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BSE LIMITED PHIROZE JEEJEEBHOY TOWERS, 25TH FLOOR, DALAL STREET, MUMBAI - 400 001 Fax: 022- 22723121/3719/2037/2039/2041/2061	NATIONAL STOCK EXCHANGE OF INDIA LTD. EXCHANGE PLAZA, 5TH FLOOR, PLOT NO. C/1, G BLOCK, BANDRA-KURLA COMPLEX, BANDRA (EAST), MUMBAI - 400 051 Fax: 022 - 66418124/25/26, 2659 8237 / 38

Dear Sir / Madam,

Please find enclosed Transcripts of Analysts' Call of Praj Industries Ltd. held on 6th February 2023, regarding Un-audited Financial Results (Standalone and Consolidated) approved by the Board of Directors for the third quarter and nine months ended 31st December, 2022.

This information is given pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

Thanking you,

Yours faithfully,

For PRAJ INDUSTRIES LIMITED

PRAJ INDUSTRIES LTD (INDIA) PUNE

DATTATRAYA NIMBOLKAR
CHIEF INTERNAL AUDITOR
& COMPANY SECRETARY
(M. No. 4660)

Praj Industries Limited
Q3 2023 Earnings Conference Call
February 06, 2023

Moderator: Ladies and gentlemen, good day, and welcome to the Praj Industries Limited Q3 FY'23 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. I now hand the conference over to Mr. Anuj Sonpal from Valorem Advisors. Thank you, and over to you, Mr. Sonpal

Anuj Sonpal: Thank you, Dhwani. Good afternoon, everyone, and a very warm welcome to you all. My name is Anuj Sonpal from Valorem Advisors. We represent the Investor Relations of Praj Industries Limited. On behalf of the company, I'd like to thank you all for participating in the company's earnings call for the third quarter and 9 months ended of financial year 2023.

Before we begin, let me mention a short cautionary statement as always. Some of the statements made in today's earnings call may be forward-looking in nature. Such forward-looking statements are subject to risks and uncertainties, which could cause actual results to differ from those anticipated. Such statements are based on management's beliefs as well as assumptions made by information currently available to management. Audiences are cautioned not to place any undue reliance on these forward-looking statements in making any investment decisions. The purpose of today's Earnings Call is purely to educate and bring awareness about the company's fundamental business and financial quarter note.

Let me now introduce you to the management participating with us in today's earnings call and hand it over to them for opening remarks.

We have with us Mr. Sachin Raole – Chief Financial Officer and Director of Resources; and Dr. Ravindra Utgikar – Vice President of Corporate Strategy and Marketing. Without any further delay, I request Mr. Raole to start with his opening remarks. Thank you, and over to you, sir.

Sachin Raole: Thank you, Anuj. Good day everyone. I welcome you to Praj Industries' Earning Call for Q3 & 9M FY23. Trust all of you had the opportunity to go through our results & investors presentation for the quarter ended 31st Dec 2022.

As a company involved in Accelerating Energy Transition as Sustainable Climate Action, Praj's initiatives are showing definitive results. This quarter we successfully commissioned Asia's largest single train 510 KLPD syrup to ethanol plant and I am pleased to share that all performance parameters were achieved within 72 hrs of plant commissioning. After successful demonstration of our RenGas technology, we are now building a large scale commercial CBG plant for one of the leading business conglomerates in India. Praj's MoU with Axens of France, for Sustainable Aviation Fuel projects, to decarbonize aviation sector in India is yet another milestone development.

India's transportation fuel mix scenario is changing as evidenced from exclusive biofuels pavilion set up at India Auto Expo held in Delhi in January. Praj was invited by SIAM to participate in this flagship automobile event. This clearly manifests Praj's growing prowess as technology solutions provider. Infact Praj is also invited to be part of exclusive SAF pavilion set up by IOCL at India Energy Week, which is being inaugurated by Hon. Prime Minister today in Bangalore. Our CEO & MD, Shishir Joshipura is leading Praj delegation for this important event.

We find union budget 2023-24 to be growth oriented with sustained focus on infrastructure development. Hon. Finance minster has given adequate focus on building sustainable industry ecosystem with provision for MSME segments. Green Growth as a part of *Saptarshi* priorities has emerged a strong development agenda. Hon. Finance minister has made several provisions that will bolster nation's bioeconomy and agritech sector in particular. This Budget provides INR 35,000 crore for priority capital investments towards achieving India's goal of net zero carbon emission.

The budget has made specific announcement to give further momentum to development of CBG projects. 500 new 'waste to wealth' plants under GOBARdhan (Galvanizing Organic Bio-Agro Resources Dhan) scheme will be established for promoting circular economy. These will include 200 compressed biogas (CBG) plants, including 75 plants in urban areas, and 300 community or cluster-based plants at total investment of INR 10,000 crore. 5% CBG mandate has been introduced for all organizations marketing natural and bio gas. To avoid cascading effect of taxes on blended compressed natural gas, the budget has proposed to exempt excise duty on GST-paid compressed bio gas contained in it. Removal of GST on blended CNG will help to create demand for biogas from oil marketing companies. It was also announced that appropriate fiscal support will be provided for collection of bio-mass and distribution of bio-manure.

