5.01	3.53	3.74	6.05	6.43

*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 33rd Annual Report and the Audited Financial Statements for the year ended 31st March, 2019.

Financial Results

During the year under review, your Company has recorded total income of ₹ 9517 Mn (previous year ₹ 7283 Mn), registering increase of 31% in total income. Profit before Tax increased by 103% to ₹ 809 Mn (previous year ₹ 399 Mn). The performance summary is presented herewith:

	(₹ Mn.)	
Particulars	2018-19	2017-18
Turnover	9233	7020
Other Income	284	263
Total Income	9517	7283
Total Expenses	8708	6884
PBT	809	399
PAT	624	315
Other Comprehensive Income	5	7
Total Comprehensive Income	629	322
(+) Balance in Profit & Loss account	4969	5067
(+) INDAS Adjustments (ESOPs)	9	2
(-) IND AS Adjustment (Adjustment to opening Retained Earnings – IND AS 115: Revenue Recognition)	(154)	-
Profit Available for Appropriations	5453	5391
Appropriations		
Dividend (Including Special Interim Dividend)		
Dividend	386	291
Dividend Tax (Including Special Interim Dividend)	79	59
Transfer to Special Economic Zone Re-investment Reserve	62	72
Balance in Statement of Profit & Loss	4926	4969

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 ₹ 11734 Mn which is more by 23% over last year (₹ 9502 Mn). Profit before tax at ₹ 879 Mn is higher by 66% over last year (₹ 530 Mn). The performance summary is presented herewith:

	(₹ in Mn)	
Particulars	2018-19	2017-18
Turnover	11411	9235
Other income	323	267
Total income	11734	9502
Total expenses	10855	8972
PBT	879	530
PAT (after Minority Interest)	682	395
(+) Other Comprehensive Income	6	8
Total Comprehensive Income	688	403

Dividend

The Board of Directors at its meeting held on 28th January, 2019, declared and paid Special Interim Dividend of ₹ 0.50 per equity share (25%) of Face value of ₹ 2/- for the financial year 2018-19. The Special Interim Dividend pay-out was ₹ 110.029 Mn (Dividend: ₹ 91.266 Mn and Dividend Distribution Tax ₹ 18.763 Mn).

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 31st March, 2019. 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 ₹ 356.992 Mn (Dividend: ₹ 296.123 Mn and Dividend Distribution Tax ₹ 60.869 Mn).

With this, the total dividend payout, including dividend distribution tax for the financial year 2018-19 will be ₹ 467.021 Mn

The dividend payout is in accordance with the Company's Dividend Distribution Policy.

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

Investor Education and Protection Fund (IEPF)

Pursuant to the Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company has transferred unclaimed/ unpaid dividend of ₹ 10,93,699/- to Investor Education and Protection Fund pertaining to the financial year 2010-11 on 14/09/2018. Further, the Company has also transferred 39,880 shares to IEPF on 26/10/2018.

Details of Nodal Officer:

Mr. Dattatraya Nimbolkar, Chief Internal Auditor and Company Secretary has been appointed as Nodal Officer of the Company. Details in this regard are available on the website of the Company at www.praj.net

Reserves

The Company is not proposing any transfer to the General Reserve for the year 2018-19.

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

Praj Engineering & Infra 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

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

Shareholders at their 32nd Annual General Meeting held on 6th August, 2018, approved the appointment of Mr. Shishir Joshipura (DIN: 00574970) as Chief Executive Officer and Managing Director of the Company for a period of Five (5) years with effect from 2nd April, 2018 and appointment of Dr. Shridhar Shukla (DIN 00007607) as an Independent Director for a period of Five (5) years with effect from 12th April, 2018.