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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 19th October 2022, regarding Un-audited Financial Results (Standalone and Consolidated) approved by the Board of Directors for the quarter and half year ended 30th September, 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. PUNE (INDIA)

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

Praj Industries Limited
Q2 FY-23 Earnings Conference Call
October 19, 2022

Moderator: Good day, ladies and gentlemen and welcome to the Praj Industries Limited Q2 FY23 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. Please note that this conference is being recorded. I now hand the conference over to Mr. Anuj Sonpal from Valorem Advisors. Thank you, and over to you sir.

Anuj Sonpal: Thank you. 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 Second Quarter and Six Months Ended Financial Year 2023.

Before we begin, let me mention a short cautionary statement. Some of the statements made in today's concall 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 and information currently available to management. Audiences are cautioned not to place any undue reliance on these forward-looking statements in making any investment decision. The purpose of today's earnings call is purely to educate and bring awareness about the company's fundamental business and financial quarter under review.

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. Shishir Joshipura, CEO and Managing Director; Mr. Sachin Raole, Chief Financial Officer and Director of Resources. Now, without any further delay, I request Mr. Joshipura to start with his opening remarks. Thank you and over to you sir.

Shishir Joshipura: Thank you, Anuj.

Good day everyone. I welcome you to Praj Industries' Earning Call for Q2 & H1 FY23. Trust all of you had the opportunity to go through our results presentation for the quarter ended 30th Sept 2022.

It is once again a pleasure to connect with all of you. Let me now briefly take you all through the quarterly business highlights and industry developments. Following which, Sachin will take you through the financials.

We closed Q1 FY 23 on a strong note with a healthy growth in order book and delivery volumes. The challenges around volatile commodity prices, global inflation, supply chain imbalance though softened, existed throughout the quarter. However, with continued focus on customers combined with our technology prowess and increasing favorable business environment, we were able to stay the course.

Global economy continued to face headwinds in form of geopolitical situation, high inflation and continued uncertainty and volatility on energy front in several parts of the world. Energy transition is creating several new opportunities for sustainable fuels and we are confident of leveraging and deliver to our potential.

India's EBP 20 program is marching ahead of its target. There is clear recognition that biofuels have increasingly important role to play as they address multitude of issues across economic, social and environmental spectrum. Introduction of flex fuel vehicles, ethanol driven power generators, diesel blending program etc. are likely to drive future demand beyond EBP 20.

Earlier this month, country saw launch of pilot vehicle on Flexi-Fuel Strong Hybrid Electric concept. This is a solution that will favorably address several dimensions of the ecosystem in future.

Recently, the Uttar Pradesh government has issued a comprehensive policy to attract big-ticket investments in Biofuels projects and increase agriculture income in the state. The policy aims at supporting and promoting production of compressed biogas as well as other biofuels in the state. The government has also given the go-ahead to the MSME policy that seeks to open and promote such units in all districts.

Now coming on to the business updates,

Our bioenergy business, In 2021-22 sugar marketing year, India exported 11.2 million tons of sugar which clearly indicates that we have enough sugary feedstock available for ethanol production in sustainable way. Along with this, availability of starchy and cellulosic feedstock will ensure India can address higher ethanol demand in near future.

In domestic market, we continued strong performance on the order book. Our execution activities are at their optimal levels with multiple project sites in different geographies.

On International front, The US Government passed Inflation Reduction Act (IRA) that has significant provisions of support on advancement of biofuels across different modes of mobility. As a result of this development, low carbon ethanol likely to emerge as an interesting business opportunity. With announcement of blending mandates in Canada & Mexico, our market development activities are finding good traction to lead generation. Our first project in Brazil is on schedule for commissioning at the end of this year.

Our services business is receiving positive response from customers for combination of O&M and Performance Enhancers offerings. During our trials at few select plants in Brazil, we have successfully demonstrated performance of our PE solutions.

On the 2G front, our plant at IOCL Panipat was unveiled by the Prime Minister in August 22. This plant will benefit more than 1,00,000 farmers and is expected to create around 1500 jobs for rural youth. 2G ethanol has higher potential to displace GHG emissions than 1G. This plant alone will help eliminate around 3,20,000 metric ton of CO_2 every year which is equivalent to replacing 63,000 cars on road annually. 2G plant will address the serious concerns arising due to Stubble burning. The success of this project will pave way for many projects in domestic as well as international markets.

On international front, discussions are progressing favourably for establishing 2G plants in Europe. With Russia Ukraine war and Energy Crisis in Europe will further propel need for 2G ethanol which is the most sustainable fuel alternative.

Earlier this month, International Civil Aviation Organization (ICAO) announced that ICAO Member States have adopted a collective long-term global aspirational goal (LTAG) of net-zero carbon emissions by 2050. This will give further boost to demand for SAF. In Sept I attended Global Clean Energy Action Forum (GCEAF) organized by U.S. Department of Energy (DOE). It was widely attended by different ministers, government officials and Global CEOs. Organizations across the Globe may speak different languages, practice diverse cultures but it was heartening to see everyone talking in unison about 'Clean Energy with Zero Emissions'

On the CBG front, customers are now seeking solutions for different varieties of agriculture residues. Our R&D is working on a program to find optimal solution for addressing this need. After conducting extensive trials at our demo plant, we are integrating our learnings to enhance scope and performance of our solutions in the field.