As a welcome measure for the financially stressed sugar sector, budget provided a relief of INR 10,000 crore. Sugar mills will be allowed to claim payments made to sugarcane farmers for the period prior to assessment year 2016-17 as expenditure under tax assessment.

In another major policy development, recently, the Jharkhand government has issued Ethanol Production Promotion Policy-2022. It has a provision for a subsidy of 25% or a maximum of Rs 30 crore for setting up ethanol plant to encourage the ethanol capacity creation.

While India’s EBP 20 program is marching ahead of its target, there are clear indications for further demand for ethanol by way of flex fuel vehicles. At India Auto Expo of last month, number of automobile companies showcased vehicles that can run on ethanol blend up to 85%.

Now coming to our business operations, we closed Q3 FY 23 on a strong note with a healthy performance in terms of revenue and profitability.

Our bioenergy business, In domestic market, we continued strong performance on the order book. Around 75% of the orders came for ethanol plants based on the starchy feedstock. We are observing that Sugar sector is more optimistic for its ethanol capacity enhancement and same trend is visible in our enquiry basket. Going forward we expect sugary feedstock based ethanol plants to dominate the future capacity creation. Our execution activities are at their optimal levels with multiple project sites in different geographies.

On International front, low carbon ethanol has emerged as an interesting business opportunity in the USA. We are working on few leads which are maturing beyond enquiry stage. We have recently completed engineering audit for few ethanol plants in USA. These audits will help ethanol producers to finalize their investment decisions for deploying our low carbon ethanol technology solutions. Our services business is receiving promising response from customers in both domestic and international markets.

On 2G front, pre-commissioning activities are underway in full swing at IOCL Panipat plant. On international front, in Europe, our discussions are advancing in a positive way with various prospects regarding our technology offering.

As for CBG, our first rice straw based commercial plant is under final stages of commissioning. We expect the mechanical completion by end of March 2023. Based on the learnings from the two commercial scale CBG plants commissioned earlier this year and the expectations from the customers, we are investing in R&D for processing different feedstock combinations for enhanced efficiency and yield. With series of affirmative announcements about CBG in the union budget, we expect the sector to gather momentum.

On the CPES front, Energy Transition and Climate Action (ETCA) is emerging as a strong development agenda globally. Our Kandla facility will continue to serve the current market of Oil & Gas and Fertilizers. To address the growing business opportunity in ETCA sector, we are investing in a new manufacturing facility to be housed in a new subsidiary.

Talking about PHS business, our efforts of expanding offering basket is yielding the results. We are witnessing increasing traction for offerings in the High-Capacity fermenters, which accounts for 20% of the total OB in this year. We have also booked our first order in the Semiconductor sector. PHS has a healthy inquiry basket from international markets too.

Let me now take you through the financial highlights for the quarter and 9 month ended December 31, 2022

- Total income from operations for the quarter stood at Rs. 909.97 crore as compared to Rs. 585.64 crore in Q3FY22, delivering a growth of 55%. EBITDA grew by 69 %, stood at Rs. 86.16 Crore as against Rs. 51.0 crore in the corresponding period last year. PBT came in at Rs. 85.90 crore in Q3FY23 as compared to Rs. 50.25 crore in Q3FY22, up by 71%. Profit after tax stood at Rs. 62.31 crore in Q3FY23 as compared to Rs. 37.05 crore in Q3FY21

- For 9MFY23, Income from Operations was Rs. 2,516.42 crore as against Rs. 1,504.31 crore in 9MFY22, up by 67%. EBITDA for the period under review stood at Rs. 209.67 crore as against Rs. 127.7 crore. PAT stood at Rs. 151.68 crore in 9MFY23 as against Rs. 92.60 crore in 9MFY22.
- Export revenues accounted for 17% of Q3FY23. Of the total revenue, 72.7% is from Bio-energy, 19.6% from engineering and 7.7% is from PHS business.
- The order intake during the quarter was Rs. 944 crore, with 83.4% coming from the domestic market. Of the total order intake, 81.9% came from Bio-energy, 9.6% from engineering and balance 8.5% from PHS business.
- The order backlog as of December 2022 stood at Rs. 3380 crore comprising of 87.5% of domestic orders.
- As mentioned earlier, to address growing opportunity basket from Energy Transition and Climate Actions agenda, we are planning to setup a new subsidiary with an investment of Rs. 100 crores. We have already started working on this expansion program.
- Cash in hand as on December 31, 2022 is Rs. 604 Crs.

I now conclude my remarks and I would like to thank you all for joining us on this call. We would now be happy to discuss any questions, comments, or suggestions you may have.

Moderator: Thank you very much. We will now begin the question-and-answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Amit Anwani from Prabhudas Lilladher Private Limited. Please go ahead.

Amit Anwani First question is on the CBG announcement, which was made, sir. So, what would be our addressable market? Anything you have worked out on this? And will this be a viability care funding for the projects? And how much portion of the plant we typically do? What kind of percentage you can provide while the CBG plant has made?

Sachin Raole: Okay. So, when we take up the CBG plant, is it to construct the entire plant. That is realistically kind of a thing. But instead of doing the entire plant, we prefer to do only the processing part of that plant, which is almost 50% to 55% kind of a number for any Greenfield CBG project. The opportunity right now, the details are still awaited. How this budget has spilled out around INR 10,000 crores of investment. How it is going to be made, whether it will be in a form of any kind of a subsidy or viability funding, we are still awaiting the details on this front and from our point of view, we can actually address the entire market, and that's the reason why we mentioned that we are investing to understanding different feedstocks because the combination of feedstock is going to be very, very different than what we are looking at. So, technically, the addressable market is the entire market from our side, depending on what will be the nature, what will be the size of plants, we will decide how we would like to take up or participate in this kind of a program.

