

**Company Name:** Praj Industries Ltd.

**Quarter under review:** Q4-FY26

**Praj Industries Ltd – Q4-FY26/FY26 Concall Highlights:**

Praj Industries Ltd (Consolidated)								
INR In Mn	Q4-FY26	Q4-FY25	Y-o-Y	Q3-FY26	Q-o-Q	FY26	FY25	Y-o-Y
Operational Income	8,446	8,597	-1.8%	8,415	0.4%	31,679	32,280	-1.9%
EBITDA	233	753	-69.1%	413	-43.6%	1,518	3,145	-51.7%
EBITDA M (%)	2.76%	8.76%	-600 bps	4.91%	-215 bps	4.79%	9.74%	-495 bps
PAT	116	398	-70.8%	-124	-193.7%	238	2,189	-89.1%
PAT M (%)	1.37%	4.63%	-326 bps	-1.47%	284 bps	0.75%	6.78%	-603 bps
Diluted EPS	0.63	2.17	-70.9%	-0.67	-194.2%	1.30	11.91	-89.1%

## Operational Highlights:

- Greenfield 1G ethanol demand remained weak due to saturation of E20-related capacity additions; however, demand for greenfield ENA plants improved, supported by Praj’s technology strength.
- Brownfield opportunities gained traction, driven by efficiency upgrades, debottlenecking, and co-products such as DCO, with a healthy inquiry pipeline and multiple orders secured during the quarter.
- Ethanol project execution timelines remained stretched due to funding and execution delays, while Bio-IBA technology became commercialization-ready with the first order expected in Q1 FY27.
- Policy momentum for higher ethanol blending strengthened, with BIS notifying standards for E22–E30, E85 and E100 fuels, while E85/E100 retail rollout is set to begin with ~150 outlets and scale to ~5,000 over time.
- Flex-fuel vehicle launches are expected to begin from June, reinforcing the ecosystem readiness for higher ethanol adoption and strengthening ethanol’s role in India’s energy security agenda.
- International biofuel opportunities improved, particularly in the U.S., Latin America and Southeast Asia, supported by rising blending ambitions and policy developments.
- CBG plant ramp-up continued for Napier grass and rice straw-based projects, while inquiry momentum remained healthy for press mud- and Napier-based opportunities despite delays in order finalization.
- Maharashtra announced a ₹500 crore CBG policy to support waste-to-energy infrastructure, while Praj continued exploring international CBG opportunities.
- Draft SAF policy is ready, with blending mandates expected around 2027; Praj is nearing completion of basic engineering for an international ethanol-to-SAF project and is in discussions for detailed engineering work.
- Lifecycle Services continued to grow steadily, supported by performance enhancement solutions, biogenic CO<sub>2</sub> capture, and recurring opportunities from an installed base of 1,000+ plants.
- Some engineering orders were deferred to FY27 due to raw material and supply chain uncertainty.
- GenX pivoted toward data centers, LNG and oil & gas, with data center cooling systems emerging as a key growth opportunity.
- Battery, semiconductor and solar manufacturing emerged as new opportunity areas within ZLD & PHS business; Praj secured one semiconductor-related order during the quarter.

## Key Questions & Answers discussed during the Concall:

- What factors have weighed on profitability and margin performance despite Praj's technology and R&D investments?** We benefited meaningfully during the rapid buildout of India's E2O ethanol ecosystem, where greenfield ethanol projects contributed strongly to growth. However, after the required blending capacity was largely established, greenfield ordering moderated significantly. At the same time, we continued investing in the GenX business over the last few years, which involved upfront costs and a longer gestation period. We believe these investments should start contributing more meaningfully from FY27 onward.
- How has demand evolved in the 1G ethanol business, particularly after E2O capacity creation?** Greenfield 1G ethanol ordering has slowed as much of the capacity required for current blending levels has already been created. That said, we continue to see demand for brownfield upgrades, efficiency improvement projects, lifecycle services, and co-product solutions such as distillers corn oil (DCO). While these opportunities are smaller in size than greenfield projects, they provide a steady stream of business.
- What were the primary reasons behind the weak margin performance in Q4-FY26?** Although raw material prices increased during the quarter, the larger pressure came from execution-related cost escalation. Delays in project execution, funding constraints at customer sites, and extended project timelines increased site-related costs, as projects remained open for longer periods. As a result, margin compression was driven more by execution inefficiencies than raw material inflation alone.
- What initiatives are being undertaken to improve profitability and reduce margin volatility?** We are actively revisiting both customer and vendor contracting structures to better manage cost fluctuations. Historically, most of our contracts were fixed-price, but we are increasingly introducing pricing flexibility to account for raw material volatility. At the same time, we are working to secure raw material pricing with vendors in tandem with customer commitments. Given uncertainty around costs, we also deferred finalization of roughly INR 300+ crore worth of inquiries until pricing visibility improves.
- How should investors think about the GenX business and its path toward profitability?** We have invested significantly in building the GenX platform and are now repositioning toward segments such as data centers, LNG, and conventional oil & gas after demand in green hydrogen and related energy-transition areas softened. We are focused on securing repeat modular manufacturing opportunities in these sectors and improving facility utilization. Our objective is to absorb a meaningful part of the GenX cost burden and move closer to breakeven during FY27 as orders are booked and executed.
- How is customer qualification progressing at the GenX facility?** Customer approvals continue to improve. At the end of Q3, around nine customers had approved the facility, whereas that number has now increased to approximately 12–13 customers. We believe this expands the potential order funnel going forward.
- What is the scale of opportunity emerging from the data center segment?** We are currently engaged with international customers for modular cooling infrastructure used in data centers, particularly for cooling server environments. Depending on project size, opportunity values can range between INR 50 crore and INR 150 crore. We expect progress on this opportunity to become more visible during Q1 FY27.