On the CPES front, energy transition phenomena is driving development of blue & green hydrogen projects along the globe, creating interesting business opportunity for this business. Our ability to Modularize engineering solutions across the technology platforms is helping us to create significant competitive advantage. Our additional capacity at Kandla is now fully operational and we are exploring further capacity enhancement.

On the brewery front, the beer consumption levels has crossed the pre pandemic levels and we are experiencing healthy flow of enquiries from India as well as Africa. The new capacity formation is expected to catch speed in the latter part of FY23.

Our Zero Liquid Discharge business we see a good business potential mainly from the private sector and expect few important contracts likely to conclude in H2 of FY 23.

On PHS business front, our strategy of focusing on High-Capacity fermenters space is receiving positive response from customers as this enables us to offer enhanced suite of solutions to pharma industry. PHS is also witnessing increasing traction in international markets with healthy inquiry flow.

On RCM front, Praj has entered into an MoU with ICT to establish Center Of Excellence & Innovation (COEI) for Biopolymers. This center will undertake research, promote academic pursuit, and explore newer applications including developing biodegradable plastic as a solution curb plastic menace.

Before I end, I would like to share with you couple of awards we won recently.

- Praj received CAP 2.0 AWARD from CII for contributions in the climate actions initiatives.
- Different industry organizations such as Indo American Chamber of Commerce, Renewable Energy India and Manufacturing Today honored our founder chairman Dr. Pramod Chaudhari with recognitions for his contribution to trade & business and sustainability initiatives

With this, I now hand over to Sachin for his comments on the financial performance.

Sachin Raole: Thank you, Shishir.

Good day everyone. Let me take you through the financial highlights for the quarter and half year ended September 30, 2022

The consolidated income from operations stood at Rs.876.58 crore in Q2FY23 as compared to Rs. 532.41 crore in Q2FY22. PBT has increased by 40.6% and stood at Rs. 65.78 crore in Q2FY23 as compared to Rs. 46.77 crore in Q2FY22. Similarly, Profit after tax stood at Rs. 48.13 crore in Q2FY23 as compared to Rs. 33.34 crore in Q2FY22

For H1FY23, Income from Operations was Rs. 1606.45 crore as against Rs. 918.67 crore in H1FY22. PBT stood at Rs. 120.01 crore in H1FY23 as against Rs. 76.57 in H1FY22. PAT of Rs. 89.39 crore in H1FY23 as against 55.54 crore in H1FY22.

Export revenues accounted for 17% of Q2FY23. Of the total revenue, 74.7% is from Bio-energy, 19.5% from engineering and 5.7% is from PHS business.

The order intake during the quarter was Rs. 981 crore, with 92.8% from the domestic market. Of the total order intake, 85.1% came from Bio-energy, 10.8% from engineering and balance 4.1% from PHS business.

The order backlog as of September 2022 is at Rs. 3346 crore comprising of 87.5% of domestic orders.

Cash in hand as on Sept 30, 2022 is Rs. 514 Crores.

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. The first question is from the line of Dhananjai Bagrodia from ASK Investment Managers Private Limited. Please go ahead.

Dhananjai Bagrodia: Sir, what explains the difference between standalone PBT of 82 crores versus consol PBT of 65 crores?

Shishir Joshipura: Dhananjai, we can't hear you.

Dhananjai Bagrodia: Sir, what explains the difference been standalone PBT of 82 crores versus consol PBT of 65 crores?

Sachin Raole: In other income, we have 20 crores dividend income coming from the subsidiary company, which is standing in our standalone results. But in consolidated, the 20 crores naturally gets knocked off. That's why the consolidated PBT looks lower than standalone.

Dhananjai Bagrodia: Okay. And sir, our operating cash flow is negative this quarter because of higher receivables, any comments on that?

Sachin Raole: More than higher receivables, actually we had gone ahead with the increase in inventory this time, which we have taken in last two quarters that we will go for very calculated inventory accumulation on the commodity side, commodity prices side. That's what has resulted into our inventory going up more than the receivables. Receivables number of days are absolutely flattish as compared to last quarter. This phenomenon of increased working capital is mainly on account of inventory pile up.

Dhananjai Bagrodia: Okay. And, sir, lastly regarding our payables have reduced, are we losing bargaining power in suppliers due to dependence on them now?

Sachin Raole: Sorry, payables were reduced, that's right.

Dhananjai Bagrodia: Are we losing bargaining power with suppliers due to dependence on them?

Sachin Raole: No, there are various means and methodologies in which we are using free cash on our balance sheet. When we have any negotiation happening with the vendors, we also go for early payment with the cash discount for that matter. So these are the three, four measures which we had taken to counter the commodity price increase. One of them was to make the early payment for payables and go for the cash discount.

Dhananjai Bagrodia: Okay, sure. And so lastly regarding your margins, your margin is not improving despite falling RM is there anything which you can read into that, because our margins have been the lowest this quarter?