Amit Anwani: Right sir. My next question is, sir, on the ethanol order intake, which I can see we peaked with INR 997 crores in 4Q and post that it is actually declining on a sequential basis. And this quarter, it is about INR 774 crores. So, how to read this? Are we seeing this peaked out and second thing is on the 2G, what is the visible orders which are expected to come in FY '24 and in 1G, what is the yet to be tendered out opportunity?

Sachin Raole: Okay. On the Bioenergy segment, the order book which you have mentioned is right, but you need to also understand this is a project business. So, orders closures need not necessarily happen the way in which we expect it to happen. So, there is no necessity that we will see a sequential growth or degrowth or whatever to conclude what is happening in that particular segment of business. It is a long kind of a fall, and we have to see from a longish nature how the order closures are happening. We are seeing a trend continuously, mainly from the inquiry basket point of view, that inquiry basket is absolutely robust. Yes, sometimes it takes some time from the closure of those orders and that's what is actually happening.

On the 2G side, your another question was related to 2G. Right now, in our order book, a very small component is still pending for servicing the existing orders. We are not seeing any new order intake, and we hope and expect that once the first commercial plant starts its operation, we will see a moment happening on the order book going forward. But right now, there is no additional order book which we have booked in the last quarter.

Amit Anwani: Right. So, my last question is on the INR 100 crore investment, which you talked about. I think this is into engineering business, if I'm not wrong and I think it is hydrogen.

Sachin Raole: Okay.

Amit Anwani: And I think this is hydrogen? Any clarity on what exactly it is?

Sachin Raole: Equipment business, which basically shows the industry which I just mentioned, like petrochemical and gas that basket is getting increased to address the energy transition-related investment. We are putting up a manufacturing capacity to serve this market. So, we will be serving our critical equipment customers in a different way. We've seen that the demand for the equipment is absolutely increasing not only the equipment, but the modularization is actually taking a very definitive state and we believe that the demand which we have currently or what we are witnessing our existing facility at Kandla will not be sufficient to serve that kind of a demand and that's the reason we are putting up this additional manufacturing facility.

Amit Anwani: Sir, my last thing, if I can squeeze in. On the gross margin, what is your view for the coming quarters on the gross margin, [indiscernible] this quarter?

Sachin Raole: Okay, so the gross margin, what you have seen, yes, we are seeing that our whole orders where the fixed price contracts were having some kind of a pressure because of the commodity prices. They are coming to a closure. We believe that all the old orders should get over by quarter 4 and some portion in quarter 1. So, the trajectory of margin, if all things remain the way in which they are right now, especially the external factors, we will see the change in the margin trajectory from the next financial year. Thank you.

Moderator: The next question is from the line of Vivek Ganguly from Nine Rivers Capital.

Vivek Ganguly: My question is regarding the Bio CNG policy. So, we have not read too much about it, but is it likely to be along the ethanol policy where there was a mandate and then there was also a buyback arrangement with the oil marketing companies so on and so forth? Is it -- how do you all see that panning out? And also, this INR 10,000 crore support that they are talking of, is this likely to be in the form of subsidy or a liability gap funding. If you can shed some light on that, it would be very helpful.

Sachin Raole: Okay. So, Vivek, thank you for your question. But you must have noticed in this budget announcement, a very clear indication is already given by the finance minister that going forward, there will be some kind of a mandate on blending CBG too. When and how that will happen, we'll have to wait and watch. Technically, it is not a blending, you can actually replace CBG with CNG. But they said that at least a minimum of 5% of the CBG should be used and that is what the measures been discussed or the announced in the budget. So, your point is right, whether it will take a policy like ethanol, we'll have to see whether this is the beginning in that direction. From our point of view, it has been said very clearly that the government is also interested in introducing CBG, the way in which it is introduced on the ethanol side. So, there is a focus on CBG, which is very, very clear and got highlighted in this budget. It is a very positive note for CBG because that's what was required to create some kind of a positive ecosystem for CBG. So, yes, your point is right. It might happen in that direction, but we'll have to wait and watch.

On the scenario of this INR 10,000 crores of investment, we are also awaiting the details on that front, whether it will be in the form of viability funding or it will be in the form of a subsidy. What kind of modus operandi will be there for funding, we will have to see and we will have to wait for more details on this front.

Moderator: The next question is from the line of Vikram Suryavanshi from PhillipCapital. Please go ahead.

Vikram Suryavanshi: Yes. Just wanted clarity on this INR 100 crore investment. We recently completed our expansion in Kandla, an additional layer of capabilities to manufacture. So, this additional INR 100 crore investment what you are talking about, will be of particular specific opportunity or it will be agnostic to products even there will be opportunity to say a renewable chemical material we can do in this subsidy or it is like a specifically for some particular opportunity?

