



When going gets tough, the tough gets going!

Annual Report 20-21

Achievements



Praj was ranked 2nd in the list of 50 Hottest companies in bioeconomy for 2021 in Low Carbon Fuels and Renewable Chemicals category and ranked 3rd in the newly introduced Biodesign & Engineering category by US based Biofuels Digest.



Growth in Adversities

Resilience

Focused on Sustainable Business growth in uncondusive external conditions by converting challenges into opportunities

Flexibility

Quickly adapting to
next normal



Technology

Advanced technology solutions
to address nation's challenges -
Social, Environmental, Economy

Board of Directors



from L to R

Standing : Suhas Baxi, Sivaramakrishnan Iyer, Sachin Raole, Dr. Shridhar Shukla

Sitting : Mrunalini Joshi, Shishir Joshipura, Dr. Pramod Chaudhari, Berjis Desai, Parimal Chaudhari

Table Of Contents

Company Profile	>	2	Independent Auditors' Report	>	64
Chairman's Message	>	3	Balance Sheet	>	72
CEO & MD's Note	>	4	Statement of Profit & Loss	>	73
Praj at a glance!	>	6	Cash Flow Statement	>	74
Director's Report	>	7	Notes to the Financial Statement	>	77
Management Discussion & Analysis	>	16	Consolidated Financial Statement	>	120
CSR Report	>	23	Notice	>	174
Report on Corporate Governance	>	27			



Company Profile

Executive Directors	>	Dr. Pramod Chaudhari, Executive Chairman Shishir Joshipura, CEO and Managing Director Sachin Raole, CFO and Director – Finance & Commercial
Non Executive Directors	>	Berjis Desai Parimal Chaudhari Sivaramakrishnan Iyer Mrunalini Joshi Dr. Shirdhar Shukla Suhas Baxi
Chief Internal Auditor & Company Secretary	>	Dattatraya Nimbolkar
Statutory Auditors	>	P.G. Bhagwat, LLP
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 – The Innovation 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 Gat No. 402, 403, 1098, Village Urwade, Tal. Mulshi, Pune- 412 108, Maharashtra, India
Export Oriented Unit	>	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
Presence in	>	India, Thailand, USA and The Philippines

Chairman's Message



Dear Shareholders,

I am privileged to present the 35th Annual Report of your Company for FY 2020-21.

I sincerely hope all of you are safe and secured amid resurgence of COVID-19 pandemic. The outbreak of the Covid-19 has caused immense damage to human life and global economy. After severe contraction in last year the global economy had shown promising signs of returning to normalcy, however second wave of Covid has slowed down the pace of recovery. Indian economy is projected to be at pre covid levels on the back of domestic market consumption and positive monsoon forecast.

The world is beginning to appreciate value of environment. Pandemic has shown the value of putting premium on environment. There has been increasing awareness on reducing energy footprints, Carbon Intensity (CI) reduction and marching towards net zero emissions to create sustainable future.

India remains heavily dependent on the imported fossil fuels to meet its growing energy needs. Consumption of fossil fuel is undoubtedly one of the major causes of GHG emissions. This is adversely impacting environment and raising concerns over ecological balance. Being signatory to COP 21 Paris climate change summit, India has obligations to fulfil Nationally Determined Contributions (NDC). Industry and the private sector need to join forces with the government to make this happen.

Your Company is in the business of developing and deploying technology led sustainable solutions that help conserve the environment. As a build-up to COP 26 Climate Change summit at Glasgow scheduled in November 2021, Praj looks forward to joining UNFCCC's Race to Zero global campaign aimed at zero carbon recovery to unlock inclusive and sustainable growth.

Transportation sector is identified as the 2nd largest emitters of GHG after industry. 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. While Bio-Mobility™ platform is already helping reduce GHG emissions in surface transportation, there is tremendous growth potential globally for deeper penetration. With stringent environmental norms being envisaged in air and water transport, Bio-Mobility™ is poised for big strides in aviation and marine sectors in near future. It may be noted that Bio-Mobility™ platform also helps address brown clouding of cities caused by stubble burning. Agricultural waste post harvesting is used as a feedstock for production of biofuels and as such helps create employment and entrepreneurship opportunities in the rural areas.