Sachin Raole: So if you look at even the composition of our sales is majorly, first why majorly its almost tilted towards the domestic sales. Domestic sales it has given the EPC component it is not on the A and B component but C component is also plays a role there. And that component naturally carries little margin as compared to your supply component, one aspect.

Second aspect, if you look at traditionally our exports are more than 25% or 30%, our margins are very different. But today our export sales, as I already mentioned are not in tandem with the growth which we are seeing in the domestic market. They are good, they are definitely better, but they are not running in equal speed with the domestic number and that's the reason why this blended margin looks flat. Otherwise, of course there is a component of commodity prices which we are continuously saying that we will see this impact continuing at least since H1 and that's what has happened to some extent. It is coming down, but it has not completely gone away. So these are the two major reasons.

Moderator: Thank you. The next question is from the line of Shailesh Kanani from Centrum Broking. Please go ahead.

Shailesh Kanani: Sir, first of all congratulations for clocking, all-time high quarterly revenues. Sir my question is with respect to ethanol current capacity, current production capacity, as per you what is the current capacity in India and domestic business, what is the capacities we are having ethanol production?

Shishir Joshipura: So, Shailesh very clearly government has said that there is now a 10% blending that has been achieved in the country. So from the capacity perspective, that's where we are we need to go to 20%. So we are at the halfway mark as far as capacity is concerned in terms of what is required.

Shailesh Kanani: So, last we checked we were at 850 crore liters and ordering book of further 300 or 400 crores was already tendered, so I just wanted to know the opportunity pending on the order pipeline?

Shishir Joshipura: Correct. So as we had said last time as well, when the EBP-20 program started, we had roughly estimated that 1,000 crores liter will need to get added and we had told we are halfway mark on that right.

Shailesh Kanani: No, just to get some numbers, last time our interactions felt that we were 1,800 crores to 1,900 crores would be the potential capacity requirement to produce something in the range of 1,400 crores liters right where 1,000 crores will**….**

Shishir Joshipura: Correct.

Shailesh Kanani: So just wanted to know.

Shishir Joshipura: Sorry, if you're looking for the straightforward number based on what is the current capacity already deviated and ordered and what is the balance, balance will be in some ways in a range of 500 crores to 600 crores which we saw at the beginning of this year, something has got ordered during this quarter. So still, I believe that balance capacity creation should be in the range of 500 crore of liters.

Shailesh Kanani: Okay. So I just wanted to see till how many more quarters we can see good amount of traction on that front, okay. So that answers that question. And just on your opening remarks, sir had mentioned that post EBP-20 as well we are seeing opportunity coming up, so two questions on that front till what level do you see that kind of opportunity or what capacity you see over there and also on the feedstock availability fund, both of them looking to happen.

Shishir Joshipura: Correct. So, as I said that applications will change. So, right now it's very simple plain vanilla 20% blending, all vehicles on the road that run on petrol kind of market segment. But if you start looking a little differently and let me start, so we just saw the first flex fuel vehicle, which was also strong hybrid connections so which we believe is the ideal solution for India, was launched just last week by an auto company so that is very positive development. So flex fuel vehicles will drive demand, because then it's no longer limited 20% and it can go all the way up to 85%, so that's the first answer to you.

Second, we have talked about the stationary and I am not calling it stationary, what we call is DG sets in the country, switching over to a more sustainable form of fuel which is ethanol. That's the second one.

Third application that is likely to emerge would be about application on mobile diesel engines and that's where one, railway is one segment and the vehicle automotive is another segment. So there are several other avenues there may even be in future development around the sustainable aviation fuel. So several avenues will open based on application and telecom towers that you said, there are many, many of those which are currently running on diesel, but they can very sustainably shift to ethanol, and one is the EBP-20 program, but all of these will also start to drive and the numbers one need to compute, exact numbers when we can probably connect back with you on that one, but that is an opportunity even bigger in size.

Shailesh Kanani: So aren't there any question marks on the feedstock availability, I understand last two years have been bumper and this year also, it is expected to be bumper on the sugar production side. But overall, in general do we have that kind of availability of feedstock on a sustainable basis?

Shishir Joshipura: Yes, you picked the point that I made around excessive sugar production and export, et cetera. So that is very clearly one feedstock availability indicator to all of us and that is adequate, number one. Number two, the bigger and actually the biggest opportunity is going to be the lignocellulosic feed stocks, which is why we are so positively looking forward to commissioning and handing over of the IOCL project, because that will prove beyond any doubt that the feedstock to stay. Currently, there is no use of that we just burn it off. So there is a huge amount. So, I don't think that we have currently any worries around feedstock availability there is enough and more of course but we'll have to continue to find different feed stocks and their usage as we move forward. But right now, I don't think that's the challenge at all.

Moderator: Thank you. The next question is from the line of Ravi Dharamshi from Value Quest Investment Advisors. Please go ahead.

Ravi Dharamshi: I just wanted to check on the CBG. Are we starting to see any kind of traction on the ordering front?

Shishir Joshipura: We are beginning to see some activities developing. As I mentioned, the policy very, very supportive policy that came out from the UP government is just about two weeks old. So maybe a little later in the time, we will be able to answer this question in a more affirmative way, but we are clearly beginning to see activities beginning to develop in that space.