Sachin Raole: Thank you, Vikram, for your question. Yes. We have recently done the expansion in Kandla and we realized that the expansion in Kandla is not good enough to take care of the demand which is coming up from this segment of critical equipment because the investment which is happening across in the green energy over and above what was happening on the CNG or LNG side, the investment is very, very huge which will require some kind of an investment from our side because here, the manufacturing has to happen at our end. We cannot outsource manufacturing to a third party and that is why this investment is being planned. Naturally, it is backed by some kind of inquiries, which we have seen in our hands. We are seeing the demand, which is going to get developed over a period of next 2 to 3 years and we feel that it is very, very necessary for us or it is the right thing for us to make this investment.

Vikram Suryavanshi: And this sustainable aviation with the joint venture, our efforts with the France, we already have G.O. for U.S. So, any specific differentiation here we have in terms of technology or it is more about the geographical markets there?

Sachin Raole: So, Vikram, this is actually a complementary arrangement which we are having. The Gevo arrangement is for other Gevo, MoU was for adopting their technology on the conversion of molasses into isobutanol. But beyond isobutanol, when we want to convert into SAF, Axens is going to play a role there. Axens is also going to play a role when we are converting ethanol to SAF. So, this is the last leg of SAF manufacturing, where the Axens is going to play a role and Gevo is in the first leg where there is a conversion of molasses to isobutanol. So, 2 different roles, but the last leg is going to be taken care of by Axens.

Moderator: We move to the next question from the line of Shailesh Kanani from Centrum Broking. Please go ahead.

Shailesh Kanani: Congratulations sir on good set of numbers. Sir, a couple of questions from my side. One is that I wanted to know if there has been any change in our strategy in the market wherein we are concentrating more on margins than market share and what would be your current market share?

Sachin Raole: That's a good question, Shailesh. And this is a question or rather the strategy is actually based on the input which we are receiving from all the well-wishers like all the analyst and people like you. We always kept on debating whether we should concentrate more on the market share or more on the margin side and actually, we are trying to balance between these 2 instead of bringing too much attention on the market share we decided that we need to pay more attention on the margin, and we are getting very, very selective in the selection of the orders especially from the new segment where the promoters or entrepreneurs are completely new. So, we are actually evaluating and figuring out what kind of seriousness is there in the game, and we are selecting those orders only. So, to that extent, yes the market share will look very different because we used to talk about market share of 60%. Today, we are looking at a market share of somewhere around 50%.

Shailesh Kanani: Sir, if you can elaborate more on this. What has been the reason and when is the strategy changed because is it both a coming up strategy or it has been implemented, say, a couple of quarters behind?

Sachin Raole: We are working on this strategy in this quarter where we decided that we need to be more choosy on the order booking intake especially when the starchy feedstock is becoming a prominent one. So, this was going on since the last couple of quarters, but actual implementation we did in this quarter.

Shailesh Kanani: So, the positive impact on margin is yet to come, right, of course because of this?

Sachin Raole: That's right. That's right. Because, as I mentioned in the earlier question also, we are still executing the old orders, where we are still having some kind of a backlog. Hopefully, that should get over in quarter 4 and from the next quarter, we will see the normal orders with the normal margins playing its role.

Shailesh Kanani: And in terms of 1G ethanol if you can just tell me -- tell us the opportunity, which is spending or tendering in quantum terms, what is the quantum of orders you see in next, say, 2 years by the time we reach EBP20?

Sachin Raole: So, frankly, the market is very, very dynamic Shailesh and we just cannot see from a lens of EBP20 only because the way this market will evolve is not necessarily remain EBP20 oriented market. Flexi fuel vehicles as I mentioned in my opening remarks is going to be a big contributor going forward. These vehicles are not only for the segment of 4-wheelers, but even 2-wheeler segment is also coming up in this kind of where ethanol is going to get used. So, the demand scenario is still not completely what I can say, emerged on the backdrop of all these developments parallelly which are happening.

So, if you look at only from the EBP20 angle, yes it is myopic according to me. We will have to see the additional channels, which will get opened up on the convention of ethanol will put up canvass of demand on a very, very different platform. We are evaluating all these scenarios, trying to figure out how the consumption is going to play through and prepare ourselves for the capacity creation going forward. I will not be able to give you a specific number, saying that this is what we are going to contribute to. But you can get an idea of what we are talking about because it's not going to be only EBP20 related market.

Shailesh Kanani: Okay. Fair enough. Sir, last question, if I can ask. Sir, we have partnerships on various new products we have been working on various new products. Can you please categorize the potential opportunity quantum wise and also period-wise, like in short term, medium term and long term work when we can see some fruits or some order booking or some revenue coming in?

Sachin Raole: So, all these MoUs which we have actually entered into or we are still entering into are meant from the medium to long-term kind of a scenario. They are not mean from quarter-to-quarter or very short term. This is a development which we have undertaken to keep our growth trajectory on the positive side going forward, too. So, these are the three system if something goes wrong, EBP20 or if anything happens, and no, no further demand coming up on the ethanol side, we are keeping all our options ready with all other avenues which will actually give up the growth trajectory which we are looking for. But just to answer your question in short, we are looking for all these avenues to be developed into some kind of a commercialization from medium to long term.

Moderator: The next question is from the line of Amish Kanani from JM Financial Services. Please go ahead.