Considering social, environmental & economic benefits of ethanol blending program (EBP), the government of India has advanced 20% ethanol blending target by 5 years from 2030 to 2025. This is creating visibility of growth in ethanol demand & helping build industry structure alongside robust ecosystem across the value chain. This bodes well for Praj, as your Company is a market leader in developing & deploying innovative technology solutions for sugar as well as starch based ethanol plants.

I am pleased to table major developments, your Company achieved during FY 2020-21. As a first for any Indian company, Praj was ranked 2nd in Low Carbon Fuels and Renewable Chemicals category while 3rd in Biodesign & Engineering category, in a list of world's 50 Hottest companies in global bioeconomy for 2021. Your Company set up India's first of its kind demo plant for production of Compressed Bio gas using variety of agri-residues as feedstock. Praj successfully commissioned nation's first integrated bioenergy complex in UP, that produces bioethanol, CBG and other value added products. Strong customer relationships are helping our engineering businesses report robust performance in uncertain times. 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.

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.

Praj Matrix R&D centre with over 300 international patents filings continues to pursue innovative technology solutions. Our scientists are exploring exciting opportunities in energy transition including Bio Hydrogen.

Praj continues to leverage partnerships with renowned organizations, institutions around the world in the areas of technology development, market expansion, project financing, strategic sourcing etc.

The future looks even more exciting with the ushering of new wave of industrial revolution i.e. Industry 5.0 Version 2 that has bioeconomy as its integral part. This clearly demonstrates mainstreaming of bioeconomy on global canvas.

We have joined forces with reputed institution in fight against covid to help to augment existing public health infrastructure & also create new facilities equipped with ventilators & oxygen supply.

While closing, I wish to reiterate that Your Company remains resilient in these uncertain times, staying focused on creating value for our stakeholders. Biofuels are at an inflection point and there is no doubt in my mind that it is an idea whose time has come. Your Company is in the pole position to capitalize on the unfolding opportunities and propel itself into a new growth orbit.

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

Thank you for your continued support.

Dr. Pramod Chaudhari
Executive Chairman
June 2021, Pune



CEO & MD's Note

Dear Shareholders,

I am delighted to present the progress of your Company for FY 2020-21. Our Revenues on consolidated basis stood at Rs. 1304.67 crore (Rs. 1102.37 crore in FY 2019-20). PAT stood at Rs. 81.07 crore (Rs. 70.43 crore in FY 2019-20). The Board of Directors has recommended a final dividend of Rs. 2.16 per share for FY21.

FY 2020-21 presented unprecedented challenge to humanity and Business with the onset of Pandemic and demanded a much calibrated response from people, governments, business and society at large.

First quarter of FY21 was all about survival- focused on saving lives as was visible in the stringent lockdowns imposed globally with people confined to homes. Businesses were required to operate in a safeguard mode and completely rethink their value delivery models. We drew upon our most cherished quality of Resilience and implemented a business continuity plan prioritising near term actions while not losing sight of our vision. Work from home became the new norm and we prioritised our actions around the four postulates of Cash, Cost, Customer and people.

Several of our customers across the globe required our help to start their projects as the demand for Sanitation and disinfection ingredients started to soar. Our engineers commissioned these plants remotely, we developed a recipe for manufacture of sanitisers and uploaded it for a free download and our field engineers, braved the odds and undertook travel in conformance with statutory guidelines, to project sites to commission essential for life systems.

As Livelihood acquired importance in addition to lives, our factories and R&D resumed operations in accordance with new operating norms. Adopting the mantra of 'Connect-Collaborate-Deliver' we continued to implement our Business continuity plan. Leveraging the prowess of digital technologies we maintained strong communication with our customers, employees and other stake holders.