Ravi Dharamshi: So there were some issues regarding the supply chain, those have been sorted out, policy-wise, supply chain-wise, financing-wise everything is in place and ordering is the only thing left or there's still something that we need to get right?

Shishir Joshipura: No. The supply chains are very local issues in this case, it depends on where the location is very clearly. On the funding basis there is a provision that made available to fund these projects, but as not many projects have come up and that's the key point so of obviously some more ironing out is required on off take, et cetera. But, in general, the environment for setting up an ecosystem involving CBG plants is becoming visibly more favorable.

Ravi Dharamshi: Got it. And just one last follow-up from my end. On the margin front, of course you gave a good explanation of the domestic and exports mix, but just to understand steel prices have fallen almost 60% from the top. And also, our gross margins which had used to be much higher earlier and you have earlier guided that this year we are likely to double-digit, so just wanted to check, first half almost gone and we are still stuck at sub 8% kind of margins. Will we be able to still stick to 10% plus kind of margins guidance?

Shishir Joshipura: So we are not giving any guidance on what exactly it will look like, except to tell you that, #A, we believe that the highly volatile commodity price changes that we saw are hopefully behind us and that should have a clear bearings on what we do forward. Although, there will be some as you can see at about 1,000 crores odd level, so we still have some residual impact left that we will see as we travel through the year. Sachin was also mentioning around improving the mix which will also lead to improvement in margins. So as we move forward, we are setting the past that we expect H2 to get better and that's where we're staying.

Moderator: Thank you. The next question is from the line of Vikram Suryavanshi from PhillipCapital (India) Private Limited. Please go ahead.

Vikram Suryavanshi: What we are looking at is that how or when we can see the pickup in export given the geopolitical situation because I know we are doing extremely well in domestic market, but probably export is a area where we can also do much better and how we can see pickup up in that area that is my first question. And second on bio-CNG side, now informative priced conditional in terms of not only CBG prices but even byproduct prices also, so is that helping to really see the ground level pickup or how is your heading on opportunity?

Shishir Joshipura: So Vikram, on the export side your observation is bang on. So as we had mentioned that we expect the second half at least to start changing on the order booking side and probably that will reflect as we travel through the few next four to six quarters in terms of sales as well. But we first obviously, so already, as Sachin was mentioning, it's not our order book is low, it's just that the domestic is progressing at a very different speed. Having said that, we are also cognizant of the fact that we need to increase the speed of our international order book and that's what we're focused on and we expect that H2 will be different than H1. So, I hope that answers your question.

Vikram Suryavanshi: Yes, the second this CBG side?

Shishir Joshipura: So on the CBG front, yes there is still, as I said there has been some last-mile connectivity issues to be settled in terms of pricing point for byproducts, off take agreements and policies for fertilizers, because that's an important byproduct out of the CBG plant. On the gas pricing side a lot has been done but some of these interconnected as I call them the last mile connectivity issues that still need to get addressed. State of UP has tried to address some of these, but not all and as I said that as we move forward we expect to see a more favorable environment in which to come. So maybe next quarter we can talk around this, this is a bit too early.

Moderator: Thank you. The next question is from the line of Isha Agarwal from VT Capital. Please go ahead.

Isha Agarwal: Sir, my question is regarding the BIOSYRUP tech. Can you help me understand what's the update and how people are adopting it, especially sugar companies are you seeing any demand coming from them?

Moderator: Sir, we cannot hear you. Ladies and gentlemen, please stay connected while I try to reconnect the management. Ladies and gentlemen, thank you for your patience. The line of the management has been connected. Sir, kindly proceed.

Shishir Joshipura: Yes. So, Isha, could you please repeat your question?

Isha Agarwal: Yes. Sir, my question was regarding the BIOSYRUP tech, so just wanted to understand how are we seeing the sugar companies adopting the decent tech, are we seeing any good demand coming up on this BIOSYRUP tech?

Shishir Joshipura: So Isha, when we developed the BIOSYRUP technology, it was in the purpose to demonstrate that syrups can become a sustainable feedstock that can enable ethanol plant connected to sugar mill to run right through the year and not be dependent on seasons **time.** So that was the purpose of demonstration of the technology. Obviously, there are some other dynamics which have to be resolved in terms of establishment of BIOSYRUP as a feedstock, the storage system infrastructure for that, also the dynamics in the sugar market that decide whether we want to produce sugar or we don't want to produce sugar, so there are many other dimensions that also have to play. So our purpose was to demonstrate that the technology is available. As and when the factors align themselves, this is an option that the customers can offer just the way they are to be offering let's say molasses, beetroot juice or anything like that. This is another feedstock that is available.

Isha Agarwal: Sir, my next question was regarding the 2G plant. So just wanted to understand the rationale, like, for setting up a 2G plant, if the cost is double, then why would somebody opt for going for a 2G plant setup rather than 1G plant. And also, just wanted to understand if the prices for 2G ethanol is set by the government or it is set by the OMC?