Amish Kanani: Sir congrats on a good execution as well as the improvement in margins. About CBG, sir, if you can remind us, my old note suggests that the typical CBG investment is of the size of INR 35 crores, INR 40 crores and with this GOBARdhan scheme talking about 500 plants, does it mean that we are talking about, say, initially INR 20,000 crore kind of a market opportunity? And is it possible to guesstimate how soon they can come up? I understand budget is not clear about viability funding versus where the government is making investment of that. But some thoughts will help us.

Sachin Raole: So, it's very difficult just to what I can say, guess the number, but let me just try to figure it out. INR 10,000 crores is the investment which is being talked about by the Honorable Finance Minister in her budget, but it is divided between 2 segments. One is on the CBG side and 1 on the cluster segment. Cluster segment investment might be on a lower side. Now what will be the percentage of allocation of fund to that side and what will be the on the CBG side, still we will have to see. But taking a cue, some kind of a cue or some kind of an estimate, actually one plant is going to cost INR 30 crores on an average I am just putting a number because small plants will cost a little lower than that number. We are talking about the investment number which you mentioned more or less in that kind of a direction. Yes, it can be in the range of INR 20,000 crores, but we would like to still wait to see how this is going to be evolved over a period of time. So, today, it might be a little premature to give you some kind of a number over there.

Amish Kanani: Okay. Okay and sir, is it fair to assume that your market share the way you are dominating in ethanol, is it fair to assume that our market share here will only be in the similar size? Can we assume a market share in excess of 50% or it's again too early? My point is what is the competitive landscape in this market beyond Praj?

Sachin Raole: So, as compared to ethanol, CBG competition market or others, the landscape is very, very different. In ethanol, they were very few players in that sense. So, we are playing a very serious role on ethanol but in CBG we are seeing multiple kind of a competition number. So, it is completely -- the entire market if you look at including the competition is completely evolving. So, it is too early to say that our market share is going to be 50 or 10. We would like to play a meaningful and a leading role in that segment. That is what I can say at this point of time.

Amish Kanani: And sir, on the flex fuel side, you did mention about SIAM calling us and also a lot of manufacturers offering their products. Here, sir, how do you see the evolution? One, in terms of a lot of players are showing the E85 kind of vehicle. So, the question is, how do you see that market evolving and is there a role where the government will again mandate that you have to introduce this vehicle with the next time line and stuff like that, sir?

Sachin Raole: So, this is what the auto industry is looking for by introducing vehicles, which can run on ethanol blended ethanol or on ethanol. This is what the plan they have actually announced in the Auto Expo. We will have to see to what extent these numbers are coming up. But the encouraging part was there are multiple players who actually talk about it. It is not only 1 player or 2 players. So, this gives confidence to us that the population or the percentage of flex fuel vehicle is going to be on a higher side, which will add to the demand which is required for ethanol.

Amish Kanani: Sure, sir. And last question if I can...

Moderator: Sorry to interrupt sir, we request you to please come back in the queue. The next question is from the line of Kunal Sheth from B&K Securities. Please go ahead.

Kunal Sheth: Congratulations on a great set of number. Sir, my question is what is our sense and how much of 1G ordering would have been already completed by now?

Sachin Raole: So, are you referring this to EBP20?

Kunal Sheth: Yes, that's right.

Sachin Raole: Yes. So, if you are only considering the capacity creation requirement for EBP20, somewhere around balanced capacity of maybe INR 450 crores to INR 500 crores is still remaining to be created.

Kunal Sheth: Okay. And sir, as far as 2G is concerned, you were saying that we have already completed the pilot projects and now inquiries for 2G are active?

Sachin Raole: So, Kunal, yes, what we mentioned that there were 3 orders, commercial scale orders we are currently executing. They are in the final leg. One is in the advanced stage, two might be a year down the line. Apart from these 3 orders, we said that there are no new orders which have been announced in the domestic market. But at the same time, I was referring to Europe market, where we are dealing with couple of inquiries and being a complex kind of a nature of this entire 2G story itself, its taking time, but it is moving in a very positive way because we need to have the right promoters and the right investors to commit to this 2G story and which is what is happening right now in the Europe side.

Kunal Sheth: Sure and sir, while we have been maintaining this 950 to 1,000 kind of a run rate for several quarters now. So, do we think there is enough visibility in the short term? I understand there are a lot of triggers in the medium term to maintain this run rate for the next few quarters.

Sachin Raole: Our endeavor is naturally to maintain that kind of a run rate. But we will have to see, as I mentioned earlier also that this is a project business. The order finalization sometimes takes time. The positive input which I can give you on the order book that we are right now looking at a very all-rounded kind of order book and not making concentrated only on 1 business, that's the effort which we are right now doing. So, it will help us in maintaining this kind of a run rate, but it is completely what I can say is our endeavor to keep this run rate on.

Moderator: Sorry to interrupt sir. Please join the queue back. The next question is from the line of Prashant Shah from Serum Institute of India Private Limited. Please go ahead.

Prashant Shah: My first question was on just a follow-up of what you indicated right now. If you can just give us a trend or your view on the trend in the order book for the last 3-4 quarters. I think it picked up somewhere in Q4 and Q1 and has been on a slightly softening trend over the last Q2 and Q3. And my other question was a slightly book keeping question. If you see the difference between console numbers and stand-alone numbers. If you can just explain why Q3 last year, the stand-alone PAT of INR 64 crores turned out to a PAT of INR 37 crores at consol level. And this year, why the trend is reversed? If you can just explain that much?