Second half of the year saw improving traction across Bio Energy and Pharma segments. We used another lever in our arsenal- agility - to leverage the opportunities and set the stage for business growth.

Domestic Bio Energy segment witnessed significant Industry structure changes along with favourable developments in the overall eco system. Your Company's flagship bioenergy business continues to dominate the domestic market. Your Company is offering innovative technology solutions for ethanol production from sugary as well as starchy feedstock. I am happy to add that we are building India's largest capacity syrup based ethanol plant. Our innovative technology led EPC solutions are helping our customers win and in turn us.

BioMobility™, our platform for promoting technologies for low carbon fuels for all modes of transportation is gaining traction. Apart from our undisputed leadership position in first generation ethanol we are progressing positively with the construction of three 2nd generation ethanol plants in the country. Celluniti™ our

latest offering along with Sekab AB, for production of ethanol from forest residue, is evoking interest from customers in Nordic region. Ecosystem for CBG is taking shape and positive developments on the infrastructure will create conducive platform for growth of this business. We also received 'fit for use certification' from Indian Air Force for Sustainable Aviation Fuel (SAF) sample submitted.

Our engineering Business portfolio also experience differentiated opportunities – Brewery business saw a near complete lack of demand owing to a freeze on capacity expansion from breweries. We leveraged our knowledge of hygienic manufacturing to undertake building of India's largest Apple juice concentrate plant. Our Zero Liquid Discharge Business broke new grounds while bagging a breakthrough order from oil major to build a very large end to end ZLD system even as repeat orders from existing customers signalled increasing acceptance of our technology. Continued focus on enhancing relationships resulted in winning several prestigious contracts for CPES business.

Praj HiPurity systems is delivering solutions as an important member of supply chain for life saving vaccines and drugs while working with pharma companies in India and select international markets.

We have launched a digitalization initiative for enhanced productivity and customer experience, Green supply chain for driving sustainability, modernisation of our shopfloors for improved safety, productivity and capacity enabling sustainable operations.

People were, are and will continue to be our most valuable assets. Your Company has taken several measures to enhance safety and security for employees. A comprehensive insurance program, vaccination drive and several other measures to cover all workforce including non-permanent employees are implemented with entire cost borne by the company.

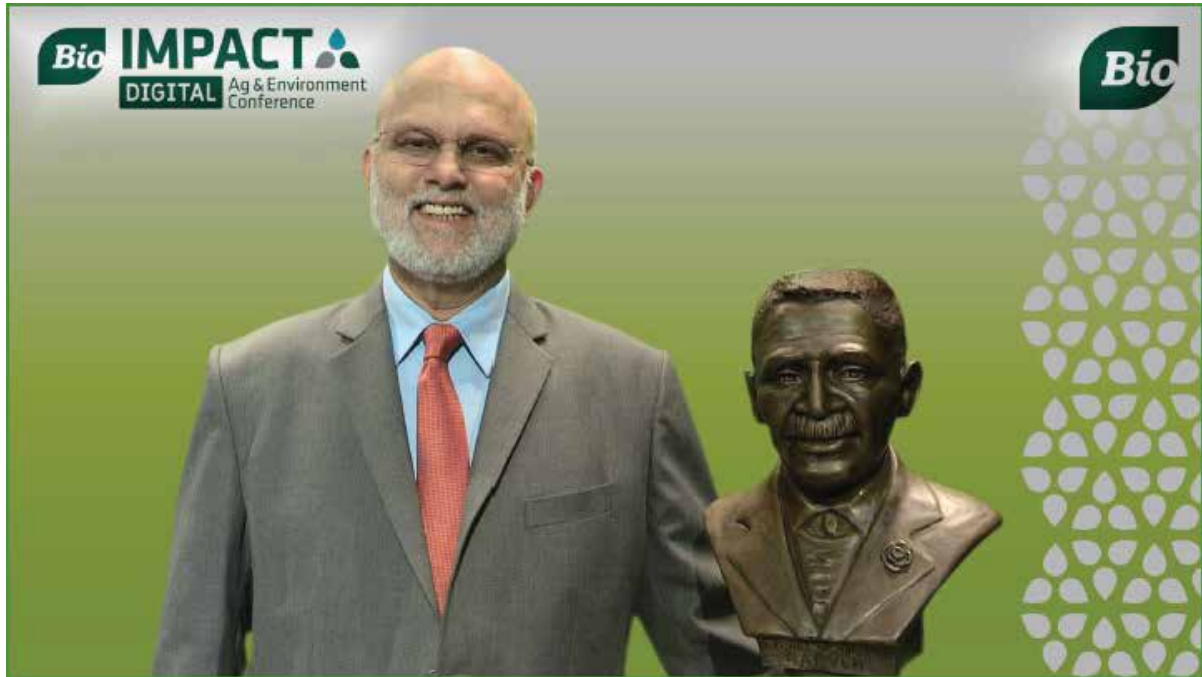
Highpoint in your Company's journey last year came in the form of bestowing of prestigious 2020 George Washington Carver Award to our Chairman Dr. Pramod Chaudhari widely acclaimed as Ethanol man in Industry circles. The recognition is testament to Dr. Chaudhari's visionary leadership, pioneering endeavours, and his relentless pursuit in building a sustainable ecosystem for the advancement of a bio-based economy. Dr. Chaudhari is the first Indian and only second Asian recipient of this global honour.