Shishir Joshipura: Okay. So second question first. There is no more notification has yet on 2G ethanol prices. So we don't know as to what the prices are going to look like and what metrics that will come into play that is number one. Number two, why would somebody want to put up 2G plant so there are three or four dimensions. First and foremost, the 2G technology actually reduces emissions of CO2 by over 85%. That's not possible for a 1G technology to do, because obviously it is limited because of its own inherent limitations, so that's number one. Number two, availability of the feedstock that this question was also previously asked by one of your colleagues. We have to understand that what is the problem that we're trying to solve. Purpose of technology would be what so for example stubble burning is a problem we're trying to solve, this is one way to solve it. If we want to address the CO2 emission, ethanol is the way to solve it, and 85% reduction in GHG emission is a very definitive way of solving it. Tomorrow when aviation fuel starts to become the norm of the day, the airlines will look for a very low carbon intensity fuel to be put into their wings. And if that happens, then obviously at that time this is the only solution, because this is the way it will go. Next one, this also provides a outlet for farmers to not to burn their trending residues of crop, but actually realize money out of it. So different strokes, different goals, but there are very different set of reasons as to why 2G plants will come up, because what we're not factoring in when we look at only the current one investment perspective. But what you said is correct, it is high investment, but what we're not looking at is the farmers income doubles, the calamity of climate, the amount of health cost that we have to bear now, it just so happens that different stakeholders are bearing this cost and that's why we need an enabling policy environment that sort of brings everybody on the same platform and we are moving in the direction not only here but also outside in rest of the world.

Moderator: Thank you. The next question is from the line of Dikshit Mittal from LIC Mutual Funds. Please go ahead.

Dikshit Mittal: Sir, my question was just on margins itself. So because the kind of growth we have seen on the topline, so at least operating leverage should have played outright in terms of the EBITDA margins. So as you mentioned there, because of export and domestic mix margin is low, but does that mean that domestic orders we are basically taking below 7% kind of margins or there is something else that I haven't seen?

Sachin Raole: So not necessarily. I was only saying that the blended margin will go up only if there is an export element coming in. And if you look at in this entire revenue mix, export revenue is very miniscule in the first half, because another element, as I was mentioning about the construction activity there is a little less as compared to the supply portion, so the blended is looking like this. It doesn't mean, of course there will be different projects and different businesses carrying different margins investments so not necessarily their domestic is carrying lowest and that's the reason why it is getting reflected in that way.

Dikshit Mittal: Okay. But, sir, what is the impact of this commodity volatility in overall, maybe if you can give a ballpark figure for the first half?

Sachin Raole: First half, it should be in a range of at least 1%.

Dikshit Mittal: Okay. So that 1% can come back in second half and that is a fair assumption, maybe.

Sachin Raole: That's right. Rather last year it was higher than 1%, now at least in H1 we are seeing the lower impact of that, but the impact is still there.

Dikshit Mittal: Okay. But, sir like if I see in your historical margins on a much lower topline you were touching double-digit also in some of the year, so entire form is purely because of 10% dip in the exports, because your exports have been annually 30% historically. So now it's 17% so that much impact is totally because of exports.

Sachin Raole: That's right, because that 13% again, I'm repeating that it is completely from the engineering side or on the equipment supply side and no construction component at all. If that's the mix of the sale and naturally margins should be very different.

Dikshit Mittal: Okay. And sir lastly, as you mentioned this difference of standalone and consolidated basis because of dividends, so that dividend is from Praj HiPurity?

Sachin Raole: Praj HiPurity.

Moderator: Thank you. The next question is from the line of Lokesh Maru from Nippon India Mutual Fund. Please go ahead.

Lokesh Maru: Thank you, sir. Sir, two questions. Number one was on other expenses. So other expenses right now would be 20%, right and it is more or less around the onsite expenses and labor charges and travel and freight, which form major component of it. So it has been trending mostly downwards in last two years, but as our topline goes up, first should remain where it is, but other expenses which is variable in nature should also go up in tandem with the topline. So any guidance or any comments around how would you look at this, this component as percentage of your topline going forward and in this fiscal as well?

Sachin Raole: Your observation is right. Mainly these other expenses, as you mentioned are completely related from the business activity point of view and major component of that is sitting in the project activity. So currently, if we are doing 80 projects and tomorrow if we are going to do 150 projects, the absolute number will change, percentage will remain more or less in the same kind of range, because it's almost 90% variable in that sense.

Lokesh Maru: Can you provide how much volume were we be able to do in last quarter, like we have the case number, but could you also provide the volume number in terms of KLPD only for the biofuel space?

Sachin Raole: So we don't provide this breakup. We only provide the breakup on the basis of business segment.

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

Amish Kanani: Sir, two parts question. So, one you did mention exports might see some traction in the second half at least from the order book side. If you can give us some sense in the past, we were hoping for some 2G orders from EU, but maybe the war has kind of appreciated that environment. So if you can give us some sense of whether that's happening and in that context, you did mention about Brazil, Canada, and Mexico. So if you can give us some sense where is the traction and what is the kind of pipeline or inquiry there?

Shishir Joshipura: So Amish, as I was mentioning, there are driving forces in the market. So we are clearly seeing blending mandates coming in Mexico and Canada. So the illustration was that this energy transition is a phenomenon where all economies and countries are thinking increasingly in terms of being their own producers of their energy needs, is something that is now visible. These are initial proofs, but I think that is the first dimension.