Sachin Raole: Okay. Prashant, first, to your question related to order book, I already said that we are trying to see how the composition of order intake from different businesses should give us the run rate which we are looking at. Yes, composition may change the order placement scenario may change and quarter-on-quarter, it will be a little difficult for us to comment what is going to happen. I see that on the annualized basis, our order booking is going to be on the healthy side. That's what our plan is to maintain the growth momentum, which we have already achieved. The second question is related to the difference between the standalone and the consolidated numbers between the September quarter versus December quarter. in the standalone...

Prashant Shah: I think December quarter to December quarter.

Sachin Raole: December quarter to December quarter. So, if you look at in the stand-alone you are talking about only quarter?

Prashant Shah: I'm talking about the quarter last year, Q3 quarter to the end this year, Q3 quarter.

Sachin Raole: On a standalone number?

Prashant Shah: On a standalone number, if you see last year, Q3, we reported a profit of INR 64 crores, which on a consolidated number turned out to be INR 35 crores.

Sachin Raole: Okay. So, if you look at INR 64 crores of the last 31st December '21 quarter, we were having the dividend income from a subsidiary company to the tune of INR 30 crores. So, technically, if you remove the dividend, the profit should have been in the range of INR 34 crores. So, profit has moved actually from INR 34 crores to INR 55 crores in this quarter.

Prashant Shah: Okay. Okay. So, that was the only component there?

Sachin Raole: That's right.

Moderator: The next question is from the line of Krisha Kansara from Molecule Ventures PMS. Please go ahead.

Krisha Kansara: Sir, my question was regarding the recent news flow. The government has preponed the ethanol blending target by 2 years. Sir, just wanted to know your take on it? Is it practically possible for the industry to achieve this 20% target in 1 year?

Sachin Raole: So, Krisha, thank you for your question. The target was more first from 30% to 25% from the blending target point of view. Now what is the announcement, which you have heard or read in the newspaper is related to availability of ethanol of 20% blended with the gasoline will be made available from '23 onwards itself. So, this is going to be like on a trial basis because it has to start so that we can actually see this EBP20 program catching up in 2025. So, this is what is going to happen from OMC side, they will be putting up a few pumps, it would be 20% blended petrol.

Krisha Kansara: Correct, so the 20%...

Sachin Raole: So, the entire target is advanced. It is not that the entire 20% target is advanced by 2 years, but it is the availability, which is going to happen from 2023.

Krisha Kansara: Correct. So, basically, they will initiate this 20% blending from 2023 itself, but only on selected petrol pump.

Sachin Raole: That is right. That's right.

Moderator: The next question is from the line of Jay Shah from Capital PMS. Please go ahead.

Jay Shah: Yes. Congratulations, sir, for a great set of numbers. Sir, my question was bit on the macro side. If you can explain us some moving parts in the whole hydrogen chain that what is happening? And secondly, sir, on the last call, you mentioned about the Inflation Reduction Act, the bill that was passed in the U.S., are we getting some traction there and attention there from even the U.S. players on the clean energy front?

Sachin Raole: Second question, can you please repeat? The first question, I got it, but second question, if you can repeat?

Jay Shah: The second question is, sir, Inflation Reduction Act, the IRA bill that was passed.

Sachin Raole: Okay, understood. Yes. So, the first part hydrogen is according to us, it's a little early to mention what is going to happen, what I can say, the road map is going to come up for hydrogen because there is a talk around it in a big way, but we will have to figure it out how it is going to get actually played out in the near future. We are definitely preparing ourself on multiple fronts including for that matter, the investment which you have mentioned for putting up the manufacturing facilities basically to provide critical equipment required for hydrogen manufacturing. So, we are preparing on all the fronts, one on the energy side; second, on the equipment side also. I think at the cost of repetition, I will say that in the equipment side, we are actually making everything to find out how it can be offered in a modularized way. So, we are investing a lot on that side. So, that is on hydrogen side.

Second thing on IRA, I also mentioned that in the international front, we are seeing especially from U.S.A., demand which will emerge on the low-carbon ethanol. This is nothing but an outcome of this IRA which you just mentioned, where we have already started providing our services. We have already done audit for at least 3 plants at this point of time, and there will be stages of these audits, and we are moving from 1 stage to a second to prove that what can be done with our technology solutions for reducing the carbon intensity in their ethanol. So, yes, action is going on based on what is happening on the IRA front too.

Jay Shah: Okay. Okay, sir. And sir, just the last question, you had mentioned that a lot of European companies and the U.S. companies, they are waiting for how our Panipat plant turns out to be because you said that a lot of eyes were there on how we are able to ramp up there. So, what is the progress on that?

Sachin Raole: So, as I mentioned in my remarks, Jay, that our pre-commissioning activities going on. So, we have completed the mechanical completion. So, the plant is technically ready, but it has multiple sections. So, we are actually going to section by section checking of that. Checking out how it is going to perform. So, when we are taking up the entire plant from the commercial production point of view, we should not have any surprises. So, we are getting that completely done in the next couple of months' time. That's the first development, which is going on the Panipat side.