I remain grateful for guidance and directions I received from the members of the Board from time to time. I wish to record my sincere appreciation of my business partners, team members and other stakeholders for the strong support through the year. I thank you my dear shareholders for your continued belief in Praj's capabilities and bright future.

My team and I remain confident to continue to collaborate with all stakeholders and to lead Praj to its next phase of growth

Shishir Joshipura
CEO & MD
June 2021, Pune

Achievements



George Washington Carver Award 2020 was presented to **Dr. Pramod Chaudhari** during the BIO IMPACT Digital Ag & Environment Conference on September 22, 2020.



Praj launched BioPrism™ technology portfolio for producing bio-based Renewable Chemicals & Materials (RCM)



Inauguration of India's first of its kind demo plant that produces Compressed Biogas (CBG) from biomass at the hands of Shri. Prakash Javadekar in Dec. 2020

Praj at Glance (Consolidated)

	UOM	20-21	19-20	18-19	17-18	16-17
SALES (GROSS)	Rs. Min	13046.687	11023.657	11411.120	9234.568	9551.624
SALES (NET OF EXCISE)	Rs. Min	13046.687	11023.657	11411.120	9165.864	9149.912
OTHER INCOME	Rs. Min	257.364	300.214	322.966	267.249	222.781
TOTAL INCOME	Rs. Min	13304.051	11323.871	11734.086	9501.817	9774.405
TOTAL EXPENDITURE EXCLUDING DEPRECIATION	Rs. Min	11951.787	10274.064	10625.337	8730.767	8877.909
EBIDTA (EXCLUDING OTHER INCOME)	Rs. Min	1190.781	820.070	883.323	610.296	732.168
DEPRECIATION	Rs. Min	221.218	218.461	229.496	240.925	221.243
PROFIT BEFORE TAX	Rs. Min	1131.046	831.346	879.253	530.125	675.253
PAT BEFORE MINORITY INTEREST	Rs. Min	810.587	704.363	682.075	394.877	445.999
PAT AFTER MINORITY INTEREST	Rs. Min	810.469	704.309	682.032	394.909	446.028
OTHER COMPREHENSIVE INCOME	Rs. Min	11.041	(3.294)	6.291	8.017	(6.384)
TOTAL COMPREHENSIVE INCOME	Rs. Min	821.628	701.069	688.366	402.894	439.615
NET BLOCK OF FIXED ASSETS + CWIP	Rs. Min	2845.581	2965.014	2928.679	3020.738	3102.045
SHARE CAPITAL	Rs. Min	366.458	366.320	365.296	361.865	358.888
RESERVES AND SURPLUS	Rs. Min	7651.774	6826.168	7084.856	6899.492	6737.453
NET WORTH	Rs. Min	8018.232	7192.488	7450.152	7261.357	7096.341
EPS BASIC	Rs.	4.43	3.85	3.75	2.19	2.50