Second is, we clearly see the demand emerging for decarbonized fuel more and more and, as you know biofuels are a clear answer for that, irrespective of the mode of transport, whether it is on the road or surface or air or marine or wherever. So that's the second one. And so we believe that if you look at these mandates, energy security plus decarbonization as an agenda, then that opens up a completely different canvas on which the demand for biofuels across the globe drastically accelerated in Europe. The driver is the fact that it is directive which says they need to create capacity by 2030 for 2G ethanol. It's a mandate given so that is the driver there. In America, low carbon ethanol, because that's how the market mechanism works, so lower is the intensity of carbon in production of that particular fuel, the better realization it gets, so that's their driver. Brazil has introduced a renewable bio-program. Right now, because of their political situation maybe there is a bit of a gap there, but I'm sure that they will pick back. It's not an uncertainty just that they have to go through the election process. So different drivers in different markets, but everywhere clearly energy security and decarbonization are two very, very clear drivers for driving the business.

Amish Kanani: Okay. Sure, sir. And sir post this IOCL Panipat plant being commissioned, is there any pipeline of inquiries from the domestic oil and gas companies for say additional plants, I understand it's expensive, but maybe the domestic oil and gas companies would go further as a whole but the way oil prices are volatile and their balance sheets are bit impacted. So any sense of where the traction will be post the commissioning of this plant?

Shishir Joshipura: So Amish, my answer probably is based same as what I gave in the first case. The security and decarbonization is the driver and this is a big decarbonization drive, if you go through the lignocellulosic feedstock route. That's the highest reduction of GHG footprint. So we will clearly see this trend developing. Yes, lot of people are watching with interest the results that come out of the Panipat commissioning we are very, very aware of that and we are working on that and then of course, there'll be two more projects that will get commissioned towards end of next calendar year in itself. So, that will give a very, very clear so, yes it is a 15 month kind of period from now, but in that 15 month we would have actually showcased to the world of what the possibilities are and that will become a very, very definitive anchor for driving this opportunity forward.

Amish Kanani: Sure. And, sir last question, what is the average execution of this outstanding order book and if possible by vertical, that will be helpful. Thanks.

Sachin Raole: The outstanding order book as of September, right?

Amish Kanani: Yes, sir. So say 80% is bioenergy, so what is the average execution there sir if it is different from vertical that you, by verticals?

Sachin Raole: It will be in the range of 12 to 15 months, certain orders are going beyond 18 months, not necessarily of bioenergy. But on an average it will be falling within a basket of 12 to 15 months.

Moderator: Thank you. The next question is from the line of Aman from Goldman Sachs Asset Management. Please go ahead.

Aman: Sir, this is on the CPES segment, if you can highlight what kind of equipment are you supplying and specifically you mentioned something on the hydrogen fuel cells, et cetera side, so what is the equipment, what is the exact play that we have over there?

Shishir Joshipura: So Aman, in case of CPES, as mentioned that modularization is a big offering from that business and what we do is, given a process and the process is not ours, somebody else's. Given a process, we are able to conceptualize an engineer a plant that gets modularized, so that the site work is reduced to minimum that's the basic concept and for blue and green hydrogen projects, that's becoming a big demand because on multiple counts, #A that many capacities are being set up,# B only a handful of companies globally have the wherewithal and technology to actually give the process licenses for these. And then we are also working with CPES business, very closely with them to create the solutions and this enables them to go on stream by reducing the site time significantly and obviously cost as well. So that's the driver for this business and we are in a position not only for processes and technologies that are made available on this space, but as I was mentioning also for our own ethanol 1G and 2G technologies we are finding traction in terms of our ability to modernize the plants, which then reduces significantly the site work, especially in the advanced markets of the developed world, this is a very big attraction.

Aman: Got it. And then just what would be the scale of these projects on the hydrogen side what kind of capacities are you able to cater to?

Shishir Joshipura: So depending on the process path and many other factors as to is it co-located project or an isolated project, which part of the world, what's the feedstock for them, there are many variables, I may not able to give you a rubber stamp answer on that one, but each of these creates this opportunity depending on who the OEM is. So many factors, so I will not be able to give a rubber stamp answer sorry for that.

Aman: Sure. And any tie-ups, which you can highlight in this space which you have done?

Moderator: Mr. Aman, sorry to interrupt, I would request you to rejoin the queue please. There are many other participants who are waiting for their turn. Thank you.

Shishir Joshipura: So Aman, just to very quickly close the answer, yes we are working very closely with several leading technology providers in the world. Our agreements do not permit me to state their names. So that I won't be able to do.

Moderator: Thank you. The next question is from the line of Amit Anwani from Prabhudas Lilladher. Please go ahead.

Amit Anwani: So my question is with respect to exports, as you have already highlighted few things about it and on the bioenergy side anything, just wanted to understand this engineering business which is more export-oriented as I understand. Can you go to what levels in next two, three years and how if at all we have to see let's say in the next two, 2.5 years how the business mix is going to change. And second point is on the margins obviously I understand that you cannot share the nitty-gritties on that, but anything directionally where the margins are heading in each of these two sub-segments would be helpful to understand?