Yes, we mentioned that based on the visibility of commercial production from a commercial plant, the other markets are naturally going to react to it and that is what is going to happen in Europe. It is going to be a long story. It is not going to be a short story, and that we always maintain that it is not going to be in the short term. It is going to evolve only in the medium term. But every step, I can tell you as feedback to you guys that on a quarter-on-quarter basis, we are very definitively progressing in a positive direction. The investors and the promoters both made to be completely comfortable before they commit the investment into 2G piece. In Europe, the investment for 1 particular plant is not going to be less than EUR 200 million to EUR 250 million. So, this is a huge investment. And that is why it is going to be traded a little bit more cautiously where the Panipat plant will definitely help us in exhibiting that and our work, which we have already started working with these prospects is going to give us some kind of an edge in the European market.

Moderator: Next question is from the line of Divyanshu Sachdeva from White Oak. Please go ahead.

Divyanshu Sachdeva: So, first question, I mean, I'm sorry, I joined the call a bit late. Can you please explain your -- this new MoU that you have signed with the Axens? Like what kind of role, Praj is playing? And what does this mean?

Sachin Raole: For SAF, there is a long, what I can say manufacturing phase starting either from molasses or ethanol to SAF. So, there are 2 parts, first leg and second leg. The second leg is related to SAF manufacturing. We have joined hands with Axens, where we will be using Axens technology for conversion of whether isobutanol to SAF or conversion of ethanol to SAF. So, that's the leg where Axens is going to play a role. We are going to play a role for isobutanol and ethanol. And that ethanol is going to be low-carbon ethanol. So, it's a change where both of us are going to play a role first part by Praj; second part by Axens.

Divyanshu Sachdeva: Okay. And this isobutanol to ethanol is also something which we have tied with Gevo?

Sachin Raole: Yes. So, isobutanol is from molasses to isobutanol, where Gevo is the one whose technologies we have adopted. They have corn technology. We adopted their corn technology in molasses to isobutanol.

Divyanshu Sachdeva: Okay. Okay. Understood. And just 1 more thing, like if I see Gevo's commentary, like Gevo and other, in fact, airline commentary, let's say, for example, British airline has committed around 10% SAF by 2030. Gevo has tied up for an offtake agreement of 350 million gallons and tied up with various airlines like American Airlines, Alaska Airlines, Japanese airlines. So, it seems like Gevo is very, very positive in terms of SAF to be the next growth driver. So, anything like they have indicated or something like towards us like how they would pan this thing and how this thing should be very much incremental for Praj itself because this seems very incremental and very positive. Let's say they have also mentioned that the entire SAF space would be worth more than 30 billion gallons over the next 2 decades or something. So, is it something that we are seeing going forward from the Gevo side?

Sachin Raole: So, if you look at European market and U.S. market, they have already started committing on the SAF front, which has not happened in India. There is no commitment in the sense, there is no blending mandate per se for the SAF in Indian market, but that has already started happening in European and American markets. Why are airlines committing? Because they have seen this commitment, they would like to meet with going forward. And that's why they are committing their requirement of SAF from the Gevo side. So, that's a big development that market is happening. In our market also, it will have its own impact and we will see some kind of mandates coming up going forward on the SAF blending in India too which will create opportunity for us have manufacturing facilities for SAF in India. Right now, the facilities, manufacturing facilities are going to be outside India and not in India immediately, at least for some time. But we will see that kind of development happening in the medium term.

Moderator: The next question is from the line of Ankur Kumar from Alpha Capital. Please go ahead.

Ankur Kumar: Sir my question is on the order books and execution. So, if I see while our order book has been growing, growth has slowed down a little bit. So, can you comment more on that and our execution has been quite good. So, given such a high order book, what is the kind of guidance on revenue and margin front you would like to give?

Sachin Raole: Ankur, I have already mentioned about how the order book is standing for us and how it is going to get evolved over a period of time. As I said, in the short term, I mean if I just bucket it in the short, medium and long term, I think in the short term, ethanol is definitely going to play its big role; short to medium term role in the Bioenergy segment we will see CBG playing its role; from medium to long term, we see SAF is going to play a big role. So, in the Bioenergy segment from short to long term, we see very definitive candidates sitting with us in our Bioenergy offering. This is on the short, medium and long-term for the Bioenergy segment. If I look at engineering, engineering has started picking up beautifully well for us. It will span out once we have the manufacturing facility coming up. It will give us some kind of a fillip if there is any kind of a blip in the Bioenergy segment, and it will give us complete filling up kind of an effect on the engineering side from the medium to long term.

So, this is how the trajectory for us from the order booking or from the business growth kind of a thing which we are seeing going forward. Revenue and margins, it will be too early, generally. We don't give any kind of a futuristic statement or a guideline of date. But I'm sure that it will be in line with the order booking which we are going to have in these business segments.

Ankur Kumar: Sure, sir. And in terms of execution, the fourth quarter is the best quarter. So, can we expect that to continue here also?

Sachin Raole: See the way in which we have seen this year getting evolved, we are seeing more or less. More or less, we are seeing quarter-on-quarter, the execution is falling in place, your point is valid, but first 6 months used to be on the lower side and the next 6 months used to be on a higher side, but we are now seeing that some kind of a trend length is coming up in our quarterly performance. So, yes, quarter 4 is generally good. It will remain good, if I'm not wrong. But more or less, we will see going forward, the scenario that more or less quarter-on-quarter numbers are going to be in some kind of a range.

Moderator: The next question is from the line of Hemant, Individual Investor.