RATIOS						
EBIDTA (EXCLUDING OTHER INCOME) TO SALES	%	9%	7%	8%	7%	8%
PBT TO SALES	%	9%	8%	8%	6%	7%
PAT TO SALES	%	6%	6%	6%	4%	5%
RONW	%	11%	10%	9%	6%	7%
ROCE	%	15%	12%	12%	7%	10%
NO. OF SHARES	Nos.	183,228,904	183,160,060	182,647,850	180,932,415	179,444,188
DIVIDEND	%	108%	135%	106%	81%	81%
BOOK VALUE PER SHARE	Rs.	43.76	39.27	40.79	40.13	39.55
CASH EPS	Rs.	5.63	5.05	5.01	3.53	3.74



DIRECTORS' REPORT

To The Members of Praj Industries Limited,

Your Directors are pleased to present the 35th Annual Report and the Audited Financial Statements for the year ended 31st March, 2021

Financial Results

During the year under review, your Company has recorded total income of Rs.11,117 Mn (previous year Rs. 9756 Mn), registering increase of 14 % in total income. Profit after Tax increased by 10% to Rs.712 Mn (Previous year Rs. 647 Mn.). The performance summary is presented herewith:

	(₹ Mn.)	
Particulars	2020-21	2019-20
Turnover	10885	9419
Other Income	232	337
Total Income	11117	9756
Total Expenses	10151	8981
PBT	967	776
PAT	712	647
Other Comprehensive Income	10	(12)
Total Comprehensive Income	722	635
(+) Balance in Profit & Loss account	4414	4926
(+) INDAS Adjustments (ESOPs)	-	4
(-) IND AS Adjustment (Adjustment to opening Retained Earnings – IND AS 115: Revenue Recognition)	-	39
Profit Available for Appropriations	5136	5526
Appropriations		
Dividend		791
Dividend Tax		163
Transfer to Special Economic zone Re-investment Reserve	91	160
Balance in Statement of Profit & Loss	5045	4414

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 Rs. 13304 Mn which is 18% more over last year (Rs.11324 Mn). Profit after tax was Rs. 810 Mn previous year's figure (Rs.704 Mn) registering an increase of 15 % over last year. The performance summary is presented herewith:

	(₹ in Mn)	
Particulars	2020-21	2019-20
Turnover	13047	11024
Other income	257	300
Total income	13304	11324
Total expenses	12173	10493
PBT	1131	831
PAT (after Minority Interest)	810	704
(+) Other Comprehensive Income	11	(3)
Total Comprehensive Income	821	701

Dividend

The Board of Directors at its meeting held on 6th May, 2021 has recommended Dividend of Rs. 2.16 per share (108%) of Face value of Rs.2/- for the financial year 2020-21. 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 Rs.396.267 Mn.

The dividend pay-out 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 10. 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 Rs. 17,21,521/- pertaining to the financial year 2012-13 to IEPF, on 22nd September 2020 and unclaimed / unpaid Interim Dividend of Rs. 7,42,424/- pertaining to financial year 2013/14 to IEPF, on 22nd March 2021. Further, the Company has also transferred corresponding 16,355 shares pertaining to the financial year 2012-13 to IEPF on 20th October, 2020 and 16,889 shares pertaining to the financial year 2013-14 to IEPF on 19th May 2021.

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 2020-21.

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, 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 (Please refer Annexure 6) . 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 6 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 9**), Dividend Distribution Policy (**Annexure 10**) are annexed to this report.