Shishir Joshipura: So just to be answering the second question first. If I tell you that our effort is anything but to drive it noteworthy in both the segments it will be a wrong answer, so that's what we're attempting to do. Yes, there are factors that we have to, and the challenges that we have to meet and overcome, but fundamentally the effort is to take it not only in the direction. In terms of your question on the engineering businesses, probably this call is too shorter duration for me to ask Sachin to make an explanation. You probably hold our capabilities in too higher regard that we'll be able to do an elevator speech on these. That is not the answer, but maybe we can meet separately and we'll be happy to walk you through those.

Amit Anwani: Sure. And second, sir on the competitiveness, if you could just highlight about the market share and how much premium be if at all we are winning the awards what is the typical gap between the closest competitor you might be facing?

Shishir Joshipura: So as I mentioned on my call, we are actually seeing in this quarter our market share move up, especially for the domestic business. We've moved it significantly upward excess of 66% now. But having said that, on how much premium we get paid back customers, well I don't have a fixed answer for that and maybe I'm not the right guy to answer that. It is for our customers to perceive the value that we deliver and share that with us and we are very glad that our customers do see value in what we are delivering and they're able to get our share of that as well from them.

Amit Anwani: Right. So sir this market share increase was because of the value added product or something, if you can just highlight anything you have to?

Shishir Joshipura: What happens is that we built these plants over three decades now and over a period of time sometimes the first price may become attractive, but then experience is not attractive and then that's when you come back and say, no maybe I do understand that there is a value in your experience and technology and knowledge that we deploy and that's the phenomenon that we're seeing. Probably that's the phenomenon that we're seeing people are beginning to value what we are able to deliver in difficult markets with certainties and even if there are some, what we call it, even if there are difficulties, we have the knowledge and the organization will and commitment to set things right and that's what is trending us in good deal.

Amit Anwani: Okay. Sir, last question if I may. About this, yet to be tender out 500 crore to 600 crore liter opportunity, I understand this will be mostly grain based. So if you could just highlight what kind of traction, which kind of customer profile where we are seeing the maximum traction for this grain based plants. Thank you.

Shishir Joshipura: Amit, actually as we had mentioned in the past, the country did go through a phase where grain based capacity creation became more significant than the sugarcane based, but indications are and as I was mentioning that now that we are exporting so much of sugar. So maybe this was a special year, but as world sugar supply starts to stabilize, maybe we will see a lot more sugar diversion taking place for ethanol production. So probably we will see a balance coming back. I'm not saying shifting back, but at least traveling in the direction of higher share of sugary feed stocks. And as we discussed in the next year, when the lignocellulosic plants are commissioned, maybe even lignocellulosic feed stocks will**….**

Moderator: Thank you. The next question is from the line of Prathamesh Sawant from Axis Securities Limited. Please go ahead.

Prathamesh Sawant: So sir, I have two questions. So one is regarding now that we have launched the second generation IOCL plant, I want to understand what is the commercial feasibility of this 2G plant like, have we achieved commercial feasibility or we are dependent on government subsidies for the thing?

Shishir Joshipura: Okay, Prathamesh so let me tell you this. So first of all, this is a global phenomenon and there are markets where it is feasible to put up a 2G based plant. As I was mentioning in India, the 2G ethanol rates are still not specified and that needs to get specified, obviously and that will determine the viability as well. We need to commission but what's more important is to understand that this is the technology that cuts the emission by 85%. And that no other technology can do so when the focus shifts to GHG reduction or carbon footprint reduction, the cost dynamics because we don't have in India at least not yet the carbon markets but in markets where carbon is priced and valued it's already viable.

Prathamesh Sawant: Okay. So our core focus on 2G front would be on the export front, would you like to say that?

Shishir Joshipura: We are very clear our job is to create solutions for a feedstock and wherever the feedstock is so if we go to Nordic countries the feedstock could be forest residues, if we talk in India it is more like rice straw at least to start with, there could be cotton stock we have to see. If it is in Eastern Europe maybe it is wheat straw so it's depending on where we are if it is in Southeast Asia maybe it is some or the other component of the palm trees.

Prathamesh Sawant: No, I mean to say that, you see the market coming for this particular product in more in an export scenario not in the domestic front as of now. And, sir, on the Kandla capacity expansion, I wanted to understand, can we put a number of capacity utilization on our business as in we are at what rate are we, because we can see that we usually have an execution run rate of roughly 29% of our order book. So is it to say that we can see this number going above 29% as we can expand our capacities, so our revenue figure start increasing as we have a large order book already?

Sachin Raole: So Prathamesh, the existing capacity which we have already created, which has in-house and outsource both is good enough to take care of the current order book. The comment related to we are looking for expansion of our existing Kandla facility was meant for our export business and we believe that we would like to ramp it up going forward. And mainly it will be required on the critical equipment side more than on a bioenergy side, because in critical equipment the manufacturing has to happen at our end 100%. In the bioenergy, we can actually outsource some non-critical equipment. So that's the reason the balancing is little different but to answer your question, the current capacity is good enough to take care of our current order book. We are preparing for the next phase in the engineering business especially on the critical equipment side and that's what we're evaluating from capacity expansion point of view.

Moderator: Thank you. The next question is from the line of Harsh Bhatia from IDFC Mutual Fund. Please go ahead.