Hemant: Sir, congratulations on a very good set of numbers. Sir, a couple of questions from my side, sir. Firstly, what is the current ethanol blending?

Sachin Raole: Current ethanol blending?

Hemant: In terms of percentage?

Sachin Raole: It has almost reached 12%.

Hemant: 12%. So, sir, what kind of revenue visibility we have for the remaining 8%?

Sachin Raole: See some kind of capacity is already either got created or already got contracted. In another question, I was mentioning that another capacity of almost INR 450 crores to INR 500 crores of liters is still pending. So, that capacity creation will come up over a period of time.

Hemant: So, what kind of revenue we can expect from the 450 to 500 kilo liters of ethanol in the next 2 to 3 years?

Sachin Raole: So, if you want me to say what is the total CAPEX around this capacity is going to be there, then if it is 450 to 500 makes almost 100 to 150 plants can come up. The total investment will be in the range of around INR 10,000 crores to INR 15,000 crores. From the addressable market point of view, if you look at Praj, it will be somewhere around INR 6,000 crores to INR 7,000 crores.

Moderator: The next question is from the line of Sanjeev Kumar Damani from SKD Consulting.

Sanjeev Kumar Damani: Namaskar, congratulations, and thanks for giving me opportunity to speak. My straight question is regarding the likely internal projection of yours in this quarter sales? I mean, can you quantify the turnover that you are likely to achieve in this quarter, if at all?

Sachin Raole: So, you are asking me what will be the numbers for the coming quarter?

Sanjeev Kumar Damani: Top line for this quarter, existing quarter ending on March '23.

Sachin Raole: Sorry, we don't give any kind of guidance. I am extremely sorry.

Sanjeev Kumar Damani: No problem. But it has to be 20%, 30% higher, sir, than the existing one?

Sachin Raole: We don't give this guidance directly or indirectly. I am extremely sorry.

Sanjeev Kumar Damani: Okay, sir. Would you like to give name to the 3 plants that you are already coming up for making ethanol from syrup? This company's name for whom you are executing, if it all you can share?

Sachin Raole: Yes, sure, it is Mirani Industries based out of Karnataka.

Sanjeev Kumar Damani: Sir, you have written 510-liter per day single plant is being commissioned for them or has been commissioned?

Sachin Raole: Yes.

Sanjeev Kumar Damani: It is for Mirani Industry. Is it a private limited company sir or a listed company?

Sachin Raole: So, you can have a look at them, this full entity is also within them. And there are multiple 2 or 3 set ups they have within their own group.

Moderator: I'm sorry to interrupt Sanjeev. We will request you to please come back in queue. The next question is from the line of Shailesh Kanani from Centrum Broking. Please go ahead.

Shailesh Kanani: Sir, I just wanted to understand if we have booked any after-sales service revenues in this quarter and given that the ethanol production capacity in the last 3 years have kind of leap frogged from, say, 4x to 5x. So, if you can shed some light going ahead, what kind of opportunity we can get from this?

Sachin Raole: From the segment of services?

Shailesh Kanani: Yes, right?

Sachin Raole: So, services, we are very cautiously treading that business. And that business has 2 or 3 segments. One is the consumables or the bio solutions, which we sell under that, which basically act like a performance in assets for the plant. We are seeing a good traction for that business within the domestic and international. International is taking some time because that market needs a demonstration to be done of our performance enhances there. So, 1 by 1, we are actually tackling that kind of demonstrations for those people, whenever the sugar season is available. So, last year, we did for almost 4 or 5 customers in Brazil for the testing of this demonstration and we will continue that kind of a scenario going forward also. So, we see a good growth kind of traction to come up for the consumables business, which we call as performance enhancers in the domestic and international business both.

There is another segment on the operations and maintenance O&M. We have started offering those services within the Bioenergy segment especially on the 1G plant. And the idea was to get used to understanding this segment very well. because this business, O&M business within 1G may not have that kind of an opportunity, but it will come up in a good amount of way in the CBG side and on the second generation or even for the 1G plant, which are coming up on the starchy based feedstock. So, this was like a preparedness from our side to understand how this business can come up and we are doing at least 2 or 3 specific orders on the O&M at this point of time. To some extent, yes, that kind of an order is book is already booked in this quarter of December.

Shailesh Kanani: And sir, 1 more thing. If you can just shed some light on Bio-Prism RCM front, if anything, you can like to highlight the status or opportunity, anything on the RCM front?

Sachin Raole: Yes. So, RCM front, I did not specifically mention because it's not on the short-term kind of a scenario, it is going to be medium term to long term. We are already marching on our product development phases in a very, very positive way. The results for the first couple of products which we have started working on are encouraging. This business is going to be a little different, and we are aware about the nature of this business because this business is not going to be as traditional like the ethanol business of CBG. So, we are working on what kind of mechanism and business models will emerge and we are trying to figure out how to get into that kind of a stage. But it is going to be more on the medium to long-term kind of a phase, not short term.

Moderator: Thank you. As there are no further questions, I now hand the conference over to management from Praj Industries Limited for closing comments.

Sandip Bhadkamkar: First of all, thank you very much for your time today. If you have any more questions, feel free to write us at info@praj.net and we look forward to interacting with you again. Have a nice day. Thank you.

Moderator: On behalf of Praj Industries Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.