- **How is management viewing the outlook for higher ethanol blending mandates such as E25 and E30?** We believe policy momentum for higher ethanol blending remains constructive, although timing is difficult to predict with precision. Recent developments such as BIS fuel standards, rollout plans for E85/E100 infrastructure, and progress in the flex-fuel ecosystem reinforce our confidence that higher blending mandates are moving in the right direction. Moderate increases in blending could create opportunities for debottlenecking and efficiency enhancement, while larger increases would likely require fresh capacity additions.
- **Is the technical ecosystem sufficiently prepared for E25/E30 implementation?** We believe credible scientific studies have already been completed and standards for E22, E25, E27, and E30 fuels have already been notified by BIS. Compatibility depends on vehicle categories, with newer-generation vehicles capable of supporting higher blends, while E85 and E100 require dedicated flex-fuel engines and supporting infrastructure.
- **Why are emerging areas such as CBG, SAF and 2G ethanol not yet translating into stronger financial performance?** We continue to invest in and build capabilities across these emerging segments, but most are still in relatively early stages of commercialization. In 2G ethanol, all three Indian projects are being executed by us and we believe we possess a differentiated technology position. In SAF, industry investments have been slower than expected due to delayed mandates, although we are executing engineering work for international customers. CBG opportunities remain active, but FY26 profitability was affected by GenX investments, execution cost escalation, and certain one-time impacts.
- **What strategic linkage exists between Praj's capabilities and the data center opportunity?** In the near term, we are focused on modular cooling systems and associated infrastructure that help manage heat generated in server environments. Over time, we also see opportunities to leverage bioenergy capabilities to support renewable energy requirements for energy-intensive data centers.
- **How much was spent on R&D in FY26 and where was the spending directed?** Our total R&D expenditure in FY26 was approximately INR 65–66 crore, including about INR 20 crore of capital expenditure on laboratories and equipment and roughly INR 45–46 crore of operating expenditure related to scientists, demonstration plants, and feedstock testing activities. We currently employ around 100 scientists in our R&D operations.
- **Does management believe the worst of the margin pressure is now behind the company?** We believe a significant part of the execution-related challenges that impacted margins has now eased. With a greater mix of shorter-cycle brownfield projects and a stronger operational focus, execution risks should reduce going forward. To a meaningful extent, we believe the worst is behind us, with FY27 expected to have a sharper focus on operational excellence and profitability improvement.
- **Is there sufficient vehicle readiness for E85/E100 adoption?** We see this as an ecosystem transition happening simultaneously. Oil marketing companies are building dispensing infrastructure, automobile manufacturers are introducing flex-fuel vehicles, retrofit kits are being developed for existing vehicles, and fuel producers will scale supply as demand develops. Therefore, commercial viability is expected to improve as these elements evolve together.

- **What is the ongoing fixed cost burden associated with GenX?** The fixed overhead cost of the GenX facility continues to remain at approximately INR 10 crore per month.
- **What was the rationale behind appointing a Joint Managing Director?** As the business expands into multiple areas and new growth opportunities, management oversight requirements have increased materially. The appointment is intended to strengthen execution capabilities, improve bandwidth, and support the company's next phase of long-term growth.
- **The ₹300+ crore you mentioned as deferred — were these confirmed orders or inquiries? And what triggers their conversion?** I want to be precise here — I would not call these orders. These are inquiries where we were in advanced stages of finalization. We took a conscious call to hold back because of the uncertainty around raw material prices and the nature of our fixed-price contracts. As and when we get better visibility on how input costs are going to shape up, we will close these. The trigger is essentially pricing stability, not demand weakness.
- **Can you walk us through the revenue mix and order backlog composition as of FY26 end?** Certainly. For the full year FY26, bioenergy contributed 67% of total revenue, engineering contributed 22%, and our PHS business contributed the remaining 11%. Export revenues accounted for 36% of total revenue for the year. On order intake, during Q4 we booked ₹6,580 million, with 79% from the domestic market and 86% from bioenergy. Our total order backlog as of March 2026 stands at ₹43,050 million, of which 66% is domestic. Within the backlog, bioenergy accounts for 78%, engineering for 16%, and PHS for the remaining 5%. Cash on hand as of 31st March 2026 stands at ₹6.12 billion, which gives us a healthy liquidity position as we enter FY27.

## Key Participants:

- Aditya Mongia – Kotak Institutional Equities
- Atul Tiwari – JP Morgan
- Amit Anwani – PL Capital
- Shailesh Kanani – AMSEC

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