Harsh Bhatia: Just on this fermentation side, when you're talking about PHS, what is the level that we can see in terms of inquiry pipeline in terms of volume or value anything that you can share for the domestic market where we are currently and if you could provide some metrics for context like where could China possibly be as of today or any other Western country, so that we can gauge the overall opportunity size for the fermentation side, I'm talking in terms of the pharma side for fermentation.

Shishir Joshipura: Mainly in the Praj HiPurity side?

Harsh Bhatia: Yes.

Shishir Joshipura: So I'm sorry we're not in a position to answer the question as compared to China, because the industry itself is at a very nascent stage right now in India as compared to what Chinese fermenter capacities are. So we have to see how the industry develops. We are clearly seeing a trend by which the dialogues as well as some specific capacity is being created by especially the early leaders in the industry. So it is still very early to probably a question is more rooted a year down the line and that's when we'll be able to answer it in a more affirmative way. Right now, it's not that there is a clear visibility in terms of how much of standing capacity is either shifting or being replicated or additional capacity is being created. What we're seeing is that the inquiry levels have significantly changed from very small fermenter size, which few companies are doing to, reasonably large fermenter size to multiple companies and that's what we're seeing right now.

Moderator: Thank you. The next question is from the line of Sagar Kapadia from Anvil Share & Stock Broking Private Limited. Please go ahead.

Sagar Kapadia: Sir, could you please elaborate in your statement you said comprehensive ecosystem is being setup by UP for CBG and other biofuels, because whatever I have inquired with people, they say to get even the rice straw and other agri raw material there is a lot of problems here, the farmers are not giving their due.

Shishir Joshipura: So, your question is correct Sagar, that it has to happen. So first and foremost there needs to be a policy which sort of encourages people to do the right thing right. And that's what where the government can do. The actual action on the ground will have to be translated by industry, by farmer cooperatives, maybe a more action even on a state level. So, what I meant to say was that the depth and the quality changes are indicative of government's desire to make this into a successful program. Today we are all talking about the ethanol program with such because the 2018 biofuel policy actually enabled that. But we have been at this ethanol for over 30 years and we have seen that this ecosystem development does take time. We know that in that scale hopefully it will not take that long. But the fact is that it has also taken four, five years and maybe a couple more before it becomes a very robust operating system, just the way ethanol market is today. And that has to be the case and to be understood that, yes sometimes some very new we are not even a gas economy yet. So for our lot of other our infrastructure around that is not there, we are in dialogue with a very leading automotive manufacturers and they have a strategic to roll-out, engines that are gas based. So it's a whole ecosystem that has to move in tandem and come to a minimal inflection point and after that it takes off.

Sagar Kapadia: Okay. But anything you want to highlight sir, in UP government policy you said they are doing something which will help the setting up of plants to get such a raw materials, agri raw materials?

Shishir Joshipura: Yes. So, as I said the policy is there and now that needs to get action on the ground. So there is a lot of push that is taking place to create predictable supply chain. This is new business, there is new application and we need to give it some time before we can get to a stable answer.

Moderator: Thank you. The next question is from the line of Ravi Nadar, an individual investor. Please go ahead.

Ravi Nadar: Sir, what is the progress on diesel blending, we are developing a binder, so I wanted to know.

Shishir Joshipura: Yes. That is still a project that is under-progress and we will let you know once we are ready with it very soon.

Ravi Nadar: Okay. And sir in sustainable aviation fuel, when will you get the first order?

Shishir Joshipura: It's not about getting the first order Ravi, it's about understanding that what needs to happen. So there's still dialogue going on as to, because even if I put up a plant there must be an agreement to buy as SAF and use it in the aircrafts. So, we have to go through that phase in US, which is a leading market in the world right now. I was there two weeks ago and even they do not have any capacities today, but they have said that by 2030 they want to create a certain capacity, which is still at about 5%, 6% of the overall market that they need the fuel for. So, what I'm trying to share with you is that, maybe SAF is in a little early for us to talk about, but in setting capacities, but what we are definitely seeing is, as I mentioned the ICAO announcement is one positive step. The US IRA program is the next definitive step and as you would all know an aircraft when it flies from point A it has to land at point B and there also it needs to have the fuel availability. So it will develop, but maybe this is still very early days.

Ravi Nadar: And sir any order update from second generation ethanol from Europe sir?

Shishir Joshipura: So as I mentioned that because of the war it has got a little pushed, but the heightened awareness on energy security and the need to fulfill the directives on the RED3 program in 2030, we are into very active and very advanced dialogue with the few developers in European based on 2G.

Ravi Nadar: And sir last question. Sir, do you have any plan to buyback share or give bonus to shareholders?

Shishir Joshipura: So there is nothing on our platter right now. This is a matter to be discussed with at the Board level and if it happens naturally exchange end people will be communicated, but right now this is not on our card.

Moderator: Thank you. Ladies and gentlemen that was the last question that the management could answer today. I now hand over the conference to the management from Praj Industries Limited for closing comments.

Sandip Bhadkamkar: Hello, everyone. Thanks a lot for your time today. If you have any more questions, please feel free to write us at info@praj.net. Thanks again for your time today. Wish you a very Happy Diwali. Thanks.

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